ANNUAL REPORT
2020

WE STRIDE FORWARD IN UNITY WITH INNOVATIVE CHANGES

Celestial Asia Securities Holdings Limited
(Stock Code : 1049)

Contents

CORPORATE PROFILE

Celestial Asia Securities Holdings Limited ("CASH Group", SEHK: 1049) is a multi-faceted investment conglomerate focusing on enhancing client experience through technology and innovation. Headquartered in Hong Kong, we serve modern consumer needs in investment and wealth management, lifestyle and home improvement. All our businesses share a common mission that our customers' interests always come first. Our brands are synonymous with good customer service, great quality and fabulous value.

Abide by the "People-Oriented" principle, CASH Group is committed to becoming a Total Caring Organisation to partner with our key stakeholders to work towards the sustainable development of our business, our employees, our environment and our society. CASH's award-winning companies comprise Pricerite Group (Pricerite), CASH Algo Finance Group (CAFG), CASH Financial Services Group (CFSG), etc.

RETAIL MANAGEMENT – PRICERITE GROUP

Founded in 1986, Pricerite Group offers a diverse portfolio of home furnishing and lifestyle brands that satisfy our customers' needs through a blend of operating efficiency, effective use of technology, and talented people. We build our competitive advantage by achieving economies of scale through our single operating platform and our in-depth understanding of the market. Businesses comprise sourcing and retailing of quality products with brands such as Pricerite, TMF, SECO, etc.

Pricerite pioneers to develop "New Retail" in Hong Kong by integrating the very best of online and offline channels to refine the omni-channel retailing, providing customers quality shopping experience anytime, anywhere. This has revolutionised the Hong Kong home furnishing market with easy access to our comprehensive network of outlets and e-shopping channels through a variety of digital devices. We have a long heritage of adopting advanced technologies to enhance our operating efficiency. From back office support to product and service offerings, marketing communication and supply chain management, we strengthen our competitive edges through a balanced fusion of technology and people.

Pricerite upholds the "People-oriented" principle, and attain leadership by innovation — in product mix, merchandising, store layout and entire market strategy in home improvement product retailing. Our constant efforts to increase our understanding of customers' expectations and needs through the use of information technology to gain accurate and timely data and use of market research tools drive our customer-focused innovations.

At Pricerite, we care for the people of Hong Kong. It's our founding principle and it forms everything we do. That means empowering our customers to care for their homes, their families, and themselves, no matter what life may throw their way. By cultivating a culture of caring, we inspire our customers to impart our values to the world.

Honouring a celebrated Hong Kong brand, Pricerite has received wide recognitions for its exceptional performance in various aspects such as brand management, product design, quality services and e-shopping platforms. As a result, many high acclaims have been awarded to its brands, including the Hong Kong Top Brand 10 Year Achievement Award and Premier Service Brand from the Hong Kong Brand Development Council, Consumer Product Design Award from the Hong Kong Awards for Industries, Bronze Award of Marketing Excellence Awards from HKMA/TVB, Q-Mark Elite Brand Award from Hong Kong Q-Mark Council, Outstanding QTS Merchant Awards – Gold Award from Hong Kong Tourism Board, and Top 10 Quality E-Shop Award, Retail Excellence Award and numerous Service and Courtesy Awards from the Hong Kong Retail Management Association, etc.

Pricerite cares for the environment and is committed to protecting it hand in hand with our stakeholders, minimising the impact of our operations to the environment. Through the sourcing of eco-products, adoption of retail technologies and active participation in various environmental activities, Pricerite takes its initiative to develop a sustainable society with customers. Pricerite has received numerous awards for the recognition of its contribution to environmental protection, including Silver Award in Shops and Retailers sector under the Hong Kong Awards for Environmental Excellence, BOCHK Corporate Environmental Leadership Awards: EcoChallenger, etc.

ALGO TRADING – CASH ALGO FINANCE GROUP (CAFG)

Built upon the technology-focused heritage of CASH Group (SEHK: 1049), CASH Algo Finance Group (CAFG) is a pioneer in quantitative finance and algo trading based in Hong Kong. CAFG marries expertise in financial markets with innovation in technology, engaging leading edge FinTech to create superior and sustainable value for investors. We launched our first algo trading strategy in 2009, and have since expanded into multiple strategies and tactics covering multiple markets. In 2017, we introduced quant funds to provide asset management services to institutional clients, funds and high-net-worth individuals.

CORPORATE PROFILE

As a pioneer in quantitative finance and algo trading in Asia, we understand the importance of a low-latency platform integrated with a robust real-time risk management system. In addition to serving existing strategies in multiple markets with our proprietary and scalable platform, CAFG is expanding the trading strategies to new markets with cutting-edge algorithmic technologies to optimise risk-adjusted returns across a broad range of asset classes.

We also provide an algo incubation service to assist algo traders, quant strategists, and academia who are dedicated to researching, developing, testing and launching their trading ideas. CAFG has established a proprietary one-stop platform for the entire investment lifecycle, supporting data analytics, strategy deployment, smart execution and robust risk management.

FINANCIAL SERVICES – CFSG

CASH Financial Services Group ("CFSG"; SEHK: 510), the holding company of CASH Wealth Management Limited and Celestial Securities Limited, has been providing wealth management, securities and futures brokerage services since 1972.

Full-Licensed Operations, Providing Comprehensive Financial and Wealth Management Services

CFSG is one of few full-licensed Hong Kong financial services institutions currently holding five types of SFC licenses – Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management). Providing comprehensive financial and wealth management services including investment, wealth management, asset management and investment banking, CFSG is also a licensed money lender in Hong Kong, a licensed insurance broker registered by the Hong Kong Insurance Authority, and a principal intermediary registered by the Hong Kong Mandatory Provident Fund Authority. Other diversified products and services include securities and futures trading, IPO and placing, margin financing, asset management, insurance, investment banking, corporate financing, funds and bonds, Hong Kong Mandatory Provident Funds, overseas properties, investment immigration and overseas education advisory services.

From Hong Kong's Firm Foothold into Mainland China and Worldwide

CFSG is branching out beyond firm foundations in Hong Kong to extend global reach and embrace historic opportunity in China, where the Group established branches in the two major international financial centres of Shanghai and Shenzhen in 2001 and 2004, respectively to provide wealth management services to clients in the Yangtze River Delta and the Pearl River Delta regions. In 2018, CASH Wealth Management Limited, a subsidiary of CFSG, was among the first Hong Kong financial institutions authorised by the Asset Management Association of China to provide Hong Kong stock investment advisory services. In full support of China's National Economic Development Plan to integrate the Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Delta, CFSG has strengthened institutional cooperation and strategically expanded operations in the regions to capture the thriving developments resulted from the National Plans. New wealth management centres were established in Guangzhou and Dongguan in 2019, with more centres and strategic alliances planned in the Greater Bay Area and Yangtze River Delta region to provide even more comprehensive wealth management and financial services to local residents and financial institutions. CFSG also operates overseas via its affiliated companies in New York, US and Bangkok, Thailand – extending one-stop financial services to corporations, financial institutions and individual investors to the US, Europe and Southeast Asia.

At Forefront of FinTech, Innovating Financial Services

CFSG is at the forefront of FinTech development and innovation, investing significantly in its digital platforms to enhance user experience and operational efficiency. Since becoming the first financial institution in Hong Kong to provide online securities and futures trading services in 1998, CFSG has continued improving efficiency of its trading platform – introducing various cutting-edge technology systems and services that meet growing client needs and expectations for speedy and convenient trading services, and thereby increasing client satisfaction. In 2010, CFSG was the first Hong Kong financial institution to launch stocks and futures trading apps for iPhone, iPad and Android. In 2018, CFSG launched the mobile trading app, Alpha i – employing most advanced technology such as big data and artificial intelligence (A.I.) to provide FinTech services to a new generation of tech-savvy and mobile-driven millennial investors.

Professional Management with Wide Range of Expert Experience

CFSG's management team has extensive experience of the regional regulations and regulated activities in Hong Kong, Mainland China and global markets; comprising highly educated, qualified professionals in various specialties, including securities and futures, corporate lending, investment banking, wealth and asset management, property investment, financial audit, legal and corporate governance. Group businesses are managed by responsible officers and representatives of these regulated activities under different established regulators in Hong Kong.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

KWAN Pak Hoo Bankee	(Chairman & CEO)
LI Shing Wai Lewis	(ED & CFO)
LEUNG Siu Pong James	(ED)
KWAN Teng Hin Jeffrey	(ED)

Independent Non-executive:

LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

AUDIT COMMITTEE

LEUNG Ka Kui Johnny	(committee chairman)
WONG Chuk Yan	
CHAN Hak Sin	

REMUNERATION COMMITTEE

LEUNG Ka Kui Johnny	(committee chairman)
WONG Chuk Yan	
KWAN Pak Hoo Bankee	

COMPANY SECRETARY

LUKE Wing Sheung Suzanne, *FCG, FCS*

AUTHORISED REPRESENTATIVES

KWAN Pak Hoo Bankee
LUKE Wing Sheung Suzanne

PRINCIPAL BANKERS

Bank of Communications Co. Ltd., Hong Kong Branch
Nanyang Commercial Bank, Limited
The Hong Kong and Shanghai Banking Corporation Limited
Chong Hing Bank Limited
OCBC Wing Hang Bank Limited
CTBC Bank Co. Ltd.
Shanghai Commercial Bank Limited
Fubon Bank (Hong Kong) Ltd.

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

SOLICITORS

Sidley Austin

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

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STOCK CODE ON MAIN BOARD

1049

CONTACTS

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

COVID-19 has triggered a global financial crisis like no other, prompting the deepest global recession since World War Two, seriously plaguing economies, businesses and jobs. Yet thanks to our management efforts streamlining costs and operational structures in earlier years, the Group managed to turn crisis into opportunities.

Our retailing business, Pricerite Group recorded a turnaround net profit of HK$77.4 million for the year, compared to the previous year's net loss of HK$2.4 million, while our financial services business, CFSG was able to substantially improve its net loss from HK$116.9 million last year to HK$39.1 million. Overall, the Group recorded a turnaround profit before taxation of HK$46.3 million for the year, compared to the previous year's loss before tax of HK$92.7 million.

In tandem, the Group was also versatile and resilient enough to be able to transform business units and broaden business lines during the year, despite arduous challenges in Hong Kong's economy, in particular those facing retail and financial industries.

PRICERITE GROUP – THE NEW RETAIL INNOVATOR IN HOME FURNISHING

When the pandemic broke out during last Chinese New Year, antiseptic and sanitising products were in serious short supply, amid a global frenzy for face masks.

Despite the challenges, our rationalised operating structure enabled us an agile and versatile supply chain to expand sources of these supplies in urgent times. On the other hand, our corporate values that emphasise "staying positive" and "the more I help others to succeed, the more I succeed" inspired us to source quality anti-epidemic supplies for the Hong Kong community from around the world, even during the CNY holiday.

Upholding Pricerite's "We CARE" principles, we did not forget the underprivileged during the pandemic, donating anti-epidemic supplies such as face masks, alcohol wipes and hand rubs to residents of subdivided flats, senior citizens and CSSA recipients. We also offered deep discounts to grassroots families, enabling them to buy these anti-pandemic products at affordable prices.

As a Stay-at-Home lifestyle also firmly took root, our deep understanding of consumer needs and pioneering "New Retail" O2O platform, launched in early 2018, enabled us to capture growing opportunities from this Stay-at-Home economy.

In addition, we introduced several new business lines during the year. To facilitate Stay-at-Home shopping, cooking and dining, Pricerite Food was soft-launched. Our philosophy and commitment for carefully hand-picked food products matched with unparalleled logistics supply chain support and attentive service brought customers peace of mind to relax – which we consider particularly important during these stressful times.

As pets are becoming an integral part of families, we also launched a line of quality pet homeware, enhancing lifestyles for owners and their beloved pets. New pet furniture will also be launched in the coming year.

We believe that as times change, household needs of Hong Kong families are not only confined to home furnishing, houseware and furniture nowadays – but also other lifestyle aesthetics, such as well-being and life enjoyment. With our firm foothold and competitive edges in the home furnishing market, Pricerite Group is well-positioned to meet these needs and keep pace with new developments.

Looking forward, as the Stay-at-Home lifestyle becomes a 'new normal', our role in fulfilling "home" needs will become more important. Pricerite Group will grasp these arising opportunities to maintain growth momentum.

CASH FINANCIAL SERVICES GROUP – THE TRUSTED WEALTH MANAGEMENT ADVISOR

Against the extraordinarily challenging backdrop, CFSG stayed resilient. Our cost leadership strategy to reduce operating costs helped us retain financial strength to weather the storm – with pre-determined containment measures in preceding years successfully reducing overall operational costs by 27.6% during the year.

We were also persistent and agile pursuing our strategic initiative to transform into a "total caring" wealth management advisory leader; advancing our three-year plan to reform and transform from an interest-rate prone brokerage into a value-added wealth management specialist.

To facilitate speedy growth of our wealth management business, the Group's organisational structure was redefined with new business lines developed, new teams recruited and new wealth products added. We also consolidated and re-demarcated our back office duties to establish a new, lean middle office. This strengthened organisational structure now better supports our frontline sales to close deals, and dedication of resources on lucrative businesses.

Additionally, we re-vitalised our senior management team, adding experienced specialists in the wealth management and business finance fields. This new blood not only injected vitality to the Group, but also new synergies in cross-selling our broadened range of products and services. We adopt a distinctive approach to serving our wealth management clients by deepening our relationship and hence understanding of their financial needs from a broad 360-degree aspect. In this way, our revenue streams from a full suite of products and services. As a result, our revenue from wealth management business more than doubled over the year.

Looking ahead, we are cautiously optimistic about the Group's development. We believe CFSG can be successfully transformed from a pure brokerage into a "total caring" wealth management specialist. In particular, the exciting new 'Wealth Management Connect (WMC)' cross-border initiative, expected to kick off this year, will for the first time allow Greater Bay Area (GBA) residents to invest in wealth management products through Hong Kong, with reciprocal investment enabled in mainland China wealth products. We are excited about the opportunities offered by our country's 14th Five-Year Strategic Plan, expanding our reach and services in the GBA.

With the Group's established presence, connections and licenses in the Greater Bay Area, we will therefore further leverage our first-mover advantage in the historic opening of this wealthy region's vast potential.

To cater for this expanding catchment area for wealth management, we will deepen our client and partner networks in the region and develop flexible business models. We envisage this much greater customer base in the Greater Bay Area, together with our businesses in the Yangtze River Delta, will generate a healthy growth engine for the Group.

Our inroads in wealth management expansion in preceding years were somewhat hindered during the year, with cross-border business curtailed by pandemic border lockdowns. Communication between our wealth management professionals and clients in the Greater Bay Area was largely restricted to "virtual" meetings for most of 2020.

But as massive vaccination programmes now roll-out, we believe cross-border travel and business will soon re-open, re-activating our economy and accelerating our business activities in the GBA. The Group is therefore cautiously optimistic of development in the coming year – while at the same time remaining vigilant on our costs and expansion plan.

LOOKING AHEAD

Overall amid this tumultuous confluence of geopolitical challenges and economic repercussions, from the COVID-19 pandemic to heightened US-China trade tensions, all consumers whether retail or financial are more cautious about their spending, paying more attention to "value-for-money" purchases. We remain mindful to provide a wide selection of these, while optimising good e-commerce experiences facilitating online shopping and customer interaction.

Paying tribute to the heritage of our brands – with Pricerite celebrating its 35th anniversary and CFSG entering its 50th Golden Jubilee – we continue providing consistently high-quality and trusted service.

Beyond everything, the good results we achieved this year were attributable to the cohesion of our staff in abiding by our Group's corporate philosophy – that all our businesses share a common mission, always placing customer interests first. Our brands are synonymous with good customer service, great quality and fabulous value, and our people are the key driving force behind this success.

I would like to pay my highest tribute to all of our staff for their perseverance and dedication in executing the Group's strategic plans amidst the prevailing challenges – bringing us agility and resilience to weather the challenges ahead and grow further stronger.

Yours sincerely,

Bankee Kwan.

Dr. Bankee Kwan, *JP*
Chairman & CEO

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Facing abrupt local and global economic changes, tremendous uncertainties and market turbulence, especially under the landscape of COVID-19 pandemic throughout the year, we still managed to weather the difficulties and maintain revenue of HK$1,379.5 million similar to previous year. On the other hand, our cost optimisation programme implemented since December 2018 took positive effect, coupled with the decreased rental costs by 7% from rental concession under COVID-19 by the landlords, and reduced staff costs by 16%, inclusive of the receipt of subsidies under ESS from the HKSAR government, the Group recorded a turnaround net profit of HK$41.0 million for the year ended 31 December 2020 as compared to a net loss of HK$100.4 million in the previous year.

RETAIL MANAGEMENT BUSINESS – PRICERITE GROUP

During the year under review, Hong Kong's economy continued to be in a recession and had been contracted for 6 consecutive quarters, as the outbreak of COVID-19 and persisting China-US trade tension continued to weigh on a wide range of economic activities. The government further extended the social distancing and tightened the gathering restriction which affected the traffic of retail stores and the consumption sentiment heavily. The unemployment rate had climbed to 6.6% and is expected to surpass 7% after Lunar New Year. 2020 has been the most challenging and unpredictable year for Hong Kong retail industry in the past 15 years. The value of retail sales in Hong Kong recorded a decline of 24.3% year-on-year. Despite the challenging economic environment, the Hong Kong residential property remained firm. Although the Hong Kong residential market recorded a 21.0% drop in transaction volume during the first half of 2020 due to COVID-19 pandemic, the residential property market rebounded strongly in the second half of 2020. It had only recorded a less than 1% decline in transaction volume annually when comparing to previous year. Benefited from the solid demand in the property market, Pricerite Group had only recorded a mild decrease in revenue against this challenging business environment. We had been closely monitoring the changing business environment and was able to identify the opportunities to counteract the COVID-19 pandemic and optimise the use of our resources. We had diversified our sources of supply to not only minimise the risk of supply chain disruption due to the lockdown across different cities and regions but also improved the gross profit margin. During the pandemic, we had initiated a delivery safety protocol and non-contact delivery service to assure the safe and healthful working environment for our customers and employees. Because of the social distancing and gathering restrictions, Stay-at-home economy was shining together with the rising trends in work-from-home and entertainment-at-home, our online sales had been booming, 2020 had become the highest annual growth in e-commerce in our record. With the early implementation of our O2O business model into our Group and the quick adoption of consumer spending behavior shifting towards e-commerce, the sales through O2O channel had been doubled. Moreover, in order to comply with the escalating O2O channel sales, we had redesigned our overall logistic network by relocating our warehouse to the central of Hong Kong logistic hub to improve operating efficiency, we had gone through a major upgrade on our online platform to provide a smoother browsing experience and quality shopping journey to our customers. By riding on the booming in Stay-at-home economy along with our O2O business model, we were able to deliver better results compared to the previous year in this most challenging landscape. Due to our multidimensional measures of the COVID-19 pandemic, there was no significant financial impact or risk from the negative impact to the Group. Despite the challenging business environment, the retailing business only recorded a mild decrease in revenue level compared with previous year and reported revenue of HK$1,375.9 million against the COVID-19 pandemic, representing a slight decrease of 0.7% as compared with HK$1,385.2 million in 2019. Overall, our retailing business recorded a turnaround net profit of HK$77.4 million for the year ended 31 December 2020 as compared to a net loss of HK$2.4 million for the previous year.

ALGO TRADING BUSINESS – CAFG

We have been facing a lot of challenges during 2020, at the first half of the year, the night-trading sessions were shut down from February to May due to the outbreak of the COVID-19, which interrupted the market data thus affected the execution on some of our trading strategies. As the development of vaccine achieving better result during the second half of the year, and the unlimited quantitative easing by the Federal Reserve, the investment markets gradually regained momentum and we were also able to recover part of the earlier losses. Despite the uncertain financial environment we faced during the year under review, our asset management business reported revenue of HK$3.6 million and we managed to narrow our net loss to HK$0.6 million for whole the year of 2020 from the mid-year net loss of HK$2.8 million.

FINANCIAL REVIEW

CFSG – The Group's Associated Company

FINANCIAL SERVICES BUSINESS – CFSG

For the year ended 31 December 2020, CFSG recorded revenue of HK$103.7 million, representing a decrease of 3.5% as compared with HK$107.5 million in 2019.

The COVID-19 pandemic has unleashed a health and economic crisis unprecedented in scope and magnitude. Lockdowns and the closing of national borders enforced by governments have paralysed economic activities across the board, laying off millions of workers worldwide. Hong Kong's securities market endured a barren first half of 2020 due to the pandemic which triggered the most severe economic recession in nearly a century. The Hang Seng Index plunged sharply from 28,189 at the end of 2019 to 21,696 in March 2020. Against this backdrop, central banks across the world are committed to enlisting generous quantitative easing programmes. With the pandemic posing considerable risk to economic outlook over the medium term, the Federal interest rate has remained near zero until the economy is back on track. Being determined to prevent the economy downturn, some governments are already beginning to cautiously lift restrictions with a view to jumpstart their economies. The pace and sequence of recovery will largely depend on the efficacy of public health and fiscal measures, containing the spread of the virus, protecting jobs and income and restoring consumer confidence. In the second half of 2020, governments across the world have been rolling out monetary and fiscal stimulus measures to fight the pandemic and minimise the impact of a catastrophic economic downturn. Vaccination campaigns and concerted health policies also fuelled the hopes of economic recovery. The IMF expects global economic growth to pick up in 2021 and in particular, China's economic growth is foreseen to rebound to a high single digit, leading the pandemic recovery. In consequence, the Hang Seng Index had undergone a strong bounce-back in the second half of the year to reach 27,231 by the end of 2020. The volatility of the market had affected our clients who are mainly retail investors and they preferred to avoid the risk of investment and trading losses during the ups and downs of the market. As a consequence, our brokerage commission income decreased by 16.4% compared with last year. On the other hand, the pandemic fallout and low interest rate environment have favourably amplified interest in wealth management products and services, due to potentially higher investment yields in relation to the low interest rate environment and stronger preservation of assets, as a result, this brought CFSG a considerable increase of 141.9% in revenue of its wealth management business, even though with the cross-border lockdowns between PRC and Hong Kong. In response to the changing client interest and hence revenue dynamics, CFSG has resolved to transform into a fully-fledged Wealth Management Advisory Group, providing one-stop wealth management services to clients in Hong Kong and Mainland China. During the year, CFSG has successfully contained its operating costs with cost rationalisation programme, such as streamlining our workforce and reviewing organisation and salary structures. The move of CFSG's headquarters from Central CBD to Kowloon East CBD has also substantially reduced its rental costs.

Overall, CFSG recorded a net loss of HK$39.1 million for the year ended 31 December 2020 as compared to a net loss of HK$116.9 million last year. As part of response to the pandemic, it has followed business continuity processes from CFSG's board-endorsed COVID-19 Business Continuity Plan. Its Business Continuity Plan places the perseverance of its staff's health and wellbeing at the highest priority by implementing work from home arrangements for non-essential and vulnerable employees. Due to the effective mitigation efforts from COVID-19 Business Continuity Plan, COVID-19 had limited impact on CFSG's financial results.

Capital Structure

On 27 March 2020, the Company proposed to carry out the open offer on the basis of two offer shares for every one existing share at a price of HK$0.06 per offer share ("Open Offer"). On 7 July 2020, an aggregate of 783,181,944 offer shares at a price of HK$0.06 per offer share had been issued, raising net proceeds of approximately HK$44.0 million, upon completion of the Open Offer.

On 23 July 2020, the Company proposed that every 20 existing shares of HK$0.01 each be consolidated into 1 consolidated share of HK$0.20 each ("Share Consolidation"). The Share Consolidation took effective on 7 September 2020.

Due to the completion of the Open Offer on 7 July 2020 and the Share Consolidation took effective on 7 September 2020, as at 31 December 2020, the total number of issued shares of the Company was 80,720,181 shares (31 December 2019: 831,221,677 shares) and the par value per share was HK$0.20 (31 December 2019: HK$0.01).

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's equity attributable to owners of the Company amounted to HK$296.9 million as at 31 December 2020 as compared to HK$199.2 million at the end of the previous year. The increase in equity was mainly due to the net profit reported for the year and the issue of offer shares during the year.

As at 31 December 2020, the Group had total outstanding borrowings of approximately HK$162.3 million as compared to HK$254.9 million as at 31 December 2019. The decrease in borrowings was mainly due to cash inflow from operating activities and increase in shareholder equity by issuing offer shares. The borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately HK$87.2 million and secured loans of approximately HK$75.1 million. The above bank loans of approximately HK$162.3 million were secured by the Group's pledged deposits of HK$69.0 million and corporate guarantees.

As at 31 December 2020, our cash and bank balances totalled HK$215.4 million as compared to HK$206.9 million at the end of the previous year. The increase in cash and bank balances was mainly due to the proceeds from the Open Offer as disclosed under the section headed "Capital Structure" above. The Group derives its revenue mainly in Hong Kong dollars and maintains its cash and bank balances mainly in Hong Kong dollars.

The liquidity ratio as at 31 December 2020 at 0.7 times, as compared to 0.61 times as at 31 December 2019. The increase in the liquidity ratio was mainly because current lease liabilities were increased due to short-term lease renewal approach for the year under review.

The gearing ratio, which represents the ratio of interest bearing borrowings excluding lease liabilities of the Group divided by the total equity, was 62.7% as at 31 December 2020 as compared to 149.5% as at 31 December 2019. The decrease in gearing ratio was mainly due to the decrease in interest bearing borrowings for the year under review. On the other hand, we have no material contingent liabilities at the end of the year.

The Group's treasury policies are to secure healthy liquidity for running its operations smoothly and to maintain a sound financial position at all time throughout the year. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investments needs while making sure all relevant financial regulations have been duly complied.

Foreign Exchange Risks

The Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches at the end of the year.

Material Acquisitions and Disposals

On 31 December 2020, the Company proposed, subject to condition precedent, to acquire additional shareholding interests in CFSG for an aggregate of 11,136,000 CFSG Shares from vendors upon exercise of their CFSG SPA Options at a total consideration of HK$8,352,000 (representing HK$0.75 per CFSG Share), which would trigger the Offers upon completion. The Acquisitions were subject to approval by shareholders/independent shareholders at a special general meeting of the Company to be convened. Details of the transaction were disclosed in the joint announcement dated 31 December 2020 and the subsequent announcements of the Company and CFSG.

Save as aforesaid, the Group did not make any material acquisitions and disposals during the year.

Save as disclosed in this report, there is no important event affecting the Group which has occurred since the end of the financial year.

Capital Commitment

The Group did not have any material outstanding capital commitment at the end of the year.

Material Investments

The market value of financial assets at FVTPL decreased from HK$22.1 million as at 31 December 2019 to approximately HK$11.5 million as at 31 December 2020. A net gain on financial assets at FVTPL of HK$1.7 million was recorded for the year.

We did not have any future plans for material investments, or addition of capital assets.

FINANCIAL REVIEW

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Revenue

(HK$'m)	**2020**	2019	% change
Retailing	**1,375.9**	1,385.2	(0.7%)
Asset management	**3.6**	2.6	38.5%
Group total	**1,379.5**	1,387.8	(0.6%)

Key Financial Metrics

	2020	2019	% change
The Group			
Net profit (loss) attributable to shareholders (HK$'m)	**40.0**	(99.4)	140.2%
Earnings (loss) per share (HK cents) (restated)	**65.47**	(234.00)	128.0%
Total assets (HK$'m)	**1,103.2**	1,121.0	(1.6%)
Cash on hand (HK$'m)	**215.4**	206.9	4.1%
Borrowings (HK$'m)	**162.3**	254.9	(36.3%)
Retailing			
Revenue per sq. ft. (HK$)	**4,199**	4,224	(0.6%)
Growth for same stores (vs last year)	**(2.6%)**	(2.7%)	N/A
Inventory turnover days	**30.8**	26.1	18.0%

MANAGEMENT DISCUSSION AND ANALYSIS

RETAIL MANAGEMENT BUSINESS – PRICERITE GROUP

Industry Review

Social unrest in 2019 compounded by the COVID-19 pandemic in 2020 resulted in unprecedented economic contraction for two straight years in Hong Kong. Consumer sentiment was seriously dampened by the stricken economy, with unemployment highest for 16 years at 6.6% by the end of the year. Social distancing measures battered the retail sector most, with local sales plummeting 24.3%, the 23rd consecutive monthly drop since early 2019.

During the year, sales of first-hand private residential property in Hong Kong plunged by more than 27% to a 7-year low, barely exceeding 15,000. This was aggravated by the 53% drop in completion of public houses in the year according to figures of the Transport and Housing Bureau (THB). The furniture market was seriously hit.

Business Review

The pandemic nonetheless drastically changed Hong Kong lifestyles, fuelling growth of the Stay-at-Home economy. Lockdowns and social-distancing measures changing the way we work, study, shop, dine and entertain heightened consumer needs for convenience, health and well-being.

Despite the subdued market, our vision to streamline operating systems since the end of 2018, with supply chain versatility and lean operating structure, enabled us to speedily grasp arising opportunities from the extraordinary situation.

With profound market understanding, we flexibly and swiftly responded to changes in consumer behaviour with an expanded product range, for improved gross profit margins. Our "New Retail" business model for hassle-free, one-stop online shopping and delivery, pioneered since early 2018, also enabled us to capture business opportunities from "new normal" Stay-at-Home economy.

As a result, despite a sluggish furniture market, the Group resiliently maintained revenue similar to last year.

Pricerite Home (PHL)

With a more agile and versatile supply chain and state-of-the-art retail technologies, warehousing, logistics and marketing strategies under our "New Retail" business model, we nimbly met new Stay-at-Home lifestyle needs with an expanded product range. This focuses on three key areas: "Home Hygiene and Antiseptic", "Home Cooking and Dining" and "Home Organising".

In the early stage of the pandemic, with widespread supply chain disruption, supplies of antiseptic, home hygiene and sanitising products were intermittent. However, leveraging our global sourcing network, Pricerite managed to promptly source quality products from around the world. As a result, our SKUs in this category more than tripled, compared to last year.

In addition to global sourcing, Pricerite also worked with local institutions to provide "made in Hong Kong" antiseptic products. Amid the face mask supply shortage crisis in early 2020, Pricerite partnered CareHK to debut the first Hong Kong-made masks, and the tech company Bull B Tech for the first re-usable photo catalyst mask invented in Hong Kong – ensuring supply of safe, quality masks to protect the well-being of Hong Kong people.

In addition, we also worked with The Chinese University of Hong Kong to provide alcohol hand rubs, and collaborated with The Hong Kong University of Science and Technology for air treatment and purifying units, ensuring sanitised and hygienic conditions for the local community.

Helping society ward-off the pandemic with tech sanitisation technologies, Pricerite leveraged the arrival of the 5G network, partnering several key market players to launch smart home devices using the Internet of Things (IoT). In partnership with HKBN and MOMAX, Pricerite introduced the first series of smart hygienic home appliances using IoT.

Apart from expanding our new product range, our mission to facilitate "Small Space • Big Universe" solutions for Hong Kong consumers living in limited home spaces remained unwavering. Among new innovations, we launched "Space Cube", Hong Kong's first stylish, multifunctional modular system on a ready-made raised platform that substantially enhances home storage space.

We also continued our "New Retail" initiatives to enhance online and offline integrated shopping experiences. New e-shop enhancements included an Augmented Reality (AR) application, personalised content and a Product Information Management (PIM) system. The new platform significantly enriches the online customer journey, from easy browsing and improved order processing to speedy check-out with a comprehensive suite of payment options.

MANAGEMENT DISCUSSION AND ANALYSIS

To fortify our "New Retail" business model while strengthening our O2O operating capabilities, we established our latest PGL Logistics Centre in Kwai Chung during the year. Leveraging our comprehensive store network, we also set up a multiple warehouse system to facilitate speedy delivery and BOPIS (buy online, pick up in-store) services. These initiatives enhancing warehousing and distribution capabilities underline our commitment to growing our O2O and e-commerce business.

To better reach out and interact with customers as social-distancing measures curtail their visits to physical stores, Pricerite additionally launched live-stream marketing – with our "New Retail" platform and data-analytical tools enabling customisation of most appropriate content for our customers more effectively.

TMF

Since its inception as a standalone tailor made furniture brand in 2019, TMF has been developing on track, providing customised space management products and services. Nonetheless, the pandemic impacted growth. To weather the challenges, a series of cost containment measures streamlining operations and work processes were implemented.

Meanwhile, we continued adding value to our customers, launching new products and services in response to trends. These included introducing E0-grade plywood, the healthiest and safest interior plywood for making premium furniture, with the least formaldehyde emission, which is well received by health-conscious customers nowadays.

In tandem, growing popularity of nano and studio flats in Hong Kong has inspired us to develop several new product series to maximise home space utilisation, such as loft beds.

We have also gone the extra mile in customer service, pioneering a 15-working days express delivery service. TMF additionally improved store product display to drive sales, seizing opportunities to promote our hero products, such as kids' combination beds and platform storage products.

Looking ahead, our development plan remains on course. New shops are to open in young, expanding residential districts such as Kowloon East and New Territories West. More furniture materials and products are being introduced with new aesthetic and functional designs. We will also leverage social media to demonstrate our space management expertise – presenting latest space management solutions and expert advice.

While the pandemic catalyses market changes in Hong Kong, TMF remains positive about its business prospects. Demand for home improvement products is anticipated to rise with more customers "staying-at-home" or "working-from-home". We also expect sustainable business growth from new private housing construction, while effectively integrating online and offline ("O2O") operations to improve the customer shopping experiences.

SECO

Awareness of personal wellbeing and home hygiene continuously heightened during the COVID-19 pandemic. In response, SECO significantly strengthened its range of home and personal hygiene products to include masks, hand sanitisers, alcohol pads and other pandemic-associated products.

Since SECO's inception in 2018, we have gained solid understanding of customer needs in the personal wellbeing market. Leveraging Pricerite's comprehensive store network, we will grow this personal wellbeing and home hygiene business at full steam ahead by expanding our store-in-store network within Pricerite outlets.

Pricerite Food

PGL launched a new brand, Pricerite Food, in response to the "stay-at-home" pandemic trend for work and study. Carefully hand-picked food and ingredients, matched with unparalleled logistics supply chain support and attentive service bring customers extra peace of mind to shop for door-to-door food delivery in this fast-food age.

Pricerite Food's motto "In Praise of Inner Peace" amplifies merchandising strategies that include sourcing exotic food products from around the Asia-Pacific, as the stern pandemic travel restrictions stem holidays abroad, in addition to quality "local heritage" favourites. With the revival of home cooking amid restaurant restrictions, we also strengthened our range of cookware, kitchenware and appliances.

In view of the soaring demand of quality food and ingredients, we are considering opening independent stores in the coming year to better serve customers in various districts and facilitate our BOPIS (buy online, pick up in-store) service.

Pricerite Pet

Pets have become increasingly important to Hong Kong families. Official pet ownership figures show exponential growth, soaring by 72% from 297,100 dogs and cats in 2005/6 to 510,600 in 2015/16, reaching 545,600 in 2019. In a global survey, Hong Kong ranked second in Asia in pet ownership, with 35%, after Japan with 37%.

With corresponding growth of the pet food segment, the pet economy presents huge opportunities, inspiring PGL's debut of a new pet brand, Pricerite Pet – a "one-stop" platform of all-round quality pet products and services.

Pricerite Pet embraces all owners could wish for a pet-friendly lifestyle – from a wide variety of food, treats and daily supplies sourced from around the world, to specially-designed pet furniture and homewares, dedicated to building a pet-loving society.

Leveraging Pricerite's cutting-edge e-shop platform and comprehensive stock network, we create a truly "O2O" shopping experience for pet owners. In addition to online ordering and home delivery, in late 2020 we also introduced BOPIS (buy online, pick up in-store).

We also partnered various organisations and pet charities to recruit lifetime members. As a result, despite the pandemic, our month-to-month sales in December 2020 doubled, with more than a 75% increase in registered members.

In 2021, Pricerite will become one of the pioneering retail chains in Hong Kong to introduce pet furniture, aiming at creating pet-friendly homes for pet lovers to enjoy.

Awards

In recognition of excellent quality service performance, Pricerite was accredited with the Hong Kong Retail Management Association's (HKRMA) "Quality Service Recognition Scheme 2020". Pricerite also gained HKRMA recognition for implementing pandemic prevention measures with the "Anti-Epidemic Measures Award 2020".

Both Pricerite and TMF salespersons were additionally recognised by the HKRMA for outstanding sales professionalism, earning "Distinguished Salesperson Awards (DSA) 2020".

Outlook

Looking ahead into 2021, the massive vaccination programme is expected to help contain the COVID-19 pandemic to a certain extent. However, scientists also warn that the crisis may be entering a new phase with mutated hybrid versions of the virus emerging, raising new threats to the world. It is therefore expected that the Stay-at-Home economy will not only be a "new normal" – but also a "new future".

With our multi-brand product offerings and solid foundation in our O2O business, Pricerite Group is well-positioned to take first-mover advantage in this Stay-at-Home economy. We will continue strategic initiatives enhancing our "New Retail" business model, adding value and versatility to our entire supply chain to respond deftly to future market changes.

Despite 2020's sluggish property and housing market, almost 37,000 new private flats are expected to debut in 2021 – a 16-year high of fresh supply. Coupled with a more than 3 times increase in public houses completion in 2021/22 as expected by the THB, more purchasing power is expected to be released in the coming year. In light of this, along with a gradual relaxation of social distancing measures, we expect our furniture sales to pick up.

Overall, we are cautiously optimistic about Pricerite Group's development in 2021.

ALGO TRADING BUSINESS – CAFG

2020 was an extremely volatile year both for the COVID-19 pandemic and the investment market. The global outbreak of the epidemic at the beginning of the year caused the investment sentiment to go into a total panic. The crude oil futures price dropped into negative territory for the first time in history. Some of our trading strategies that relied on continuous market data suffered as the night-trading sessions were shut down after the Lunar New Year until early May by the mainland securities regulators.

During the second half of the year, as vaccine development gradually achieved results and the Federal Reserve pledged unlimited quantitative easing, the investment markets slowly regaining confidence. Our investment portfolios benefited from the gradual pick up of the trading volumes to recoup the earlier losses and achieve new highs in the fourth quarter.

MANAGEMENT DISCUSSION AND ANALYSIS

The research focus during the year was chiefly on risk management and volatility reduction of the existing strategies. Development wise, the team pilot traded an equity strategy seeking Alpha with multi-factor long-short of three markets. This strategy is ideal for asset management development down the road.

In addition to managing trading portfolios for the Group in China, the business unit is also preparing for a fund vehicle domicile in Hong Kong in 2021. The goal is to expand the business scope from proprietary trading to asset management business as a sustainable long-term growth strategy.

CFSG – The Group's Associated Company

FINANCIAL SERVICES BUSINESS – CFSG

Industry Review

2020 was a challenging year with worldwide lockdowns halting global economic activity. Unprecedented in modern times, the pandemic tipped the world into recession with global GDP slumping more than 4%. In tandem, Hong Kong's GDP inevitably dropped for six straight quarters, with unemployment hitting a 16-year high of 6.6% in the fourth quarter. For the financial market, the business environment has remained highly challenging, and market sentiment has stayed frail.

Notwithstanding lacklustre economic activity, the global financial market buoyed with most markets rallying during the year. Average daily turnover of Hong Kong's securities market in 2020 was HK$129.5 billion, up 49% over 2019. The Hang Seng Index was volatile, fluctuating by more than 7,000 points over the year, closing at 27,231 at year-end.

This monstrous disconnect between the grim reality of COVID-19 on economies and market over-optimism was a result of generous quantitative easing programmes from central banks across the world and a low interest rate environment.

Business Review

Despite rallies, the Hong Kong brokerage market was unimpressive. There were 37 brokers closed in 2020, according to the Hong Kong Securities Association - a further dive from 22 in 2019. Heightened volatility and the COVID-19 pandemic scared many retail investors off, with the exception for their continued interest in several mega-IPOs.

During the year, our brokerage business recorded a 16.4% decline in commission, while our interest income increased 32.1%. With ever-increasing compliance costs, more stringent regulatory requirements and emergence of cut-throat competition, we expect our brokerage business to continue to face various headwinds, further eroding our brokerage income in the coming year.

On the other hand, the pandemic fallout and low interest rate environment have favourably amplified interest in wealth management products and services, due to potentially higher investment yields and stronger preservation of assets. Our Asset under Management (AUM) rose 53.6% compared with 2019, as we focused on leading blue chips and new economy stocks with visible and promising outlook for our clients.

In response to this changing client interest and hence revenue dynamics, CFSG resolved to transform into a fully-fledged Wealth Management Advisory Group, providing "total caring" wealth management services to clients in Hong Kong and Mainland China, with particular focus on the Greater Bay Area (GBA) and Yangtze River Area. We took first-mover advantage to fully utilise our resources in our Shenzhen, Guangzhou and Dongguan offices.

With the formal launch of Wealth Management Connect in the Greater Bay Area, historically opening cross-border wealth management for the sector, we can tap into the vast market with a population of more than 70 million and combined GDP of USD1.6 trillion - most importantly including a fast-growing middle-class and more than 450,000 high-net-worth families, accounting for a fifth of China's households with assets over US$1 million.

Leveraging our advanced tech-based platform, extensive business relationships in Mainland China and long-established brand, CFSG is dedicated to capturing this ever-increasing wealth management demand.

At the same time, CFSG is committed to enhancing operating efficiency by integrating latest technology with wealth management and client service excellence. As such, CFSG scaled-up our FinTech operating platforms to enhance communication, execution effectiveness and operating efficiency, and established a new, fully-dedicated middle office for our professional, committed and expanding sales force to provide "total caring" wealth management solutions to our clients in Hong Kong and the Mainland.

A new online sales management system was also introduced to enhance real-time client communication, further improving customer satisfaction and client engagement. Apart from providing instant, most up-to-date information on our wealth products and services, this also seamlessly synchronises real-time data between front and middle support offices to facilitate and hasten strategic and business decision-making.

We additionally launched an instantaneous, simplified fund deposit service, Electronic Direct Debit Authorisation ("eDDA"), which has greatly improved both turnover time and customer satisfaction.

To diversify and further broaden our revenue streams, we also established a brand new division focusing on business finance – led by a team of experts with extensive connections, especially in the Mainland, leveraging synergy with our long-established offices in China's financial centres Shenzhen and Shanghai.

Outlook

Amid the continuing pandemic, contraction of Hong Kong's economy is expected to continue into early 2021. Worldwide, the IMF expects global economic growth to pick up over the year, but cautions uncertainties and downside risks. On a positive note, it expects China's economic growth to rebound to a high single digit, leading pandemic recovery.

Welcome emergence of vaccines may signal light at the end of the tunnel, but caution is warranted over their supply, delivery, take-up and ultimate efficacy. Positive filtering-through of vaccination programmes into economic activity is likely to take some time.

However, on balance, we are cautiously optimistic towards the prospect of continued economic recovery, with domestic activity and cross-border flows expected to pick up gradually. The financial sector is expected to stay resilient, and may expand further against a more favourable economic and political environment.

As a well-established and trusted Hong Kong brand in the financial services market, CFSG will transform into a fully-fledged wealth management and advisory partner to a wide and expanding client base, offering a full spectrum of products ranging from IPO subscription to wealth management solutions.

China's strong push into cross-border trading initiatives and the growing trend of US-listed Chinese companies to seek secondary listings on the Hong Kong Stock Exchange, amid strong growth already in sizeable listings, will bring diversity and vibrancy to Hong Kong's capital markets, further reinforcing Hong Kong as a fundraising centre. With demand for IPO financing anticipated to increase in tandem, CFSG will strategically leverage IPO subscriptions to expand its Mainland client base.

COVID-19 has accelerated a wave of digital transformation across various business sectors in Hong Kong, at an unprecedented pace with many companies switching to full digitalisation mode. This technology revolution in financial services is momentous. With a strong in-house FinTech-oriented IT Team and an established, reliable trading platform, CFSG is leading this transformation, continuing to invest in digitalisation and automation to further enhance our customer experience and operating efficiency.

Along the same lines, our transformational, re-engineering model encompasses identifying and remodelling business processes to improve operating efficiency and better serve our customer on a holistic level. As such, we will continue to work relentlessly and invest in process automation to actively strive towards Continuous Quality Improvement ("CQI"), further increasing adaptability, productivity and staff morale.

With a low interest rate environment likely to prolong, as central banks continue injecting liquidity to stimulate growth, investment strategy to leverage higher yields is likely sustainable, raising demand for various financing solutions. This opens a window for CFSG to boost relevant interest income from expanding our margin financing and business finance. We also expect our AUM to further increase amid this low interest rate environment.

Riding on CFSG's well-established brand, award-winning services and unique wealth management products - supported by our elite and insightful research team with proven track record - we are dedicated to becoming a leading Hong Kong-based technology driven financial services company, specialising in wealth management and investment products in Hong Kong and Mainland China. We continue striving to deliver personalised and dedicated professional services to our clients with a holistic approach, helping them better plan wealth accumulation and preservation, while driving CFSG's sales and business growth.

EMPLOYEE INFORMATION

At 31 December 2020, the Group had 777 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$197.2 million.

BENEFITS

The Company and some of its subsidiaries provide employee benefits including mandatory provident fund scheme, medical insurance scheme, discretionary share options, performance bonus and sales commission for their staff. The Company also provides its employees in the PRC with medical and other subsidies, and contributes to the retirement benefit plans.

TRAINING

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, presentation, communication, quality management, graduate development and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the SFO, to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures and rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Bankee Pak-hoo KWAN, JP

Chairman & CEO

DBA(Hon), MBA, BBA, FFA, FHKSI, CPM(HK), FHKIM

Dr Kwan, aged 61, joined the Board on 9 March 1998. He is responsible for devising the overall business strategy of the Group. Dr Kwan has extensive experience in corporate management, strategic planning, marketing management, financial advisory and banking. An MBA graduate from The Murdoch University of Perth, Australia and a BBA graduate from The Chinese University of Hong Kong, Dr Kwan was also conferred an Honorary Doctorate degree in Business Administration. Dr Kwan is also a fellow of the Institute of Financial Accountants, UK, the Hong Kong Securities and Investment Institute and the Hong Kong Institute of Marketing (HKIM). He is a Certified Professional Marketer (HK) of HKIM. He is a Justice of Peace (JP) of the HKSAR.

Dr Kwan is a firm believer in youth education and development. He is a John Harvard fellow of The Harvard University, US; a member of the Harvard University Asia Center Advisory Committee; a trustee of New Asia College of The Chinese University of Hong Kong; an honorary fellow of The Open University of Hong Kong; a member of the Court of City University of Hong Kong, an Adjunct Professor of The Hang Seng University of Hong Kong and an advisory professor and a honorary member of the Board of Trustees of Nanjing University. Dr Kwan is also an honorary advisor of several higher education institutions, including the LiPACE of The Open University of Hong Kong and the Academy of Oriental Studies of Peking University.

In addition to education, Dr Kwan is also active in serving the community. Currently, he is the deputy chairman of the Business Facilitation Advisory Committee (BFAC) and also the convenor of the Wholesale and Retail Task Force (WRTF) of BFAC; a non-executive director of the Mandatory Provident Fund Schemes Authority (MPFA); a standing committee member and vice convener (Hong Kong and Macao Members) of the Chinese People's Political Consultative Conference (CPPCC), Shanghai Committee; executive vice president of Hong Kong-Shanghai Economic Development Association; a member of the 5th Council of the China Overseas Friendship Association; a member of the Election Committee for the Fourth and the Fifth Term of the Chief Executive Election of the HKSAR; a director, honorary advisor and past chairman of the Hong Kong Retail Management Association (HKRMA); a member of the Labour Advisory Board of the HKSAR; a member of the Marketing Management Committee of the Hong Kong Management Association (HKMA); a director of the Hong Kong Justice of Peace Association; an honorary advisor of Hong Kong Small and Medium Enterprises Association. Dr Kwan has also been a member of the Central Policy Unit of the Government of the HKSAR and an honorary advisor of the CEPA Business Opportunities Development Alliance.

In December 2009, Dr Kwan was named "Entrepreneur of the Year 2009" in the Asia Pacific Entrepreneurship Awards as organised by Enterprise Asia, which recognised his outstanding entrepreneurial success and significant contributions to economic life and society. In April 2016, Dr Kwan was named "Man of the Year for Leadership in Asia" by IAIR, the world's leading financial magazine. The annual IAIR Awards recognise outstanding professionals who actively promote excellences in innovation and sustainability. In August 2018, he was bestowed with the "World Outstanding Chinese Award" organised by World Chinese Business Investments Foundation, which recognised his great contribution to the global Chinese society. In December 2019, The Hang Seng University of Hong Kong bestowed the "Junzi Entrepreneur Award" on Dr Kwan, recognising his continuous contribution to the society of Hong Kong.

Dr Kwan is a substantial Shareholder of the Company and a member of the Remuneration Committee. He is also an executive director, chairman and chief executive officer of CFSG, as well as a member of the remuneration committee of CFSG. He is the father of Mr Kwan Teng Hin Jeffrey (executive director of the Company and CFSG).

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Lewis Shing-wai LI

CFO

BBus, CPA(Aus), CPA

Mr Li, aged 47, joined the Board on 9 September 2020. He oversees the accounting and financial management functions of the Group. He has extensive experience in the fields of financial and accounting management. Mr Li received a Bachelor of Business Degree from Swinburne University of Technology, Australia. He is a Certified Practising Accountant of CPA Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr Li is also an executive director and chief financial officer of CFSG.

James Siu-pong LEUNG

ED

MBA, BSocSc

Mr Leung, aged 58, joined the Board on 2 September 2019. He is in charge of the overall strategic development and business management of Pricerite Group. He has extensive experience in the fields of banking and retail management businesses. Mr Leung received a Master of Business Administration Degree from Heriot-Watt University, UK and a Bachelor of Social Sciences Degree from The University of Hong Kong. Mr Leung is also the executive director and chief executive officer of Pricerite Group.

Jeffrey Teng-hin KWAN

ED

BA, MHKSI

Mr Kwan, aged 31, joined the Board on 2 September 2019. He is in charge of corporate management and strategic investments of the Group. He has extensive experience in financial technology, corporate and strategic management, private equity and investment management. Mr Kwan received a Bachelor of Arts Degree in Psychology from the Johns Hopkins University, US. He is a member of the Hong Kong Securities and Investment Institute. He is the son of Dr Kwan Pak Hoo Bankee (the Chairman of the Group). Mr Kwan is also an executive director of CFSG.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Johnny Ka-kui LEUNG

INED

LL.B

Mr Leung, aged 63, joined the Board on 25 October 2000. Mr Leung has extensive experience in the legal field and is the managing partner of a legal firm in Hong Kong. He is a qualified solicitor in Hong Kong, England & Wales and Singapore, and is a Notary Public and China Appointed Attesting Officer. Mr Leung received a Bachelor of Laws Degree (LL.B) from The University of London, UK. Mr Leung is also the chairman of the Audit Committee and the Remuneration Committee.

Chuk-yan WONG

INED

MSc (Business Administration), BBA, CFA, CPA,CGA

Mr Wong, aged 59, joined the Board on 3 June 1998. He has extensive investment management experience in the global financial markets. Mr Wong received a Master of Science Degree in Business Administration from The University of British Columbia, Canada and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. He is a Chartered Financial Analyst (CFA) charterholder and a Chartered Professional Accountant of Canada (CPA,CGA). Mr Wong is also a member of the Audit Committee and the Remuneration Committee.

Hak-sin CHAN

INED

PhD, MBA, BBA

Dr Chan, aged 59, joined the Board on 25 October 2000. He has extensive experience in the academia in the US as professor, researcher and consultant in the fields of corporate finance and international marketing. Dr Chan is a head of and an associate professor in the Department of Marketing at The Hang Seng University of Hong Kong. Dr Chan received a Doctor of Philosophy Degree in Business, a Master of Business Administration Degree from The University of Wisconsin-Madison, US and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. Dr Chan is also a member of the Audit Committee.

SENIOR MANAGEMENT

Lionel Ka-lok KWOK

Executive Director, CFSG

BSSc, CFA, CFP^{CM}, FRM, FAIQ

Mr Kwok, aged 61, joined the Group in August 2018. He is the President of CFSG and in charge of the wealth management and business development of CFSG. He has extensive experience in the fields of investment, wealth management, international financial markets, private banking, investment banking, asset management, trading and sales. Mr Kwok received a Bachelor of Social Science Degree in Economics from The Chinese University of Hong Kong. He is a Chartered Financial Analyst of CFA Institute, US, a CERTIFIED FINANCIAL PLANNER^{CM} of the Institute of Financial Planners, Hong Kong, a Financial Risk Manager of the Global Association of Risk Professionals, US and a holder of International Certificate for Financial Advisers jointly organised by the Chartered Insurance Institute and the Institute of Financial Planners, Hong Kong. He is a responsible officer of CASH Wealth Management and Celestial Securities.

Derek Hin-sing NG

Executive Director, CFSG

MBA, BA, PD, CFP^{CM}, MHKSI

Mr Ng, aged 52, joined the Group in February 1997. He is in charge of the investment and wealth advisory business of CFSG. He has extensive experience in the financial and retail sectors and corporate management. Mr Ng received a Master of Business Administration Degree from Southern Illinois University Carbondale, US and a Bachelor of Arts Degree from Ottawa University, US. He holds a Professional Diploma in Financial Planning from The University of Hong Kong, and is a CERTIFIED FINANCIAL PLANNER^{CM} of the Institute of Financial Planners, Hong Kong and a member of the Hong Kong Securities and Investment Institute. In 2014, Mr Ng was bestowed with the "Asia Pacific Entrepreneurship Awards 2014 – Outstanding Entrepreneurship Award", as organised by Enterprise Asia.

William Wai-lim CHEUNG

Chief Operating Officer, CFSG

MBS, BA, CPA

Mr Cheung, aged 45, joined the Group in September 2016. He is in charge of the overall administrative and operational functions of CFSG. He has extensive experience in the fields of banking, accounting and auditing. Mr Cheung received a Master of Business Studies Degree from the University of Kent at Canterbury, UK and a Bachelor of Arts (Hons) in Accountancy Degree from City University of Hong Kong. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Angela Sze-kai WONG

Deputy Chief Executive Officer, CAFG

EMBA, CFA

Ms Wong, aged 53, joined the Group in February 2004. She is in charge of the overall operations of CASH Algo Finance Group. She has extensive experience in financial services and wealth management in North America, Hong Kong and Mainland China. Ms Wong is an Executive MBA of Tsinghua University, Beijing and a Chartered Financial Analyst of CFA Institute, US.

Ben Hiu-yan LAM

Executive Director & Chief Operating Officer, Pricerite Group

BSocSc (Hon)

Mr Lam, aged 42 joined the Group in May 2020. He is responsible for the operations management of the retail business and back office of Pricerite Group. He has extensive experience in store management, retail operations, visual merchandising and inventory management. Mr Lam received a Bachelor of Social Sciences (Hons) Degree from City University of Hong Kong. He is also a lifetime member of Beta Gamma Sigma, the International Business Honour that acknowledges "the Best in Business".

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Boris Ting-pong TAM

General Manager of iRetail Strategy & Development, Pricerite Group

BAS

Mr Tam, aged 39, joined the Group in May 2016. He is in charge of the e-commerce business of Pricerite Group. He has extensive experience in the fields of e-commerce and information technology. Mr Tam received a Bachelor of Applied Science Degree in Computing from Swinburne University of Technology, Australia.

Rico Wai-kwong LEUNG

General Manager & Head of Supply Chain Management, Pricerite Group

Mr Leung, aged 55, joined the Group in January 2018. He is in charge of the supply chain management of Pricerite Group. He has over 20 years' experience in home furnishing industry in Hong Kong.

Bonnie Yee-sin HUNG

General Manager & Head of Marketing & Brand Management, Pricerite Group

BBA

Ms Hung, aged 42, joined the Group in July 2017. She is in charge of the marketing and brand management of Pricerite Group. She has extensive experience in the field of marketing. Ms Hung received a Bachelor of Business Administration (Hons) Degree from City University of Hong Kong.

Deon Chui-yee WON

Deputy General Manager & Head of Furniture Division of Supply Chain Management, Pricerite Group

Ms Won, aged 52, joined the Group in May 2004. She is in charge of the furniture business of supply chain management of Pricerite Group. She has over 20 years' experience in the field of supply chain management.

Kenny Wai-ming SIU

Head of Merchandising (Household & Food Division)

BSc

Mr Siu, aged 37, joined the Group in September 2020. He is in charge of the household merchandising business of Pricerite Group. He has over 15 years' experience in the field of retail business. Mr Siu received a Bachelor of Science Degree in Food and Nutritional from The Chinese University of Hong Kong.

Suzanne Wing-sheung LUKE

Company Secretary

FCG, FCS

Ms Luke, aged 52, joined the Group in May 2000. She is in charge of the company secretarial matters of the Group. She has extensive listed company secretarial experience. She is a fellow of The Chartered Governance Institute, UK and The Hong Kong Institute of Chartered Secretaries. Ms Luke is also the company secretary of CFSG.

Carrie Chiu-mei LAW

Director, Human Resources & Administration

BBA

Ms Law, aged 47, joined the Group in August 2001. She is in charge of the human resources and administrative functions of the Group. She has extensive experience in human capital management, including strategic human resources planning, talent management, succession planning and human resources measurements. She is also experienced in managing human resources and administrative operations across regional offices. Ms Law received a Bachelor of Business Administration (Hons) Degree in Human Resources Management from the Hong Kong Baptist University. She is a professional member of Hong Kong Institute of Human Resources Management. She is also appointed as Assessor for the Recognition of Prior Learning Scheme with Vocational Training Council. Ms Law is also the Director of Human Resources & Administration of CFSG.

CORPORATE GOVERNANCE REPORT

The Directors of the Company have adopted various policies to ensure compliance with the code provisions of the CG Code under Appendix 14 of the Listing Rules. For the year ended 31 December 2020, the Company has complied with all the code provisions of the CG Code, except for the deviations with explanation described below:

(i) The Company does not have a nomination committee as provided for in code provision A.5.1 as its function has been performed by the Board as a whole. The Board under the leadership of the Chairman is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the directors.

(ii) Dr Kwan (Chairman of the Board) also acted as CEO of the Company during the underlying year. According to code provision A.2.1, the roles of Chairman and CEO of the Company should be separate. The dual role of Dr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. The respective CEOs of each business units of the Group assisted Dr Kwan in performing the CEO's responsibilities. The balance of power and authorities is also ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals.

THE BOARD COMPOSITION

Up to the publication date of this report, the Board comprised 7 Directors (4 EDs and 3 INEDs) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The INEDs will also share their valuable impartial view on matters to be discussed at the board meetings. The biographies of the Directors are set out from pages 17 to 20 of this annual report under the "Board of Directors and Senior Management" section.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dr Kwan Pak Hoo Bankee, the ED, Chairman of the Board and the CEO of the Company, is responsible for formulating the strategies and policies of the business development of the Group, providing leadership and overseeing the functioning of the Board. The CEOs of respective business units of the Group will be responsible for formulating business plans and monitoring the business operation and development of the Group, and report regularly to the Chairman. In addition, the 3 INEDs provide independent and impartial opinion on issues to be considered by the Board. The Board is of the opinion that the current Board structure functions effectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The INEDs are all professionals with well recognised experience and expertise in professional and/or accounting fields who provide valuable advice to the Board. They are appointed for a term of 1 year and are subject to retirement from office and re-election at the AGM every year. The Company has received a confirmation of independence from each of the INEDs. The Board considers each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs have been expressly identified as such in all corporate communications of the Company that disclose the names of the Directors.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the leadership and control of the Group and is responsible for promoting the success of the Group by directing and supervising the business operations of the Group in the interests of the Shareholders by formulating strategic directions and monitoring the financial and management performance of the Group.

DELEGATION TO THE MANAGEMENT

The Management is led by the EDs of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group; formulate business policies and make decision on key business issues; and exercise power and authority delegated by the Board from time to time. The Management assumes full accountability to the Board for the operation of the Group.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the Management that certain matters (including the followings) must be reserved to the Board:

- Publication of final and interim results of the Company
- Dividend distribution or other distribution
- Major issues of treasury policy, accounting policy and remuneration policy
- Review on risk management and internal control systems
- Corporate governance functions
- Review on the succession plan and consideration of the appointment, re-election and removal of the Directors
- Changes to major group structure or board composition requiring notification by announcement
- Notifiable transaction and non-exempted connected transaction/continuing connected transaction
- Proposed transaction requiring the Shareholders' approval
- Capital restructuring
- Joint venture with outside party involving substantial capital commitment from the Group that requires notification by announcement
- Financial assistance to the Directors

RELATIONSHIP BETWEEN THE BOARD MEMBERS

Dr Kwan Pak Hoo Bankee (the ED, Chairman and CEO of the Company) is the father of Mr Kwan Teng Hin Jeffrey (ED). Save as disclosed herein, none of the members of the Board has any relationship (including financial, business, family or other material/relevant relations) between each other.

INDUCTION, SUPPORT AND PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

There is a Directors' handbook containing relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and corporate information of the Group.

The Directors received regular updates and presentation on changes and developments to the Group's business and on the latest developments in the law, rules and regulations relating to Directors' duties and responsibilities. Directors' training is an ongoing process. All Directors are encouraged to attend training sessions including but not limited to seminars (including online webinars), briefings, conference forums and workshop and reading materials to enrich their knowledge in discharging their duties as a director.

To summarise, the Directors received trainings on the following areas to update and develop their skills and knowledge during the year under review:-

Name of Directors	**Covered areas** *(Notes)*
Kwan Pak Hoo Bankee	(a) to (e)
Li Shing Wai Lewis *(was appointed on 9 September 2020)*	(b)
Leung Siu Pong James	(b)
Kwan Teng Hin Jeffrey	(a) to (e)
Ng Hin Sing Derek *(resigned on 9 September 2020)*	(b), (e)
Chan Chi Ming Benson *(resigned on 27 March 2020)*	(b)
Leung Ka Kui Johnny	(b), (c)
Wong Chuk Yan	(b)
Chan Hak Sin	(b)

Notes:

(a) Global and local economy and financial market, general business environment

(b) Regulatory and corporate governance and directors' duties and responsibilities

(c) Finance, law and taxation

(d) Leadership, management and language skills

(e) Other information relevant to the Group's business

There is a procedure agreed by the Board to ensure the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code during the year.

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

DIRECTORS' ATTENDANCE AND TIME COMMITMENT

The attendance record of the Directors at the following meetings during the year is set out below:

	Meetings attended/held					
Name of Directors	**Executive Committee Meeting**	**Full Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Annual General Meeting**	**Special General Meeting**
EDs						
Kwan Pak Hoo Bankee	6/6	4/4	N/A	1/1	1/1	2/3
Li Shing Wai Lewis *(was appointed on 9 September 2020)*	2/2	1/1	N/A	N/A	N/A	N/A
Leung Siu Pong James	6/6	4/4	N/A	N/A	1/1	3/3
Kwan Teng Hin Jeffrey	6/6	4/4	N/A	N/A	1/1	3/3
Ng Hin Sing Derek *(resigned on 9 September 2020)*	4/4	3/3	N/A	N/A	1/1	3/3
Chan Chi Ming Benson *(resigned on 27 March 2020)*	1/1	1/1	N/A	N/A	N/A	1/1
INEDs						
Leung Ka Kui Johnny	N/A	3/4	3/4	0/1	1/1	0/3
Wong Chuk Yan	N/A	4/4	4/4	1/1	0/1	2/3
Chan Hak Sin	N/A	4/4	4/4	N/A	0/1	0/3
Total number of meetings held:	6	4	4	1	1	3

During the year, the Chairman of the Board held a meeting with the INEDs without the presence of the EDs.

Upon reviewing (i) the annual confirmation of the time commitment given by each Director; (ii) the directorships and major commitments of each Director; and (iii) the attendance rate of each Director on full Board and their executive committee meetings with the Management on their respective functional duties and responsibilities, the Board is satisfied that all Directors have spent sufficient time in performing their responsibilities during the year.

BOARD MEETINGS AND PROCEEDINGS

Regular Board meetings were held at approximately quarterly interval. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team for ensuring that the Board procedures, and all applicable rules and regulations, are followed.

All Directors are consulted as to whether they wish to include any matter in the meeting agenda before the agenda for each board meeting is issued. Board meeting notice is sent to the Directors at least 14 days prior to each regular board meeting. Originals of the minutes of board meetings will be kept by the Company Secretary and are opened for inspection at any reasonable time on reasonable notice by any Director.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant board resolution in which he/she or any of his/her associates has a material interest and that he/she shall not be counted in the quorum present at the board meeting.

AUDIT COMMITTEE *(SET UP ON 28 JUNE 1999)*

The Audit Committee comprises 3 INEDs, namely Mr Leung Ka Kui Johnny (chairman of the committee), Mr Wong Chuk Yan and Dr Chan Hak Sin.

The specific written terms of reference of the Audit Committee was revised on 17 November 2015 and is available on the Company's website.

The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, approving the remuneration and terms of engagement of external auditor, reviewing financial information and overseeing of the financial reporting system, risk management and internal control procedures. The Audit Committee held 4 meetings during the year.

A summary of work performed by the Audit Committee during the year is set out as follows:

i. reviewed the annual and interim financial statements and the quarterly business operation and development of the Group;

ii. discussed/met with the external auditor on general accounting issues of the Group, and reviewed their work and findings relating to the annual audit and the effectiveness of the audit process;

iii. reviewed the effectiveness of the risk management and internal control systems of the Group;

iv. annual review of the non-exempt continuing connected transactions of the Group; and

v. reviewed the external auditor's independence, approved the engagement and remuneration of external auditor and recommended the Board on the re-appointment of external auditor.

REMUNERATION COMMITTEE *(SET UP ON 1 JUNE 2005)*

The Remuneration Committee comprises 2 INEDs, Mr Leung Ka Kui Johnny (chairman of the committee) and Mr Wong Chuk Yan, as well as Dr Kwan Pak Hoo Bankee (Chairman of the Board).

The specific written terms of reference of the Remuneration Committee (as re-adopted on 7 February 2012) is available on the Company's website. Pursuant to model B.1.2(c)(ii) and the terms of reference in the CG Code adopted by the Remuneration Committee, its primary duties are to make recommendation to the Board on the Company's policies and structure of the remuneration of Directors and senior management and the remuneration packages of individual EDs and senior management. Details of the remuneration of each of the Directors for the year are set out in note 11 to the consolidated financial statements. The Remuneration Committee held 1 meeting during the year.

A summary of the work performed by the Remuneration Committee during the year is set out as follows:

i. determined and endorsed to the remuneration policy and structure for the Directors and senior management;

ii. assessed the performance of executive Directors and reviewed their current level and remuneration structure/package and approved their specific remuneration package of executive Directors; and

iii. reviewed and approved the cost rationalisation measures and business re-engineering plan of the Group.

NOMINATION POLICY FOR THE DIRECTORS

Nomination of the Directors

The Company had adopted a nomination policy incorporating the board diversity policy for the criteria, procedures, and process of the appointment and removal of the Directors. The criteria to select candidates for directorship is based on a range of diversity perspectives, including gender, age, culture and educational background, professional skill, experience in relevant areas, personal qualities, and whether the candidate can demonstrate his commitment, competence and integrity required for the position of the Director, and in case of INEDs, the independence requirements set out in the Listing Rules and their time commitment to the Company. Nomination of new Director(s) will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard to the benefits of diversity of the Board and our business model and specific needs from time to time. Nomination of new Director(s) will normally be proposed by the Chairman and/or CEO subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

During the year, the Board as a whole regularly reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The independence of the INEDs was assessed according to the relevant rules and requirements under the Listing Rules.

During the year under review, 2 meetings were held by the executive Directors in resolving the resignation and appointment of EDs of the Company.

Remuneration policy of the Directors

The Company adopted a remuneration policy providing guideline for the Directors' remuneration.

Under the remuneration policy, the Directors' remuneration should be based on internal equity factors and external market conditions and will be reviewed from time to time.

The remuneration of EDs generally consists of:

- fixed monthly salary/allowance – which is set in accordance to the Director's duties, responsibilities, skills, experiences and market influences;

- pension – which is based on the local Mandatory Provident Fund Contribution Scheme;

- short term variable incentive – which may include discretionary cash bonus depending on the achievement of short-term corporate objectives and/or personal targets;

- long term variable incentive – which may include share options designed to encourage long-term commitment.

The remuneration of the non-executive Director(s) of the Company (if any) and the INEDs will be a lump sum of Directors' remuneration made annually.

The remuneration paid to and/or entitled by each of the Directors for the year under review is set out in note 11 to the consolidated financial statements in this annual report.

The share options granted to and/or entitled by the Directors during the year under review are set out in the section headed "Directors' Interests in Securities" in the Directors' report of this annual report.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the corporate governance functions of the Group. The specific written terms of reference of the corporate governance functions is available on the Company's website. The primary duties of the corporate governance functions are (a) reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulations requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of the Directors and senior management; and (c) reviewing the Company's compliance with code and disclosure in this report.

During the year, the Board reviewed the policies and practices on corporate governance, the training and continuous professional development of Directors and senior management and the Company's compliance with code and disclosure in this report.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company has adopted a dividend policy as set out below:

1. Purpose

The policy aims to set out the approach for the declaration and payment of dividend by the Board.

2. Vision

The Company considers stable and sustainable returns to the Shareholders to be our goal.

3. Power of the Board

3.1 The Company may declare and distribute dividends to the Shareholders by way of cash or by other means that the Board considers appropriate.

3.2 In proposing any dividend payout, the Board shall also take into account, inter alia:-

(i) the Company's actual and expected financial performance;

(ii) retained earnings and distributable reserves of the Company and each of the members of the Group;

(iii) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

(iv) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(v) the Group's expected working capital requirements and future expansion plans;

(vi) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and

(vii) any other factors that the Board deems appropriate.

3.3 Any declaration and/or payment of future dividend is subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole.

4. Governing rules

Declaration of the dividend by the Company is also subject to any restrictions under the Laws of Bermuda, the bye-laws of the Company and any applicable laws, rules and regulations.

5. Approval

5.1 The Board may from time to time pay to the Shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.

5.2 Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an AGM and must not exceed the amount recommended by the Board.

6. Review of this policy

The Board will review the policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary.

7. Legal validity

The policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time. There is no assurance that dividends will be paid in any particular amount for any given period.

CORPORATE GOVERNANCE REPORT

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions of Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to the Directors of the Company, all of them confirmed that they have complied with the required standard of dealings and the code of conduct throughout the year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibilities to prepare the financial statements of the Group and other financial disclosures required under the Listing Rules and the Management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believe that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

The Management has provided all members of the Board with monthly internal financial statements so as to give the Directors a balanced and understandable assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibilities for establishing and maintaining appropriate and effective risk management and internal control systems, and for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Management is primarily responsible for the design, implementation and monitoring of the risk management and internal control systems.

Procedures have been designed for safeguarding the Group's assets against unauthorised use or disposal, maintaining proper accounting records, ensuring the reliability and usefulness of financial information for internal business use or for publication, and monitoring the compliance with applicable laws, rules and regulations. Furthermore, they are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

The key risk management and internal control procedures include the following:

(i) Delegation of authority within limits set by the Board

The managements of business units and functional departments have been delegated powers and authorities by the Board to carry out the day-to-day management, operation, and maintenance of the internal control systems that are appropriate to their business or function. The Group has adopted a tailored governance and organisational structure with formal and clearly defined lines of responsibility and delegation of authority to ensure segregation of duties with check and balance controls are effectively in place.

(ii) Risk management process

System and procedures are in place to identify, evaluate, manage, and report on the material risk types facing the Group including strategic, operations, compliance, reporting, and information and technology risks. Exposure to these risks is monitored by the Risk Management Committee ("RMC"). RMC oversees and defines the Group overall risk management framework, formulates the Group's risk management policy and guideline, determines the overall risk acceptance level, assesses the Group's risk profile, prioritises top risks for the Group, and promotes risk awareness and management knowledge.

Under the Risk Management Framework, the five steps of the risk management process adopted are risk identification, risk assessment and prioritisation, risk manager appointment, risk responses, and risk communication and monitoring. The Group maintains a set of risk registers to record the major and significant risks that will hinder the Company from achieving its business objectives. Risk managers are appointed by the Board to monitor the identified high risk areas of business practices on an ongoing basis and to develop the subsequent risk response action plans. The risk registers are reviewed and approved by the RMC on a biannual basis for continuous risk assessment.

(iii) Changes in market condition/external environment

Processes are in place to identify new risks arising from changes in market conditions or external environment which could expose the Group to heightened risk of loss or reputational damage. The Management is primarily accountable for measuring, monitoring, mitigating and managing the risks and controls in their areas of responsibility.

(iv) Financial reporting

The Management monitors the business activities closely and reviews monthly financial results of operations against budgets or forecast. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. In addition, regular reviews and statutory audits are performed by our external auditor to ensure that the preparation of the Group's financial statements are carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

(v) Internal audit

The establishment of the Group's internal audit function is to provide the Management with an independent and impartial view on the adequacy, efficiency and effectiveness of the Group's risk management, internal control and governance system and to provide recommendations for improvement. The Group's internal audit function is undertaken by the Internal Audit Department ("IAD"). A risk-based approach is adopted in developing the annual internal audit work plan that is reviewed and endorsed by the Audit Committee. The audit progress and audit observations are reported to the Audit Committee on a biannual basis.

(vi) Inside information

There are internal procedures and controls for the handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcement or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

(vii) Whistle-blowing channels

The Group maintains a Whistle-blowing policy to encourage employees to report any suspected misconduct contrary to our ethical belief in confidence without the fear of recrimination. Procedures are established for employees to raise complaints directly to the IAD, which will evaluate the complaint and determine whether an investigation is appropriate. IAD coordinates with relevant departments for investigation where necessary and recommendations on improvements are communicated to the respective management for implementation. Audit procedures, investigation results and subsequent follow-up actions taken are reported to the Audit Committee on a biannual basis.

Overall assessment

The Board, through the Audit Committee, has conducted an annual review of the effectiveness of our risk management and internal controls systems covering all material controls, including financial, operational and compliance controls, and the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions.

In addition, the Board has received confirmation from the Management that the Group's risk management and internal controls systems are in place and functioning effectively.

During the year ended 31 December 2020, the Board is not aware of any material internal control deficiency or significant areas of concern that may affect Shareholders' interests.

COMMUNICATION WITH SHAREHOLDERS

The Directors consider communication with the Shareholders are mainly in the following ways: (i) the holding of AGMs and SGMs, if any, which may be convened for specific purpose and can provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases of the Company providing updated information of the Group; (iii) the holding of press briefings and media interviews from time to time; and (iv) the upkeeping of the latest information of the Group on the Company's website at www.cash.com.hk. The Shareholders and investors are welcome to visit such website.

In order to protect the environment and save costs for the benefit of the Shareholders, the Company has introduced electronic means for receiving corporate communication materials by the Shareholders. The Shareholders may choose to receive printed or electronic copies. In line with our social caring policies, the Shareholders are encouraged to get access to corporate communication materials of the Company through the Company's website.

Separate resolutions are proposed at each general meetings of the Company. The Company's notice to the Shareholders for the AGM was sent to Shareholders at least 20 clear business days before the meeting and notices of the SGMs were sent to Shareholders at least 10 clear business days before such meetings in year 2020.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the year.

SHAREHOLDERS' RIGHTS

Convening a SGM and putting forward proposals at general meetings

Pursuant to the bye-laws of the Company, Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a SGM to be called by the Board.

The written requisition (i) must state the object(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrar and upon its confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM for a day within 2 months after the date of deposit of such requisition, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after the expiration of 3 months from the said date of deposit of the requisition. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by Directors.

Pursuant to the Bermuda Companies Act 1981, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("Requisitionists"), or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the Requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than 6 weeks before the meeting in case of a requisition requiring notice of a resolution or not less than 1 week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date 6 weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Enquiries from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or tel: (852) 2980 1333 or email: cash1049@cash.com.hk.

Other Shareholders' enquiries can be directed to the Group Public Affairs Department of the Company at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong or tel: (852) 2287 8888 or fax: (852) 2287 8000 or email: inquiry@cash.com.hk.

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standard. Members of the Audit Committee were of the view that the Company's auditor, Messrs. Deloitte Touche Tohmatsu is independent and has recommended the Board to re-appoint it as the Company's auditor at the forthcoming annual general meeting. During the year, Messrs. Deloitte Touche Tohmatsu has rendered audit services and certain non-audit services to the Company and the remuneration paid/payable to it by the Company are set out as follows:

Services rendered	**Fees paid/payable** HK$
Audit services	2,000,000
Non-audit services:	
Preparation for open offer circular and prospectus	480,000
Preparation for sales report	55,000
	2,535,000

On behalf of the Board
Dr Bankee P. Kwan, *JP*
Chairman & CEO

Hong Kong, 12 March 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

According to the requirements set forth in the ESG Guide under Appendix 27 of the Listing Rules, the Group hereby presents the Environmental, Social and Governance ("ESG") report for the year ended 31 December 2020 ("Reporting Period").

SCOPE OF REPORT

This report covers the Group's principal businesses of subsidiaries in Hong Kong, which represent the major investment and income sources of the Group, including retail management business including sales of furniture, household items, electrical appliances, food and pets accessories through chain stores under the multiple brand names, including "Pricerite", "TMF", "SECO", "Pricerite Food" and "Pricerite Pet" in Hong Kong.

The ESG data that the Group has direct access to and is under the Group's direct operational control has been included in this report.

MATERIALITY ASSESSMENT

To identify the ESG issues relevant to the Group, we engaged our Management and staff to review our operations. Subsequently, the identified ESG issues have been assessed by considering their importance to our stakeholders as well as our Group. The ESG issues considered to be material are listed below:

ESG aspects as set forth in ESG Guide	**Material ESG issues for the Group**
A. Environmental	
A1 Emissions	Waste management and carbon emissions
A2 Use of resources	Use of electricity and packaging material
A3 The environment and natural resources	Light pollution
B. Social	
B1 Employment	Equal opportunity and diversity
B2 Health and safety	Health and safety workplace
B3 Development and training	Staff development and training
B4 Labour standards	Anti-child and forced labour
B5 Supply chain management	Supply chain management
B6 Product responsibility	Customer service, quality assurance, and handling of personal data
B7 Anti-corruption	Anti-corruption and money laundering
B8 Community investment	Supporting local community

The Group has complied with the "comply or explain" provisions set out in the ESG Guide for the Reporting Period.

A. Environmental

The Group upholds the belief of "Green CASH" in our business activities. The purpose of "Green CASH" is to promote the practice of minimising the depletion of natural resources (i.e. timber, electricity, etc.), while saving part of the operating cost of the Group. The Group advocates the corporate social responsibility to be aware of environmental protection and natural resources conservation, and bring mutual advantages to both the society and the Group.

In 2020, Pricerite received Hong Kong Green Organisation Certificate and 2019 Hong Kong Green Organisation Certification – Wastewi$e Certificate (Excellence level) from Environmental Campaign Committee. CASH was granted 2019 Hong Kong Green Organisation Certification – Wastewi$e Certificate (Basic level). The awards recognised our efforts on environmental management, with continuously improving the performance on environmental protection.

During the Reporting Period, the Group did not note any cases of non-compliance relating to environmental laws and regulations in Hong Kong.

A1 Emissions

Waste management

Considering the principal business activities of the Group (i.e. retail management business), we have not produced a notable level of air or water pollutants.

We established environmental policies that introduce the desired environmental practices, and measurable objectives to our employees. To mitigate the impact of waste, the principles "reduce", "reuse" and "recycle" are applied. We are committed to promoting waste reduction at source, in the offices and retail stores. Waste should be properly handled and disposed by an authorised party to central waste processing facilities. Categorisation of waste is encouraged to facilitate efficient recycling.

Paper is considered the major form of waste generated by our offices and retail stores, of which, we consumed approximately 12,863.27 kg[1] (2019: 10,565.15 kg) during the Reporting Period.

To enhance our waste management techniques, we always monitor the latest environmental regulations, as well as market trends on new environmental practices. We continuously seek opportunities on improving the effectiveness of our current practices.

In our offices, we have set up waste separation facilities. We place recycle bags and tailor-made recycle bins designated for the collection of scrap paper, plastic bottles, aluminium cans, and recyclable toner cartridges. All of which, is later delivered to the recycling agents for further processing.

1 Paper consumption intensity is not considered as an applicable performance indicator due to our nature of business.

In Pricerite retail stores, recycling bins are implemented to facilitate recycling for customers, and we have engaged qualified service providers for the collection and recycling on a regular basis.

The amount of recycling at our collection points in the Reporting Period is summarised as follows:

Issue	**Amount**		**Unit**
	2020	2019	
Paper	**4,683**	14,810	Kg
Aluminium cans	**654**	921	Pieces
Plastic bottles	**722**	623	Pieces
Toner cartridges	**17**	276	Pieces
Battery	**330**	247	Kg
Lighting tube	**498**	1,386	Pieces
Light bulb	**999**	497	Pieces

Apart from recycling, a series of programmes and activities have been launched to encourage the participation of our stakeholders towards waste management, which include:

- Implementing Green Information and Communication Technology (ICT) Platform including systems such as E-workflow and CASHARE (Group's intranet) to build a highly efficient "paperless, IT-driven and systematic" working environment;
- Achieving waste reduction goals set under Wastewi$e Certificate recognition scheme;
- Purchasing paper made from the Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) certified plantations to minimise logging in natural forest;
- Posting a "Green message" as a reminder around the office;
- Using e-channels to disseminate corporate information;
- Installing electronic product catalogues and promotions in retail stores;
- Providing reusable utensils to office staff to reduce the use of disposable utensils;
- Recommending duplex or 2-on-1 page copying on recycled paper; and
- Applying used envelopes for internal document circulation.

No particular hazardous waste was noted in our business activities during the Reporting Period.

In recognising our achievement in waste reduction, the Group was granted the Wastewi$e Certificate (Basic Level) and Pricerite was awarded the Wastewi$e Certificate (Excellence Level) by Environmental Campaign Committee.

Carbon emissions

The major source of our carbon emissions is the use of electricity. There were 2,515.05 tonnes (2019: 2,607.99 tonnes) of carbon dioxide equivalent (CO_2e) generated[1] from our operations during the Reporting Period[2]. In order to reduce our carbon footprint, we have launched a series of programmes and activities. Please refer to the "A2 Use of resources" section below.

In the retail management business, transportation and deliveries of products are provided by external transportation service providers. To reduce the carbon emissions from the mobile transportation activities of our business partners, we aim to optimise the number of deliveries, which includes:

- Working closely with logistic partners in developing a better fuel-efficient transportation practice;
- Packing and loading products more efficiently to reduce the number of delivery journeys; and
- Continuously improving our transportation management system to achieve more efficient journey planning.

1 The carbon emission was calculated with reference to the Greenhouse Gas Protocol, and the carbon conversion factors published by CLP Holdings Limited and HK Electric Investment Limited.

2 Carbon emission intensity is not considered as an applicable performance indicator due to our nature of business.

A2 Use of resources

Use of electricity

Electricity is consumed during daily business operations in our offices and retail stores, through the use of indoor lighting, air-conditioning, functioning of office equipment, etc. During the Reporting Period, the total electricity consumption of the Group was 4,531,821 kWh[1] (2019: 4,738,659 kWh).

The Group has established guidelines on implementing green measures towards energy conservation:

1) Lighting

- T5 energy-efficient lighting tubes have been installed in offices and retail stores;
- Staff are encouraged to switch off lighting while they are off duty;
- "Light-out" during lunch hour is highly recommended;
- A lighting and energy conservation programme is implemented in retail stores, which strictly switches off all power after business or operating hours; and
- Indoor lighting should be switched off if sufficient sunlight is available.

2) Office equipment

- Computers and other electronic equipment should be switched off while they are not in use for energy conservation; and
- Security guards patrol the offices at night to ensure all non-use equipment is switched off.

In addition to the aforesaid measures, Caring Committee sends messages related to "Green information" to staff with the aim to raise the consciousness of environmental protection. Furthermore, green posters have been framed along the corridor/pantries through which, the "green theme" of the environmental friendly atmosphere is promoted throughout the working space.

To enhance employee's awareness on low-carbon office and energy saving practices, we participated in "Earth Hour" events by turning off all non-essential lights for one hour at our retail stores and encouraged all staff to adopt the same practice at home.

1 Energy intensity is not considered as an applicable performance indicator due to our nature of business.

Use of water

We do not consume significant amounts of water through our business activities. The majority of the water supply facilities are provided and managed by property managers on our rental premises, and the usage have been included in the management fees.

Although the water consumption is considered minimal, we also encourage saving by driving behavioural changes in the workplace. Green messages are posted in pantries and washrooms as reminders for using water efficiently.

Use of packaging material

In the retail management business (i.e. Pricerite), packaging material is used for delivery of goods. The major packaging material used in the business is plastic bag, which is offered to customers upon request.

We strictly implement the Plastic Shopping Bag Charging enforced by the Government. Customers are required to pay a levy in requesting a plastic bag, hence restricting the consumption of plastic bags. Furthermore, promotion material of BYOB – Bring Your Own Bag is displayed in our retail stores to raise customer awareness in order to reduce plastic bag usage.

A3 The environment and natural resources

The Group is committed to controlling its operations' impact on the environment and natural resources. In addition to complying with environment-related laws and incorporating the concept of environmental protection into internal management and daily operation activities, we continuously assess and control the potential impacts of our business activities on the environment.

Light pollution

Due to the high building density in Hong Kong, external lighting at night may disturb nearby residents.

To reduce the impact of light pollution, Pricerite strictly follows the "Charter on External Lighting" which has been in effect since April 2016. Certain Pricerite's stores are committed to switching off decorative, promotional or advertising lighting, which affects the outdoor environment during the preset time (i.e. midnight to 7 am). This measure also helps reduce energy wastage.

B. Social

B1 Employment

Respect for the rights of everyone who works for us is fundamental to the sustainability of the Group and the communities in which we operate. Our commitment to operating with respect for individuals is reflected in all aspects of the Group's business operations and is integrated in our policies and relevant procedures. We are committed to providing a happy and family–friendly workplace.

The Employee Handbook is formulated to stipulate general practices and policies related to employment, compensation and benefits. To stay competitive, our base salaries are within industry norms, contributing to our ability to attract and retain highly skilled and motivated staff.

The Group is committed to developing, maintaining and supporting a culture of equality and diversity in employment, on the basis of age, race, colour, nationality, religious belief, disability, sexual orientation, political opinion and any other status protected by applicable legislations and ordinances. We believe that the diversity can enrich all employees by providing a more rewarding and less stressful environment. No one shall be discriminated at recruitment, selection, employment, compensation, transfers, promotion, training or development. Qualified individuals are employed to carry out our fiduciary duties based on their education, experience, and ability without discrimination.

Meanwhile, the Group introduces family-friendly employment practices, including offering family leave benefits and employee support schemes, providing fresh fruits, and organising health talks and joggling classes to promote employee well-being.

There were no non-compliance cases noted in relation to employment laws and regulations during the Reporting Period.

The total workforce of the Group is summarised as follows:

Gender	**No. of staff**	
	2020	2019
Male	**340**	359
Female	**437**	438
Total	**777**	797

Employment type	**No. of staff**	
	2020	2019
Full-time	**620**	668
Part-time	**134**	126
Temporary and contract	**23**	3
Total	**777**	797

Age	No. of staff	
	2020	2019
<30	**183**	189
30–50	**452**	470
>50	**142**	138
Total	**777**	797

Note: The above statistics represents the number of employees at the end of the Reporting Period.

B2 *Health and safety*

Ensuring the health and safety of our employees is an integral part of our business activities. Therefore, we are dedicated to maintaining a safe, hygienic and productive workplace by minimising the potential risk of accidents, injuries and exposure in relation to health risks. We ensure all employees are competent at work, and are given adequate training to comply with all local legislations and ordinances with regard to health and safety.

The Group did not violate any health and safety laws and regulations of Hong Kong during the Reporting Period.

Occupational health and safety record is maintained to ensure that a healthy and safe workplace is provided for our employees at all times. Preventive measures were undertaken with the use of appropriate office equipment as well as performing periodic office risk assessment to enhance workplace safety. We also regularly arrange flu vaccination, and free medical and dental check-ups for our employees.

B3 *Development and training*

We are committed to ensuring that the talents, skills and abilities of our employees are recognised and are utilised to their full capacity. The Group has implemented various training policies and organised a number of training programmes aiming specifically at improving the skills and developing the talents of our employees and generally increasing the competitiveness, productivity and efficiency of the Group.

Our training programmes are developed based on business needs and competencies of employees. During the Reporting Period, we organised more than a hundred of in-house classes including training in areas such as knowledge on products, customer service, selling techniques, career orientation, presentation, communication, quality management, graduate development, Continuous Professional Training (CPT) of professional qualifications, and professional license examinations preparation.

B4 *Labour standards*

Our Group prohibits the use of all forms of forced labour. All legal regulations regarding employment of young persons whose age ranged between 15 and 18 shall be followed by the Group.

There were no material non-compliance issues noted regarding labour standards as required by related laws and regulations during the Reporting Period.

B5 *Supply chain management*

To support sustainability, our Green Supply Chain initiative applies strict environmental, social and ethical criteria to the suppliers of our business. We place high demands on suppliers and request them to comply with the same standards that have been set by the Group.

We have incorporated sustainability considerations into our sourcing and outsourcing practices, requiring suppliers to meet the basic standards. For example, all suppliers are expected to adhere to these basic principles:

- Operating as an equal opportunity employer, and recognising the right to collective bargaining, minimum and prevailing wages and benefits;

- Maintaining probity and accountability standards;

- Minimising discrimination against small and medium-sized enterprises and local vendors;

- Providing a healthy and safe working environment, not employing forced or child labour, and refraining from harassment or abuse of employees; and

- Supporting sustainable development, acting responsibly with regard to the environment, observing environmental criteria to conserve resources, minimising the negative environmental impact of production, application and disposal of products, and reducing the use of hazardous products as much as possible.

In the procurement process, we communicate with suppliers on their environmental and social responsibilities. The environmental friendliness of suppliers' practices and products are examined. Selected suppliers' performance is monitored through onsite factory assessments, quality reviews of products and customer feedback. Areas that do not adhere to the standard set forth by the Group are evaluated with the suppliers to identity opportunities to improve their current environmental and social practices.

B6 *Product responsibility*

The Group is committed to providing reliable products and services, while acting responsibly and protecting the interests of various stakeholder groups. We take responsibility in offering reliable products and services, through our principal activity of retail management business, and in meeting stakeholders' expectations on quality and sustainability.

Customer service

Satisfying our clients is our central focus. This principle guides all our activities and applies to all business divisions. The key elements are transparency and high-quality advice, which enable us to improve client satisfaction and achieve customer loyalty in the long term.

We aim to customise our solutions based on the unique needs of customers, in delivering sustainable value and fostering long-term relationship with our customers. During advertising, we ensure information and marketing materials are easily understood and provide all relevant information in facilitating the decision making of customers.

Quality assurance

In the sales of furniture and household items, we strive to achieve the highest standard in terms of quality, safety, and consistency. To safeguard our baseline, we involve an independent Quality Assurance Team in assuring product quality and safety. The team assures the satisfaction of customer expectations by the following means:

- Product development – review of new designs, examination of product specifications, analysis of customer expectation conformance;

- Supplier assessment – inspection of suppliers' capability in satisfying quality requirements, solving supply problem by establishing communication channels with suppliers;

- Pre-shipment inspection – inspection of functionality and safety of finished goods to ensure conformance to required specifications; and

- Complaint handling – review of product defects and mismatches against customer expectation, provision of improvement plans on product quality.

Pricerite has received Q-Mark Service Certification from Hong Kong Q-Mark Council since 2006, and TMF has received the certification since 2018. The certification recognises our competency on providing high standards of service to customers.

Handling of personal data

The Group strictly adheres to regulatory requirements of data privacy, through fulfilling high security and confidentiality. We are committed to maintaining and protecting personal data.

Internal policy has been established to govern the collection and handling of personal data received from a data subject. Under our data protection principles, a Privacy Policy Statement ("PPS") is acknowledged to enable the public to ascertain the data user's general policies and practices in relation to the collection, holding and use of individual personal data.

Furthermore, in accordance with our data protection principles, a Personal Information Collection Statement ("PICS") is acknowledged whenever there is collection of personally identifiable information from individuals to notify data subjects of certain matters in relation to specific collections of personal information from them. The Group will not use or provide personal data to any person for use in direct marketing unless we have obtained the data subject's consent in writing. Meanwhile, the Group maintains a sound safety system and protective measures to prevent unauthorised use of personal data.

There were no material non-compliance issues noted regarding product responsibility as required by related laws and regulations during the Reporting Period.

B7 Anti-corruption

The Group strives to promote and maintain the highest standard of honesty, integrity and fairness. All of our staff must ensure that the Group's reputation is not tarnished by dishonesty, disloyalty or corruption.

Apart from the internal guidelines for monitoring anti-money laundering, counter-terrorist financing as well as gifts or advantages received from or given to clients or suppliers, the Group has established an assessment form to evaluate high risk customers and whistle-blowing channels to enable staff to report on suspicious transactions. Any reporting suspicious transactions will be followed up timely and investigated by independent personnel.

During the Reporting Period, no legal case regarding corruption was brought against the Group or its employees. In addition, the Group was not aware of any cases of non-compliance with laws and regulations relating to anti-money laundering.

B8 Community investment

People-centric is one of our core corporate values that guide our business and day-to-day operation. We therefore care about the interests of the communities and people that we serve. We and our employees are dedicated to working hand-in-hand with the local communities in a variety of initiatives ranging from job creation to youth education and disaster reliefs.

In addition, the Group also partnered with other charitable organisations, and organised donation programmes, such as "Anti-Epidemic Supplies Donation", "Food Donation" and "Multi-functional Furniture Donation".

On behalf of the Board
Dr Bankee P. Kwan, *JP*
Chairman & CEO

Hong Kong, 12 March 2021

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group during the year consisted of (a) retail management business including sales of furniture and household items, electrical appliances, food and pets accessories through the chain stores under multi-brand names including "Pricerite", "TMF", "SECO", "Pricerite Food" and "Pricerite Pet" in Hong Kong; (b) provision of asset management services to the fund investors; (c) general investment holding; and (d) the financial services business carried out via CFSG (stock code: 510) that includes online and traditional brokerage of securities, futures and options as well as life insurance, mutual funds and mandatory provident fund products, proprietary trading of debt and equity securities and derivatives, margin financing and money lending, investment banking and asset management services.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 61 of this annual report.

The Board recommends the payment of a final dividend of 25 HK cents per share in cash for the year ended 31 December 2020 (2019: nil) to Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 18 May 2021, subject to approval by the Shareholders at the forthcoming AGM.

As the Company had insufficient reserves available for distribution to the Shareholders as at 31 December 2020, the final dividend is intended to be funded through the Share Premium Reduction. A special resolution will be proposed at the forthcoming AGM to approve the Share Premium Reduction for the purpose of, among others, distribution of final dividend.

Conditional upon the approval of the proposed Share Premium Reduction as well as the proposed distribution of final dividend by the Shareholders at the forthcoming AGM and that the Share Premium Reduction has become effective, it is expected that the final dividend will be paid to the Shareholders entitled thereto on or about Monday, 31 May 2021.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the forthcoming AGM

The forthcoming AGM is scheduled to be held on Tuesday, 11 May 2021. For determining the entitlement to attend and vote at the forthcoming AGM, the Company's register of members will be closed from Thursday, 6 May 2021 to Tuesday, 11 May 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the forthcoming AGM, unregistered holders of shares of the Company should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on Wednesday, 5 May 2021.

Entitlement to receive the proposed final dividend

For determining the entitlement of the Shareholders to receive the proposed final dividend, the Company's register of members will be closed on Tuesday, 18 May 2021, on which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend (subject to Shareholders' approval at the forthcoming AGM), all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on Monday, 17 May 2021.

DIRECTORS' REPORT

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and possible risks and uncertainties that the Group may be facing are provided in the section of "Financial Review", "Management Discussion and Analysis" and "Chairman's Letter" of this annual report and note 37 to the consolidated financial statements.

The financial risk management objectives and policies of the Group are shown in note 37 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the section of "Financial Review" of this annual report.

Save as disclosed in this report, there is no important event affecting the Group that have occurred since the end of the financial year ended 31 December 2020.

RELATIONSHIPS WITH STAKEHOLDERS

We fully understand that our business is built on the long-term well-being of the "people" in our service areas at large.

Throughout the course of our business development, we care about the needs of our key stakeholders, inter alia, our shareholders, our employees, our customers, our suppliers and our community. As such, we strive to become a "Total Caring Organisation" to embrace the all-round needs of our key stakeholders.

The Group upholds the "People-oriented" principle as our core belief and this forms the essence of our corporate culture. We respect the various needs of these "people" as our stakeholders and we strive to balance the different spectrum of interests for the development of a better future.

Our five core values namely "People", "Customers", "Quality", "Teamwork" and "Change" serve as the guiding principles for the whole team to move ahead.

We are dedicated to creating an enjoyable work environment to highly engage our employees so as to maximise their potential, meeting the needs of our customers with quality products and innovative services and enhancing cooperation with our suppliers so as to provide high-quality products and services to our customers so as to ensure our sustainable development.

Shareholders

The Group is committed to communicating with our shareholders and the financial community proactively, transparently and effectively, and thereby ensuring consistent and timely dissemination of information to shareholders and potential investors.

We have established effective channels of communication with our shareholders to ensure that the corporate information is readily accessible. Corporate communications materials with regard to regulatory disclosures and notices of the Company, such as financial reports, results announcements, corporate announcements and circulars will be distributed according to the principles of continuous disclosure, and complies with the legal and regulatory requirement applicable to the Company. Corporate communications and other general information concerning the Company and its businesses such as press releases will be posted on the corporate website (www.cash.com.hk) and distributed to the media as soon as practicable. The Company adheres to its corporate policy of not disclosing unpublished or potentially price-sensitive information such as sales and profit forecasts.

Employees

Our staff is regarded as the most important asset of the Group. We offer a competitive remuneration package and great opportunities for career advancement based on performance-linked appraisal system. Our passion in fostering a learning culture is recognised. The Group gained the honour of "Super MD" at Employees Retraining Board ("ERB") Manpower Developer Award Scheme in recognition of the Group's efforts and commitment to training and development. We also provide our staff with regular trainings, including internal trainings and refresher courses offered by professional organisations, so as to keep them abreast of the latest development in the market, industry and various businesses. Our retail business was once again honoured with a variety of awards, demonstrating the company's caring corporate culture and drive to lead by example. Staff members received the Distinguished Salesperson Award from the Hong Kong Management Association. The recognitions, individually and collectively, strengthened the reputation of Pricerite and TMF in training and development and boosted the companies' profiles with the public and business community.

The Group is committed to the well-being of our employees as we believe that a healthy body and soul will have a positive impact on people's professional and personal lives.

Along with initiatives designed to improve the health, safety and well-being of our employees, the Group also offers recreational and educational activities in different topics such as professional growth, work-life balance, health and safety, rewards and recognitions, employees' families, amazing occasions to help staff to pursue their interests, explore their full potential and recharge after work. The Group is the "Family-Friendly Employer" under the scheme by the Home Affairs Bureau and the Family Council in recognition of our family-friendly employment policies and practices which have positive impact to the Company and employees' family life.

In recognition of our commitment and effort in developing employee-orientated human resources management and promoting Family-friendly Employment Practices, we have been recognised as a Signatory of Good Employer Charter under the scheme by the Labour Department.

We sincerely care about our employees' retirement needs and have gone the extra mile to provide additional retirement benefits for them. We have been awarded the accolade of "Good MPF Employer Award" by the Mandatory Provident Fund Schemes Authority (MPFA).

Customers

We value the customers' interests as the first priority. It is our mission to provide customers with a meaningful experience when utilising our services.

We value the feedback from customers and always try to understand their thoughts through Internet, daily communication, customer services and after-sale services etc. In addition, we also set up website, e-portal, email, Facebook and customer service hotline to respond to the feedback of customers.

Recognising the Group's contribution to the financial technology development in Hong Kong, the Institute of Financial Technologists of Asia (IFTA) awarded CAFG the Gold Award of Corporate Achievements in FinTech (Algo-Trading) in the IFTA Fintech Achievement Award 2019.

Pricerite was awarded the Anti-Epidemic Measures Award by Hong Kong Retail Management Association (HKRMA) and received the Anti-Epidemic Hygiene Measures Certification from Hong Kong Quality Assurance Agency (HKQAA) in recognition of Pricerite's effective and innovative anti-epidemic measures implemented on its staff, customers and stores.

Pricerite was also honoured as "Consumer Caring Company" by GS1 Hong Kong in recognition of its distinguished consumer care.

DIRECTORS' REPORT

Suppliers

We firmly believe that our suppliers are equally important in building high-quality businesses. We proactively communicate with our suppliers to ensure they are committed to delivering high-quality and sustainable products and services.

Community

The Group is devoted to supporting the community in which we operate through donation, education, volunteering and encourage others to give.

Over the past years, we show our care about the community with unsparing support for wide-ranging community services and charities. We have also been encouraging our employees and their family members to take part in voluntary services after work and serve the disadvantaged in the community.

Showing the sustainability and breadth of our corporate social responsibility efforts, we have been awarded the accolade of "15 Years Plus Caring Company" by the Hong Kong Council of Social Service (HKCSS) in recognition of our achievements in "Caring for the Community", "Caring for the Employee" and "Caring for the Environment". It serves as a recognition for our contribution to community services and commitment to employee engagement. In addition, we have attained the "Hong Kong Outstanding Corporate Citizenship Logo" organised by the Hong Kong Productivity Council in recognition of the Group's devoted efforts in corporate social responsibilities.

The Social Capital Builder Logo Award (2018-2020) from the Labour and Welfare Bureau recognised our active role in promoting cross-sectoral partnership and sustainable supportive network.

ENVIRONMENTAL POLICY AND PERFORMANCE

As a total caring organisation, the Group is dedicated to keeping the environmental impact of our operations to a minimum, balancing business needs with conservation.

The Group adopted "Green Office Policy" with various measures regarding minimisation of energy and paper consumption and recycling being implemented. We also execute different types of "Green Office Campaign" in our office to enhance staff awareness and participation for environmental protection.

Over the years, the Group has participated in various environmental protection programmes and campaigns organised by reputable institutions and have been recognised with awards. The Group gained Wastewi$e Certificates (Basic Level), and Pricerite received Wastewi$e Certificates (Excellence Level) and Hong Kong Green Organisation Certificate at 2019 Hong Kong Awards for Environmental Excellence from Environmental Campaign Committee. The achievements highlighted the Group's total caring culture and commitment to responsible business.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular, those have significant impact on the Group. During the year, the Group has complied with the relevant laws and regulations on corporate level as well as those that have a significant impact on the operations of the Group namely, among other things, the Listing Rules, the Companies Ordinance, Cap. 622 of the laws of Hong Kong, the Securities and Futures Ordinance, Cap. 571 of the laws of Hong Kong, the Trade Descriptions Ordinance, Cap. 362 of the laws of Hong Kong, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, Cap. 615 of the laws of Hong Kong and the Competition Ordinance, Cap. 619 of the laws of Hong Kong.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited results and the assets and liabilities of the Group for the last five financial years ended 31 December 2020 is set out on pages 149 to 150 of this annual report.

DIRECTORS' REPORT

PROPERTY AND EQUIPMENT

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

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 45 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 33 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the "Consolidated Statement of Changes in Equity" of the consolidated financial statements on pages 64 to 65 of this annual report.

Details of movements in the reserves of the Company during the year are shown in note 46 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

During the year, the Group conducted the following exempt connected transaction which is exempt from the circular (including independent financial advice) and Shareholders' approval requirements but is subject to the reporting and announcement requirements under the Chapter 14A of the Listing Rules.

On 31 December 2020, CIGL (a wholly-owned subsidiary of the Company) entered into the undertakings and agreements all dated 31 December 2020 with vendors relating to the proposed acquisition of 11,136,000 CFSG Shares falling to be issued to the vendors upon exercise of the CFSG SPA Options at a total consideration of HK$8,352,000 (representing HK$0.75 per CFSG Share), which would trigger the Offers upon completion. Among the 11,136,000 CFSG SPA Options, a total of 2,472,000 CFSG SPA Options were held by Mr Ng Hin Sing Derek (former ED in the preceding 12 months from the date of the undertaking and agreement, being a connected person of the Company). In addition, Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James, Mr Li Shing Wai Lewis and Mr Kwan Teng Hin Jeffrey (EDs, being connected persons of the Company) held an aggregate of 9,888,000 CFSG 2020 Options as at the date of the undertakings and agreements. If the Offers are made, they may tender the CFSG 2020 Options held by them for cancellation or exercise of the CFSG 2020 Options and tender the CFSG Shares falling to be issued upon exercise for acceptance of the share offer.

The exempt connected transaction, being the acquisition of 2,472,000 CFSG Shares from Mr Ng Hin Sing Derek pursuant to the undertaking and agreement entered into by him and the possible cancellation of 9,888,000 CFSG 2020 Options held by the above connected persons of the Company or the possible acquisition of 9,888,000 CFSG Shares falling to be issued upon exercise of such 9,888,000 CFSG 2020 Options from the above connected persons of the Company at a total maximum consideration of HK$9,270,000 under the Acquisitions, constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. Details of the connected transaction were disclosed in the joint announcement dated 31 December 2020 and the subsequent announcements of the Company and CFSG.

Details of the related party transactions entered into by the Group are set out in note 40 to the consolidated financial statements and those related party transactions related to de minimis transactions exempted from the connected transaction requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to the related party transactions of the Group.

DIRECTORS' REPORT

RAISING OF FUNDS AND USE OF PROCEEDS

On 27 March 2020, the Company proposed to carry out the open offer on the basis of two offer shares for every one existing share at a price of HK$0.06 per offer share. The open offer was approved by Shareholders at a special general meeting held on 2 June 2020 and completion took place on 7 July 2020. An aggregate of 783,181,944 ordinary shares (at price of HK$0.06 per share and net price of HK$0.056 per share) with aggregate nominal value of HK$7,831,819.44 were issued, raising gross proceeds and net proceeds of approximately HK$47.0 million and HK$44.0 million respectively. The Company intended to use the net proceeds from the open offer as to approximately HK$46.7 million for partial repayment of borrowings in relation to the retail management business and the remaining funds (if any) for additional working capital for running the retail management business according to the priority order detailed in the prospectus of the Company dated 11 June 2020. Details of the open offer are set out in the announcement dated 27 March 2020, the circular dated 8 May 2020 and the prospectus dated 11 June 2020 of the Company.

During the year ended 31 December 2020, all the net proceeds have been fully utilised for partial repayment of borrowings in relation to the retail management business in accordance with the intended use of proceeds. Save as disclosed herein, the Company did not have any other fund raising activity during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the Group's turnover attributable to the five largest customers accounted for less than 30% of the Group's total turnover.

In the year under review, the Group's purchases attributable to the five largest suppliers accounted for less than 30% of the Group's total purchases.

DIRECTORS

The Directors of the Company during the year and up to the publication date of this annual report were as follows:

Executive Directors:

Kwan Pak Hoo Bankee
Li Shing Wai Lewis *(was appointed on 9 September 2020)*
Leung Siu Pong James
Kwan Teng Hin Jeffrey
Ng Hin Sing Derek *(resigned on 9 September 2020)*
Chan Chi Ming Benson *(resigned on 27 March 2020)*

Independent Non-executive Directors:

Leung Ka Kui Johnny
Wong Chuk Yan
Chan Hak Sin

The following Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming AGM:

(i) Mr Li Shing Wai Lewis, being newly appointed ED, shall retire at the forthcoming AGM in accordance with the Company's bye-laws; and

(ii) Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being INEDs, shall retire at the AGM in each year in accordance with their terms of office of directorship.

DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the Acquisitions and the Offers as disclosed under the heading "Connected Transactions and Related Party Transactions" above, no Director or any entity connected with Director had a materially interested in, either directly or indirectly, any transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the financial year under review.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in note 39 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2020, the interests or short positions of each Director and chief executive of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

A. The Company

Long positions in the Shares

Name	Capacity	Number of Shares Personal	 Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interested in a controlled corporation	598,501	39,599,098*	49.79
Leung Siu Pong James	Beneficial owner	37,642	–	0.05
		636,143	39,599,098	49.84

* The Shares were held by Cash Guardian. Dr Kwan Pak Hoo Bankee was deemed to be interested in all these Shares as a result of his interests in Cash Guardian as disclosed in the "Substantial Shareholders" below.

B. Associated corporations (within the meaning of SFO)

CFSG

(a) Long positions in the ordinary shares of HK$0.40 each

Name	Capacity	Number of shares Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Interest in a controlled corporation	86,140,854*	35.50

* The shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company). The Company was beneficially owned as to approximately 49.79% by Dr Kwan Pak Hoo Bankee, details of which were disclosed in the "Substantial Shareholders" below. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by CIGL in CFSG.

(b) *Long positions in the underlying shares – options under share option scheme*

Name	Date of grant	Exercise period	Exercise price per share (HK$) (Note (5))	Notes	Number of options: outstanding as at 1 January 2020	granted during the year (Notes (6) & (7))	adjusted during the year (Note (5))	reallocated upon change of directorate (Notes (9) & (10))	lapsed during the year (Note (8))	outstanding as at 31 December 2020	Percentage to issued shares as at 31 December 2020 (%)
Kwan Pak Hoo Bankee	31/8/2017	1/1/2018 – 31/12/2020	5.06	(2)&(3)	49,000,000	–	(46,552,000)	–	(2,448,000)	–	–
	29/3/2019	1/5/2019 – 30/4/2022	1.42	(1)to(3)	48,000,000	–	(34,200,000)	–	(12,000,000)	1,800,000	0.74
	29/4/2020	1/5/2020 – 30/4/2022	0.48	(2)&(4)	–	49,500,000	(47,028,000)	–	–	2,472,000	1.01
Li Shing Wai Lewis (Note (9))	29/3/2019	1/5/2019 – 30/4/2022	1.42	(1)to(3)	N/A	–	–	450,000	–	450,000	0.18
	29/4/2020	1/5/2020 – 30/4/2022	0.48	(2)&(4)	N/A	–	–	2,472,000	–	2,472,000	1.01
Leung Siu Pong James	29/4/2020	1/5/2020 – 30/4/2022	0.48	(2)&(4)	–	49,500,000	(47,028,000)	–	–	2,472,000	1.01
Kwan Teng Hin Jeffrey	31/8/2017	1/1/2018 – 31/12/2020	5.06	(2)&(3)	24,000,000	–	(22,800,000)	–	(1,200,000)	–	–
	29/3/2019	1/5/2019 – 30/4/2022	1.42	(1)to(3)	48,000,000	–	(34,200,000)	–	(12,000,000)	1,800,000	0.74
	29/4/2020	1/5/2020 – 30/4/2022	0.48	(2)&(4)	–	49,500,000	(47,028,000)	–	–	2,472,000	1.01
Ng Hin Sing Derek (Note (10))	29/4/2020	1/5/2020 – 30/4/2022	0.48	(2)&(4)	–	49,500,000	(47,028,000)	(2,472,000)	–	N/A	N/A
Chan Chi Ming Benson (Note (11))	31/8/2017	1/1/2018 – 31/12/2020	5.06	(2)&(3)	49,000,000	–	–	–	(49,000,000)	N/A	N/A
	29/3/2019	1/5/2019 – 30/4/2022	1.42	(1)to(3)	48,000,000	–	–	–	(48,000,000)	N/A	N/A
					266,000,000	198,000,000	(325,864,000)	450,000	(124,648,000)	13,938,000	5.70

Notes:

(1) The options are vested in 3 tranches as to 25% exercisable from 1 May 2019 to 30 April 2020, 25% exercisable from 1 May 2020 to 30 April 2021 and 50% exercisable from 1 May 2021 to 30 April 2022 respectively. Any option that is not vested before the expiry date of each tranche period shall lapse automatically.

(2) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion.

(3) The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(4) The options were fully vested as at 31 December 2020 and the options are exercisable at any time during the exercise period as approved by the CFSG Board.

(5) The number and the exercise price of share options which remained outstanding on 7 September 2020 have been adjusted due to share consolidation of CFSG for every 20 existing shares into 1 share with effect from 7 September 2020. The exercise prices per share were adjusted from HK$0.253 to HK$5.06, from HK$0.071 to HK$1.42 and from HK$0.024 to HK$0.48 respectively.

(6) The closing price of the share immediately before the date of grant of options on 29 April 2020 was HK$0.023.

(7) The value of the options granted to the Directors during the year ended 31 December 2020 was HK$1,977,600, details of the calculation of value of options and pricing model were disclosed in "The Share Option Schemes" below.

(8) The lapsed options were due to expiry of the options in accordance with the terms of the share options and/or cessation of employment of participants with members of the Group.

(9) Mr Li Shing Wai Lewis was appointed as Director during the year.

(10) Mr Ng Hin Sing Derek resigned as Director during the year.

(11) Mr Chan Chi Ming Benson resigned as Director during the year.

(12) No option was exercised or cancelled during the year.

(13) The options were held by the Directors in the capacity of beneficial owners.

Save as disclosed above, as at 31 December 2020, none of the Directors, chief executive or their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

THE SHARE OPTION SCHEMES

(A) The Company

The Share Option Scheme was adopted pursuant to an ordinary resolution passed at an AGM held on 21 May 2012. There was no outstanding share options to subscribe for Shares was held by participants under the Share Option Scheme during the year.

(B) The associated company

CFSG

The CFSG New Option Scheme was adopted pursuant to an ordinary resolution passed at an annual general meeting of CFSG held on 8 June 2018 to replace the CFSG Old Option Scheme dated 22 February 2008. The options granted under the CFSG Old Option Scheme before expiry and remained outstanding shall continue to be valid and exercisable in accordance with the terms of the options.

Details of the movements in the share options to subscribe for shares of HK$0.40 each in CFSG granted under the CFSG Old Option Scheme and the CFSG New Option Scheme during the year are set out below:

					Number of options					
Name of scheme	**Date of grant**	**Exercise period**	**Exercise price per share** (HK$) Note (7))	**Notes**	**outstanding as at 1 January 2020**	**granted during the year** (Notes (8) & (9))	**adjusted during the year** (Note (7))	**reallocated upon change of directorate**	**lapsed during the year** (Note (10))	**outstanding as at 31 December 2020**
Directors										
CFSG Old Option Scheme	31/8/2017	1/1/2018 – 31/12/2020	5.06	(1)	122,000,000	–	(69,352,000)	–	(52,648,000)	–
CFSG New Option Scheme	29/3/2019	1/5/2019 – 30/4/2022	1.42	(1)	144,000,000	–	(68,400,000)	450,000	(72,000,000)	4,050,000
	29/4/2020	1/5/2020 – 30/4/2022	0.48	(1)	–	198,000,000	(188,112,000)	–	–	9,888,000
					266,000,000	198,000,000	(325,864,000)	450,000	(124,648,000)	13,938,000
Employees and other grantees										
CFSG Old Option Scheme	31/8/2017	1/1/2018 – 31/12/2020	5.06	(3)&(5)	97,000,000	–	(92,152,000)	–	(4,848,000)	–
	31/8/2017	1/1/2018 – 31/12/2020	5.06	(3)&(5)	194,400,000	–	(184,686,000)	–	(9,714,000)	–
CFSG New Option Scheme	29/3/2019	1/5/2019 – 30/4/2022	1.42	(2),(3)&(5)	279,000,000	–	(174,576,000)	(450,000)	(95,250,000)	8,724,000
	4/6/2019	4/6/2019 – 3/6/2022	1.04	(4)&(5)	56,000,000	–	(53,210,000)	–	–	2,790,000
	29/4/2020	1/5/2020 – 30/4/2022	0.48	(3)&(6)	–	173,500,000	(164,836,000)	–	–	8,664,000
	29/4/2020	1/5/2020 – 30/4/2022	0.48	(4)&(6)	–	123,000,000	(116,856,000)	–	(1,200,000)	4,944,000
					626,400,000	296,500,000	(786,316,000)	(450,000)	(111,012,000)	25,122,000
					892,400,000	494,500,000	(1,112,180,000)	–	(235,660,000)	39,060,000

Notes:

(1) Details of the options granted to the Directors are set out in the section headed "Directors' interests in securities" above.

(2) The options are vested in 3 tranches as to 25% exercisable from 1 May 2019 to 30 April 2020, 25% exercisable from 1 May 2020 to 30 April 2021 and 50% exercisable from 1 May 2021 to 30 April 2022 respectively. Any option that is not vested before the expiry date of each tranche period shall lapse automatically.

(3) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion.

(4) The vesting of the options is subject to the satisfactory delivery of services to members of the Group as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion.

(5) The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(6) The options were fully vested as at 31 December 2020 and the options are exercisable at any time during the exercise period as approved by the CFSG Board.

(7) The number and the exercise price of share options which remained outstanding on 7 September 2020 have been adjusted due to share consolidation of CFSG for every 20 existing shares into 1 share with effect from 7 September 2020. The exercise prices per share were adjusted from HK$0.253 to HK$5.06, from HK$0.071 to HK$1.42, from HK$0.052 to HK$1.04 and from HK$0.024 to HK$0.48 respectively.

(8) The closing price of the share immediately before the date of grant of options on 29 April 2020 was HK$0.023.

(9) The Black-Scholes pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The fair value of share options granted on 29 April 2020 has been calculated using the Black-Scholes option pricing model. The estimated fair value of these share options calculated by the Black-Scholes option pricing model was HK$4,945,000.

The inputs into the Black-Scholes Option Pricing Model were as follows:

Weighted average share price at the date of issue	HK$0.024
Exercise price*	HK$0.48
Average expected volatility (%)	70.9
Expected life (years)	1.3
Average risk-free rate (%)	1.0
Dividend yield (%)	0

* The exercise price have been adjusted due to 20-to-1 share consolidation of CFSG which took effect on 7 September 2020.

(10) The lapsed options were due to expiry of the options in accordance with the terms of the share options and/or cessation of employment of participants with members of the Group.

(11) No option was exercised or cancelled during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, so far as is known to the Directors and chief executive of the Company, the persons/companies (other than a Director or chief executive of the Company) who had, or were deemed or taken to have an interest or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	**Capacity**	**Number of Shares**	**Shareholding** (%)
Hobart Assets Limited (Notes (1) & (2))	Interest in a controlled corporation	39,599,098	49.05
Cash Guardian (Notes (1) & (2))	Interest in a controlled corporation	39,599,098	49.05
Mr Wang Shui Ming (Note (3))	Beneficial owner, interest in a controlled corporation and other interest	4,110,245	5.09

Notes:

(1) This refers to the same number of the Shares held by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan Pak Hoo Bankee. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee and Hobart Assets Limited were deemed to be interested in the Shares held by Cash Guardian.

(2) Dr Kwan Pak Hoo Bankee (a Director whose interests is not shown in the above table) was interested and/or deemed be interested in a total of 40,197,599 Shares (49.79%), which were held as to 39,599,098 Shares by Cash Guardian and as to 598,501 Shares in his personal name. Detail of his interest is set out in the section "Directors Interests in Securities" above.

(3) The shareholding interest of Mr Wang Shui Ming was based on the notice dated 7 September 2020 (filed by him on 9 September 2020) pursuant to Divisions 2 and 3 of Part XV of the SFO after adjusting the number of Shares held by him due to the 20-to-1 share consolidation of the Company which took effect on 7 September 2020. Based on the said notice filed by Mr Wang Shui Ming, the Shares were held as to 1,022,061 in his personal name, as to 2,223,607 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang Shui Ming), and 864,577 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang Shui Ming was deemed to be interested in all these Shares.

Save as disclosed above, as at 31 December 2020, the Directors and chief executive of the Company were not aware of any other parties or corporation (other than a Director or chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of its Shares in the hands of the public in accordance with the Listing Rules as at the latest practicable date prior to the issue of this annual report.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2020.

EQUITY-LINKED AGREEMENTS

Save as the share option schemes of the Company as disclosed in note 38 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year ended 31 December 2020 or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the financial year.

CONFIRMATION OF INDEPENDENCE

The Company has received a written confirmation in respect of independence from each of the INEDs in compliance with rule 3.13 of the Listing Rules, and the Company still considers that each of them to be independent.

AUDITOR

There have been no changes of auditor in the preceding three years.

The consolidated financial statements of the Company for the year were audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Dr Bankee P. Kwan, *JP*
Chairman & CEO

Hong Kong, 12 March 2021

Deloitte. 德勤

TO THE MEMBERS OF CELESTIAL ASIA SECURITIES HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Celestial Asia Securities Holdings Limited ("Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 61 to 148, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on interests in CASH Financial Services Group Limited ("CFSG")	
We identified the impairment assessment on the Group's equity interests in an associate, CFSG, as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant estimation and judgement involved by management of the Group in determining the recoverable amount of CFSG for the purposes of impairment assessment. As set out in notes 5 and 22 to the consolidated financial statements, the recoverable amount of CFSG is determined by management of the Group with reference to the higher of its value in use and fair value less costs of disposal. The recoverable amount has been determined based on value in use calculations as at 31 December 2020. The management of the Group estimated the value in use using the present value of estimated future cash flows expected to be arisen from dividends to be received from CFSG and proceeds on the ultimate disposal of CFSG, taking into consideration the intention of management of the Group on the expected timing of disposal and a suitable discount rate by reference to comparable companies. Accordingly, the management of the Group determined that the recoverable amount is estimated to be higher than the carrying amount of the interests in CFSG. Reversal of impairment loss of HK$7,536,000 in respect of interests in an associate is recognised in profit or loss for the year and the carrying amount of the Group's interests in CFSG is HK$189,379,000 as at 31 December 2020. Further details of the impairment assessment are set out in notes 5 and 22 to the consolidated financial statements.	Our procedures in relation to the impairment assessment on interests in CFSG included: • understanding the impairment assessment of interests in CFSG performed by management of the Group, including the valuation model adopted and key assumptions used; • assessing the valuation model adopted by the management; • involving internal valuation specialists in evaluating the mathematical accuracy of the value in use calculations and the reasonableness of the key assumptions and inputs used by the management of the Group, including the future cash flows expected to be generated by CFSG based on the cash flows from the proceeds on the ultimate disposal of CFSG, taking into account a suitable discount rate by reference to comparable companies; • comparing the result of the value in use calculation prepared by the management with fair value less costs of disposal in determining the recoverable amount of interest in CFSG; • comparing the recoverable amount of interest in CFSG with its carrying amount; and • evaluating the mathematical accuracy of the impairment calculation.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on goodwill and intangible assets with indefinite useful life allocated to the retailing business We identified the impairment assessment on goodwill and trademarks with indefinite useful life allocated to the group of cash generating units ("CGUs") of retailing business as a key audit matter due to their significance to the consolidated financial statements as a whole and significant judgment involved in determining the recoverable amounts for the purposes of impairment assessments. As at 31 December 2020, the carrying amounts for impairment assessments of goodwill and trademarks allocated to the group of CGUs of retailing business were HK$39,443,000 and HK$38,000,000 respectively. As set out in notes 5 and 20 to the consolidated financial statements, the recoverable amount of the group of CGUs of retailing business is determined by management of the Group with reference to the higher of its value in use and fair value less costs of disposal. The recoverable amount has been determined based on value in use calculations. The management of the Group estimated the value in use using the present value of the future cash flows expected to be generated by the CGUs based on the cash flows from operations, taking into account revenue growth rates, gross margin and long term growth rate used in the cash flow projections and a suitable discount rate by reference to comparable companies. Accordingly, based on the results of the impairment assessment conducted by management of the Group, it is concluded that no impairment loss in respect of goodwill and trademark is required for the year ended 31 December 2020. Further details of the impairment assessment are set out in note 20 to the consolidated financial statements.	Our procedures in relation to the impairment assessment on goodwill and intangible assets with indefinite useful life allocated to the retailing business included: • understanding the impairment assessment of goodwill and intangible assets with indefinite useful performed by management of the Group; • involving internal valuation specialists in evaluating the mathematical accuracy of the value in use calculations and the reasonableness of key assumptions and inputs used by the management of the Group, including the future cash flows expected to be generated by the retailing business based on the cash flows from operations, taking into account revenue growth rates, gross margin and long term growth rate used in the cash flow projections and a suitable discount rate by reference to comparable companies; and • comparing the recoverable amount of the CGU of retailing business with its carrying amount.

Other Information

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

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

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

Responsibilities of Directors and those charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

12 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
Revenue	5	**1,379,513**	1,387,769
Cost of inventories	13	**(770,227)**	(791,369)
Other income	7	**11,798**	12,983
Other gains and losses	7	**4,957**	8,953
Salaries, allowances and related benefits	8	**(166,010)**	(207,401)
Other operating, administrative and selling expenses	10	**(220,628)**	(219,927)
Depreciation of property and equipment	16	**(19,828)**	(22,644)
Depreciation of right-of-use assets and related rent concessions	13	**(145,379)**	(167,232)
Impairment loss recognised		**–**	(5,788)
Finance costs	9	**(23,432)**	(26,680)
Profit (loss) before loss arising from associates and taxation		**50,764**	(31,336)
Share of loss of associates	22	**(12,016)**	(40,819)
Reversal of impairment loss (impairment loss recognised) on interests in an associate	22	**7,536**	(20,565)
Profit (loss) before taxation		**46,284**	(92,720)
Income tax expense	12	**(5,310)**	(7,632)
Profit (loss) for the year	13	**40,974**	(100,352)
Other comprehensive (expense) income for the year, net of income tax			
Item that will not be reclassified to profit or loss:			
Share of fair value loss on financial assets at fair value through other comprehensive income ("FVTOCI") of an associate		**(4,922)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operation		**6,742**	(506)
Share of exchange difference on translation of foreign operation of an associate		**307**	(844)
		2,127	(1,350)
Total comprehensive income (expense) for the year		**43,101**	(101,702)
Profit (loss) for the year attributable to:			
Owners of the Company		**39,985**	(99,392)
Non-controlling interests		**989**	(960)
		40,974	(100,352)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**42,112**	(100,742)
Non-controlling interests		**989**	(960)
		43,101	(101,702)
			(Restated)
Earnings (loss) per share	14		
– Basic (HK cents)		**65.47**	(234.00)
– Diluted (HK cents)		**65.27**	(234.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property and equipment	16	**40,090**	46,020
Right-of-use assets	17	**261,604**	341,378
Goodwill	18	**39,443**	39,443
Intangible assets	19	**43,460**	43,460
Interests in associates	22	**196,055**	197,266
Rental and utilities deposits		**34,853**	37,198
Deferred tax assets	21	**5,450**	8,188
		620,955	712,953
Current assets			
Inventories – finished goods held for sale		**74,341**	55,445
Accounts and other receivables	23	**179,126**	118,223
Loans receivable	24	**1,800**	4,372
Amount due from an associate	22	**–**	198
Tax recoverable		**3**	832
Financial assets at fair value through profit or loss ("FVTPL")	25	**11,495**	22,142
Pledged bank deposits	26	**74,197**	74,434
Bank balances (general accounts) and cash	26	**141,246**	132,450
		482,208	408,096
Current liabilities			
Accounts payable	27	**236,534**	219,771
Financial liabilities arising from consolidated investment funds	28	**29,918**	8,203
Accrued liabilities and other payables	29	**82,279**	66,813
Contract liabilities	30	**20,112**	16,389
Amount due to an associate	22	**1,341**	–
Taxation payable		**18,723**	14,260
Lease liabilities	31	**136,009**	132,695
Borrowings	32	**162,349**	210,659
		687,265	668,790
Net current liabilities		**(205,057)**	(260,694)
Total assets less current liabilities		**415,898**	452,259

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Capital and reserves			
Share capital	33	**16,144**	8,312
Reserves		**280,720**	190,926
Equity attributable to owners of the Company		**296,864**	199,238
Non-controlling interests	34	**(37,729)**	(28,730)
Total equity		**259,135**	170,508
Non-current liabilities			
Deferred tax liabilities	21	**6,825**	9,955
Lease liabilities	31	**149,938**	227,530
Borrowings	32	**–**	44,266
		156,763	281,751
		415,898	452,259

The consolidated financial statements on pages 61 to 148 were approved and authorised for issue by the board of directors on 12 March 2021 and are signed on its behalf by:

KWAN PAK HOO BANKEE
DIRECTOR

LI SHING WAI LEWIS
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

		Attributable to owners of the Company										
	Notes	Share capital HK$'000	Share premium HK$'000 (Note (a))	Contributed surplus HK$'000 (Notes (b)&(c))	General reserve HK$'000	Other reserve HK$'000 (Note (d))	Translation reserve HK$'000	Revaluation reserve HK$'000 (Note (e))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000 (note 34)	Total HK$'000
At 1 January 2019		83,122	591,437	88,926	1,160	59,719	13,291	11,164	(548,834)	299,985	(27,770)	272,215
Loss for the year		–	–	–	–	–	–	–	(99,392)	(99,392)	(960)	(100,352)
Other comprehensive expense for the year		–	–	–	–	–	(1,350)	–	–	(1,350)	–	(1,350)
Total comprehensive expense for the year		–	–	–	–	–	(1,350)	–	(99,392)	(100,742)	(960)	(101,702)
Capital reduction	33	(74,810)	–	74,810	–	–	–	–	–	–	–	–
Amount transferred to set-off accumulated losses	33	–	–	(74,810)	–	–	–	–	74,810	–	–	–
Acquisition of additional interest in a non-wholly owned subsidiary	35	–	–	–	–	(5)	–	–	–	(5)	–	(5)
At 31 December 2019		8,312	591,437	88,926	1,160	59,714	11,941	11,164	(573,416)	199,238	(28,730)	170,508
Profit for the year		–	–	–	–	–	–	–	39,985	39,985	989	40,974
Other comprehensive income (expense) for the year		–	–	–	–	–	7,049	(4,922)	–	2,127	–	2,127
Total comprehensive income (expense) for the year		–	–	–	–	–	7,049	(4,922)	39,985	42,112	989	43,101
Issue of new shares	33	7,832	39,159	–	–	–	–	–	–	46,991	–	46,991
Transaction costs attributable to issue of new shares	33	–	(1,469)	–	–	–	–	–	–	(1,469)	–	(1,469)
Issue of shares of subsidiaries		–	–	–	–	–	–	–	–	–	4	4
Change in shareholding in subsidiaries without losing control	35	–	–	–	–	4,383	41	–	5,568	9,992	(9,992)	–
At 31 December 2020		**16,144**	**629,127**	**88,926**	**1,160**	**64,097**	**19,031**	**6,242**	**(527,863)**	**296,864**	**(37,729)**	**259,135**

Notes:

(a) Under the Companies Act 1981 of Bermuda, the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

(b) Under the Companies Act 1981 of Bermuda, contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contribution surplus, if:

(i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(c) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1994 and the nominal value of the issued share capital of the Company issued in exchange thereof, and the net amount arising from the reduction of share premium account, capital reduction and the amounts transferred to set-off accumulated losses.

Movement of contribution surplus during the year ended 31 December 2019 arose from capital reduction as disclosed in note 33, of which the respective amount was transferred to set-off accumulated losses.

(d) The other reserve of the Group represents the reserve arising from the distribution of shares of CASH Financial Services Group Limited ("CFSG") (formerly known as CASH on-line Limited) in year 2000 and the effect arising from the change in the Group's ownership interest in existing subsidiaries without losing control.

Movement of other reserves during the years ended 31 December 2020 and 2019 arose from the effect due to changes in the Group's ownership interests in existing subsidiaries without losing control. Details of change in shareholding in subsidiaries without losing control are disclosed in note 35.

(e) Revaluation reserve of represented the adjustment to the fair value of trademark (included in the intangible assets) related to previously held interest in an associate when the Group acquired additional interest and obtained control over the associate in 2006 and share of fair value loss on financial assets at FVTOCI of an associate during the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Operating activities			
Profit (loss) before taxation		**46,284**	(92,720)
Adjustments for:			
Depreciation of property and equipment	16	**19,828**	22,644
Depreciation of right-of-use assets	17	**159,342**	167,232
Write-down of inventories	13	**3,872**	1,379
Interest expense	9	**23,432**	26,680
Interest income	7	**(2,426)**	(2,629)
Dividend income	7	**(185)**	(541)
Loss on disposal/write-off of property and equipment	7	**505**	870
Impairment loss recognised in respect of property and equipment	16	**–**	1,026
Impairment loss recognised in respect of right-of-use assets	17	**–**	4,762
Gain on early termination of a lease		**(529)**	–
Gain on increase of interests in an associate	22	**(6,211)**	–
Share of loss of associates	22	**12,016**	40,819
(Reversal of impairment loss) impairment loss recognised on interests in an associate	22	**(7,536)**	20,565
Operating cash flow before movements in working capital		**248,392**	190,087
(Increase) decrease in inventories		**(22,768)**	1,024
(Increase) decrease in accounts receivable		**(431)**	905
Increase in prepayments, deposits and other receivables		**(54,705)**	(28,623)
Decrease (increase) in financial assets at FVTPL		**11,103**	(20,124)
Increase (decrease) in accounts payable		**16,763**	(18,564)
Increase in financial liabilities arising from consolidated investment funds		**21,715**	8,203
Increase in accrued liabilities and other payables		**15,791**	6,978
Increase (decrease) in contract liabilities		**3,723**	(6,751)
Net cash generated from operations		**239,583**	133,135
Income taxes paid		**(410)**	(3,576)
Net cash from operating activities		**239,173**	129,559

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Investing activities			
Interest received		**655**	902
Dividend received		**185**	541
Placement of pledged bank deposits		**(410)**	(30,000)
Withdrawal of pledged bank deposits		**647**	–
Advance of loans receivable		**–**	(2,270)
Repayment of loans receivable		**2,614**	2,073
Proceeds from disposal of property and equipment		**38**	128
Purchase of property and equipment		**(16,520)**	(17,270)
Payments for rental deposits		**(5,348)**	(883)
Refund of rental deposits		**5,831**	2,376
Acquisition of additional interests in an associate	22	**(1,673)**	–
Net cash inflow from disposal of subsidiaries	41	**–**	255
Repayment from an associate		**198**	1,706
Net cash used in investing activities		**(13,783)**	(42,442)
Financing activities			
Issue of shares of subsidiaries		**4**	–
Purchase of additional interest in a non-wholly owned subsidiary	35	**–**	(5)
Drawdown of borrowings		**427,906**	678,764
Repayment of borrowings		**(520,482)**	(657,038)
Repayment of lease liabilities		**(150,308)**	(161,720)
Interest paid on lease liabilities		**(13,847)**	(15,085)
Interest paid on borrowings		**(9,585)**	(11,595)
Advance from an associate		**1,341**	–
Proceeds on issue of shares of the Company		**46,991**	–
Expenses directly attributable to issue of shares		**(1,469)**	–
Net cash used in financing activities		**(219,449)**	(166,679)
Net increase (decrease) in cash and cash equivalents		**5,941**	(79,562)
Cash and cash equivalents at beginning of year		**132,450**	212,450
Effect of foreign exchange rate changes		**2,855**	(438)
Cash and cash equivalents at end of year		**141,246**	132,450
Being:			
Bank balances (general accounts) and cash		**141,246**	132,450

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information of this annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 45.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

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

In addition, the Group has early applied the Amendments to HKFRS 16 "Covid-19-Related Rent Concessions".

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

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

Amendments to HKFRSs that are mandatorily effective for the current year (continued)

Impacts on early application of Amendment to HKFRS 16 "Covid-19-Related Rent Concessions"

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- 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;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening accumulated losses at 1 January 2020. The Group has benefited one month to one year waiver of lease payments on several leases. The Group derecognised the part of these lease liabilities that have been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases retrospectively, resulting in a decrease in the lease liabilities of HK$13,963,000, which has been recognised as negative variable lease payments in profit or loss during the year ended 31 December 2020.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

Except the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

New and amendments to HKFRSs in issue but not yet effective (continued)

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2 relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures to accompany the amendments regarding modifications and hedge accounting.

- Modification of financial assets, financial liabilities and lease liabilities. A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

- Hedge accounting requirements. Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- Disclosures. The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 31 December 2020, the Group has several Hong Kong Interbank Offered Rate ("HIBOR") bank loans which may be subject to interest rate benchmark reform. The Group considered that the amendment is unlikely to have a significant impact on the Group's consolidated financial statements.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)"

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group's liabilities.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Company's current liabilities exceeded its current assets by HK$205,057,000 as at 31 December 2020.

In order to improve the Group's financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the Group has been implementing a number of measures. These measures include but not limited to obtaining financial support from banks through arrangement of new long-term facilities and considering usage of existing banking facilities.

The proposed Share Offer (as defined in note 44) to shareholders of CFSG will not affect the liquidity of the Group after taking into consideration of the approval process by the shareholders of the Company (except for the major shareholders of the Company, who should be abstain from voting for approval), the share offer price of CFSG and the banking facilities granted as disclosed in note 44.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

Significant accounting policies

Basis of consolidation

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

- has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

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

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

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

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

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

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

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

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

Significant accounting policies (continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

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

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

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets and liabilities of the subsidiary attributable to owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

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

Significant accounting policies (continued)

Investment in associates

An associate is an entity over which the Group has significant influence. 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.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investment in associates are initially recognised in the consolidated statement of financial position at cost, and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

Significant accounting policies (continued)

Investment in associates (continued)

When the Group reduces its ownership interest in an associate or a joint venture 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 if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Acquisition of additional interests in associates

Goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired.

Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance 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.

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

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

Significant accounting policies (continued)

Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 "Financial Instruments". In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method – asset management services

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Input method – tailor-made furniture

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For contracts that contain variable consideration, such as management fee from asset management services, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of the reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

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

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (sales of goods and award credits for customers under the Group's customer loyalty scheme), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Leases

Definition of a lease

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

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

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components to a lease

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied practical expedient.

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

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

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

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

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- 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;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived using the unchanged discount rates with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

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

Significant accounting policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rates of exchanges prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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.

Government grants related to income 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. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

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

Significant accounting policies (continued)

Retirement benefit costs

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

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

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

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

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

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

Significant accounting policies (continued)

Taxation (continued)

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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 taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property and equipment

Property and equipment held for use in supply of goods or services, or for administrative purpose are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their costs).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the period when the asset is derecognised.

Impairment losses on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash- generating unit or group of CGUs.

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

Significant accounting policies (continued)

Impairment losses on property and equipment, right-of-use assets and intangible assets other than goodwill (continued)

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Restoration provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

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

Significant accounting policies (continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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

A financial asset is held for trading if:

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

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

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including accounts receivable arising from retailing business, loans receivable, receivables from securities brokers, amount due from an associate, other receivables and deposits, pledged bank deposits and bank balances and cash) which are subject to impairment assessment under HKFRS 9. The assessment of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for accounts receivable arising from retailing business and the ECL are assessed individually for each debtor.

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

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

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of accounts receivable arising from retailing business and loans receivable where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

(i) Financial liabilities at FVTPL arising from consolidated investment funds

A financial instrument that gives the holder the right to put it back to the Group for cash or another financial asset (a "puttable instrument") is a financial liability. The financial instrument is a financial liability even when the amount of cash or other financial assets is determined on the basis that has the potential to increase or decrease.

Net assets attributable to holders of consolidated investment funds are determined based on the attributable shares or units of the residual assets of the consolidated investment fund after deducting the consolidated investment fund's other liabilities. The holders have the right to put their attributable shares to the fund for cash with no cause.

Financial liabilities at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the "other gains and losses" line item.

As at the end of the reporting period, such financial liability of net assets attributable to holders of non-controlling interests in consolidated investment funds is presented as "financial liabilities arising from consolidated investment funds" in the consolidated statement of financial position.

(ii) Financial liabilities at amortised cost

Financial liabilities (including accounts payable, other payables, amount due to an associate and borrowings) are subsequently measured at amortised, cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

Significant accounting policies (continued)

Equity-settled share-based payment transactions

Share options granted to employees of the Group for their services to the Group

The fair value of services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of share options granted at the grant date without taking into account any service and non-market performance vesting conditions. Services and non-market performance vesting conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share option reserve.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company 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 may 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 judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgments in applying accounting policies (continued)

Determination on lease term of contracts with renewal options

The Group applies judgment to determine the lease term for lease contracts in which it is a lease that include renewal option, specifically, the leases relating to certain retail stores. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates;
- the extent of leasehold improvements undertaken by Group; and
- costs relating to termination of the lease (e.g. relocation costs and costs of identifying another underlying asset suitable for the Group's needs).

As at 31 December 2020, the potential exposures to future lease payments for extension options in which the Group is not reasonably certain to exercise was approximately HK$31,005,000 (2019: HK$10,160,000). Details of the extension options are detailed in note 17.

Determination of consolidation of investment funds

The Group set up certain investment funds in which the Group is an investor and also the fund manager. The relevant activities are directed by means of contractual arrangements and the Group, acts as the fund manager, has the power and authority to make decisions.

All facts and circumstances are taken into consideration in the assessment of whether the Group, as an investor, controls the investment funds. The principle of control sets out the following three elements of control: (a) power over the investment funds; (b) exposure, or rights, to variable returns from involvement with the investment funds; and (c) the ability to use power over the investment funds to affect the amount of the investor's returns.

The Group's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent.

For these investment funds, the Group assesses whether (i) there are any other holders in these investment funds which have practical ability to remove the Group, and prevent the Group to direct the relevant activities of the investment funds; and (ii) the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the investment funds that is of such significance that it indicates the Group is a principal.

As at 31 December 2020, the directors of the Company concluded that the Group had control over two (2019: two) of the investments funds and acted as agent for the remaining investment funds. Details of these investment funds are disclosed in notes 25 and 28.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

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

Impairment assessment of interests in CFSG

Determining whether interests in CFSG are impaired requires an estimation of the recoverable amount of the interests in CFSG which is the higher of value in use and fair value less costs of disposal. The management of the Group to estimates the value in use using the present value of the estimated future cash flow expected to be arisen from dividends to be received from CFSG and proceeds on the ultimate disposal of CFSG, taking into consideration the intention of management of the Group on the expected timing of disposal (including the likelihood of the Share Offers to shareholder of CFSG and the ultimate outcome, based on the mandatory offer price should the Acquisition as disclosed in note 44 being approved) and a suitable discount rate by reference to comparable companies. Where the recoverable amount are less than or more than expected, or upon the management's revision of estimated cash flows or discount rate for the purpose of determining the value in use due to changes in conditions, facts and circumstances, an additional impairment loss or reversal of impairment loss may arise.

As at 31 December 2020, the carrying amount of the Group's interests in CFSG was approximately HK$189,379,000 (2019: HK$190,265,000). A reversal of impairment loss of approximately HK$7,536,000 (2019: impairment loss of HK$20,565,000) was recognised in profit or loss during the year ended 31 December 2020. Details of the recoverable amount calculation are disclosed in note 22.

Estimated impairment of goodwill and intangible assets with indefinite useful life

Determining whether goodwill and intangible assets with indefinite useful life are impaired requires an estimation of recoverable amounts of relevant intangible assets and the respective group of CGUs of retailing business in which the goodwill and intangible assets with indefinite useful life have been allocated, which is the higher of value in use and fair value less costs of disposal. The management of the Group estimates the value in use using the present value of the future cash flows expected to arise from the group of CGUs based on the cash flows from operations, taking into account revenue growth rates, gross margin and long term growth rate used in the cash flow projections and a suitable discount rate by reference to comparable companies. The discount rate reflects current market assessments of time value of money and the risks specific to the asset or the group of CGUs for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, a material impairment loss may arise.

Furthermore, the revenue growth rate and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve, including potential disruptions of the Group's retail operations. Details of the recoverable amount calculation of the group of CGUs are disclosed in note 20.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2020 HK$'000	2019 HK$'000
Types of goods or service		
Sales of furniture and household goods	**1,149,316**	1,166,365
Sales of electrical appliances	**157,118**	133,720
Sales of tailor-made furniture	**69,446**	85,062
Revenue from retailing segment	**1,375,880**	1,385,147
Management fee from asset management services	**3,633**	2,622
	1,379,513	1,387,769
Timing of revenue recognition		
A point of time	**1,306,434**	1,300,085
Over time	**73,079**	87,684
	1,379,513	1,387,769
Geographical market		
Hong Kong	**1,375,880**	1,385,147
The People's Republic of China ("PRC")	**3,633**	2,622
	1,379,513	1,387,769

(ii) Performance obligations for contracts with customers

Sales of furniture and household goods and electronic appliances

The Group makes sales transactions of furniture and household goods and electronic appliances with customers both through its own retail stores directly and through internet sales.

For sales of furniture and household goods and electronic appliances to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases and took the goods at the retail stores directly or being when the goods have been transported to the customers' specific location (delivery). Transportation and other related activities that occur before customers obtain control of the related products are considered as fulfilment activities. Payment of the transaction price is due immediately at the point the customer purchases the goods in the retail stores, except for corporate customers that the Group allows an average credit period of 30 days for their accounts receivable. The transaction price received by the Group for goods that require delivery is recognised as a contract liability until the goods have been delivered to the customer.

For internet sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been transported to the customer's specific location. Transportation and other related activities that incurred before customers obtain control of the related products are considered as fulfilment activities. When the customer initially purchases the goods online, the transaction price is due immediately and amount received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

5. REVENUE (continued)

(ii) Performance obligations for contracts with customers (continued)

Sales of tailor-made furniture

The Group makes sales transactions of tailor-made furniture through its own retail stores.

Revenue are recognised over time as the Group 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. Revenue is recognised for these tailor-made orders based on the stage of completion of the contract using input method.

The Group requires customers to provide full amount of upfront payments. When the Group receives the advance payments in the retail stores, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

Customer loyalty programme

The Group operates a customer loyalty programme for sales through the Group's retail stores and internet sales where retail customer award points for purchases made which entitle them to redeem award points as sales discounts in the future. The transaction price is allocated to the product and the award points on a relative stand-alone selling price basis. The customer loyalty award points expire every year and customers can redeem the award points any time before the specified expiration date. Revenue from the award points is recognised when the award points are redeemed or expired. Contract liabilities are recognised until the award points are redeemed or expired. The sales discounts is recognised and net to the revenue.

Asset management services

Asset management services to non-consolidated investment funds are recognised over time as the Group provides asset management services. The asset management income is charged at (1) a fixed percentage per annum of the asset value under management of the Group on a daily basis; and (2) a variable consideration when pre-set performance target for the relevant performance period is met. The variable consideration is recognised when it is highly probable that a significant reversal in the revenue recognised will not occur when the performance target is evaluated on a quarterly basis for each of the funds. Fixed management fee is normally due monthly or quarterly while the variable consideration is normally due quarterly.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

As at 31 December 2020 and 2019, contracts with customers with unsatisfied performance obligations, including customer loyalty award points, have original expected durations of one year or less. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts or customer loyalty programmes are not disclosed.

6. SEGMENT INFORMATION

Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's operating and reportable segments are as follows:

Retailing	Sales of furniture and household goods and electrical appliances
Asset Management	Provision of asset management services to the fund investors

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 December 2020

	Retailing HK$'000	**Asset Management HK$'000**	**Consolidated HK$'000**
Revenue	**1,375,880**	**3,633**	**1,379,513**
Segment profit (loss)	**77,350**	**(553)**	**76,797**
Unallocated other income			**421**
Unallocated gain and losses			**7,080**
Corporate expenses			**(30,956)**
Share of loss of associates			**(12,016)**
Reversal of impairment loss on interests in an associate			**7,536**
Unallocated finance costs			**(2,578)**
Profit before taxation			**46,284**

For the year ended 31 December 2019

	Retailing HK$'000	Asset Management HK$'000	Consolidated HK$'000
Revenue	1,385,147	2,622	1,387,769
Segment (loss) profit	(2,384)	11,805	9,421
Unallocated other income			1,852
Unallocated gain and losses			(5,454)
Corporate expenses			(34,678)
Share of loss of associates			(40,819)
Impairment loss recognised on interests in an associate			(20,565)
Unallocated finance costs			(2,477)
Loss before taxation			(92,720)

All the segment revenue is derived from external customers.

Segment result represents the profit earned/loss incurred by each segment without allocation of certain other income, gain and losses, corporate expenses, share of loss of associates, reversal of impairment loss/impairment loss recognised on interests in an associate and certain finance costs. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

As at 31 December 2020

	Retailing HK$'000	Asset Management HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	656,965	67,282	724,247
Unallocated property and equipment			190
Unallocated right-of-use assets			16,485
Interests in associates			196,055
Tax recoverable			3
Deferred tax assets			5,450
Loans receivable			1,800
Unallocated financial assets at FVTPL			3,805
Unallocated prepayments, deposits and other receivables			73,645
Unallocated pledged bank deposits			410
Unallocated bank balances and cash			81,073
Total assets			1,103,163
LIABILITIES			
Segment liabilities	745,948	31,705	777,653
Unallocated accrued liabilities and other payables			21,624
Amount due to an associate			1,341
Taxation payable			18,723
Deferred tax liabilities			6,825
Unallocated lease liabilities			17,862
Total liabilities			844,028

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

As at 31 December 2019

	Retailing HK$'000	Asset Management HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	752,969	53,181	806,150
Unallocated property and equipment			641
Unallocated right-of-use assets			25,086
Interests in associates			197,266
Tax recoverable			832
Deferred tax assets			8,188
Loans receivable			4,372
Amount due from an associate			198
Unallocated financial assets at FVTPL			1,336
Unallocated prepayments, deposits and other receivables			44,961
Unallocated bank balances and cash			32,019
Total assets			1,121,049
LIABILITIES			
Segment liabilities	831,238	10,590	841,828
Unallocated accrued liabilities and other payables			15,615
Taxation payable			14,260
Deferred tax liabilities			9,955
Unallocated borrowings			44,266
Unallocated lease liabilities			24,617
Total liabilities			950,541

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

- all assets are allocated to the reportable and operating segment other than certain property and equipment, certain right-of-use assets, interests in associates, tax recoverable, deferred tax assets, loans receivable, certain financial assets at FVTPL, amount due from an associate, certain prepayments, deposits and other receivables, certain pledged bank deposits and certain bank balances and cash; and

- all liabilities are allocated to reportable and operating segment other than certain accrued liabilities and other payables, amount due to an associate, taxation payable, deferred tax liabilities, certain lease liabilities and certain borrowings.

6. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2020

	Retailing HK$'000	Asset Management HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment	**14,425**	**–**	**–**	**14,425**
Additions of right-of-use assets	**81,435**	**–**	**593**	**82,028**
Interest income	**2,188**	**20**	**218**	**2,426**
Depreciation of property and equipment	**19,244**	**100**	**484**	**19,828**
Depreciation of right-of-use assets and related rent concessions	**135,581**	**616**	**9,182**	**145,379**
Finance costs	**20,820**	**34**	**2,578**	**23,432**
Net loss on financial assets/liabilities at FVTPL	**–**	**1,576**	**225**	**1,801**
Write-down on inventories	**3,872**	**–**	**–**	**3,872**
Loss on disposal/write-off of property and equipment	**505**	**–**	**–**	**505**

For the year ended 31 December 2019

	Retailing HK$'000	Asset Management HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment	19,071	–	–	19,071
Additions/modification of right-of-use assets	102,150	–	23,917	126,067
Interest income	2,501	6	122	2,629
Depreciation of property and equipment	20,113	100	2,431	22,644
Depreciation of right-of-use assets	157,403	623	9,206	167,232
Finance costs	24,144	59	2,477	26,680
Net gain (loss) on financial assets/liabilities at FVTPL	–	15,276	(5,505)	9,771
Write-down on inventories	1,379	–	–	1,379
Loss on disposal/write-off of property and equipment	868	–	2	870
Impairment loss recognised in respect of property and equipment	1,026	–	–	1,026
Impairment loss recognised in respect of right-of-use assets	4,762	–	–	4,762

6. SEGMENT INFORMATION (continued)

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2020 HK$'000	2019 HK$'000
Sales of furniture and household goods	**1,218,762**	1,251,427
Sales of electrical appliances	**157,118**	133,720
Management fee from asset management services		
– Fixed	**1,692**	1,871
– Variable	**1,941**	751
	1,379,513	1,387,769

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's segment revenue from external customers determined based on location of the group entities' operations and information about its non-current assets (excluding financial assets and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue		Non-current assets	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
Hong Kong	**1,375,880**	1,385,147	**577,796**	663,795
PRC	**3,633**	2,622	**2,856**	3,772
	1,379,513	1,387,769	**580,652**	667,567

No customers individually contributed over 10% of the Group's revenue during both years.

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2020 HK$'000	2019 HK$'000
Other income		
Dividends from financial assets at FVTPL	**185**	541
Interest income from banks and loans receivable	**697**	961
Interest income from rental deposits	**1,729**	1,668
Government grants (Note)	**3,520**	–
Sundry income	**5,667**	9,813
	11,798	12,983
Other gains and losses		
Net gain on financial assets at FVTPL	**1,699**	10,204
Net loss on remeasurement of liabilities arising from investment funds	**(3,500)**	(433)
Loss on disposal/write-off of property and equipment	**(505)**	(870)
Gain on early termination of a lease	**529**	–
Gain on acquisition of additional interests in an associate (note 22)	**6,211**	–
Net foreign exchange gain	**523**	52
	4,957	8,953

Note: During the year ended 31 December 2020, the Group recognised government grants of approximately HK$3,520,000 in respect of the Retail Sector Subsidy Scheme under Anti-epidemic Fund launched by the Hong Kong government.

8. SALARIES, ALLOWANCES AND RELATED BENEFITS

	2020 HK$'000	2019 HK$'000
Salaries, allowances and related benefits represent the amounts paid and payable to the directors of the Company and employees comprises of:		
Salaries and allowances	**126,973**	167,616
Sales commission	**33,311**	32,198
Contributions to retirement benefits schemes	**5,726**	7,587
	166,010	207,401

For the year ended 31 December 2020, government grants in respect of the Employment Support Scheme launched by the Hong Kong government of approximately HK$31,178,000 have been offset against salaries and allowances.

9. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on:		
– borrowings	**9,585**	11,595
– lease liabilities	**13,847**	15,085
	23,432	26,680

10. OTHER OPERATING, ADMINISTRATIVE AND SELLING EXPENSES

	2020 HK$'000	2019 HK$'000
Auditor's remuneration	**2,000**	2,000
Handling expenses for securities dealing	**2,324**	2,245
Advertising and promotion expenses	**24,396**	28,984
Utilities expenses	**22,381**	25,216
Telecommunication expenses	**5,036**	6,358
Repair and maintenance expenses	**7,055**	6,534
Printing and stationery expenses	**2,856**	2,501
Licence and registration fee	**6,910**	4,672
Legal and professional fees	**14,668**	17,877
Travelling and entertainment expenses	**8,277**	7,240
Other selling and distribution expenses	**59,361**	61,603
Expenses relating to short-term and low-value leases	**1,733**	1,001
Variable lease payments	**3,777**	2,551
Rates and building management fee	**47,866**	41,205
Others	**11,988**	9,940
	220,628	219,927

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

Directors' and chief executive's remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Executive directors						Independent non-executive directors			
	Kwan Pak Hoo Bankee HK$'000 (Note (1))	Li Shing Wai Lewis HK$'000 (Note (5))	Leung Siu Pong James HK$'000	Kwan Teng Hin Jeffrey HK$'000	Ng Hin Sing Derek HK$'000 (Note (6))	Chan Chi Ming Benson HK$'000 (Note (4))	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2020										
Fee	–	–	–	–	–	–	150	150	–	300
Other remuneration:										
Salaries and allowances	1,519	280	500	500	345	240	–	–	–	3,384
Contributions to retirement benefits scheme	42	6	21	21	17	12	–	–	–	119
Total remuneration	1,561	286	521	521	362	252	150	150	–	3,803

	Executive directors						Independent non-executive directors			
	Kwan Pak Hoo Bankee HK$'000 (Note (1))	Leung Siu Pong James HK$'000 (Note (2))	Kwan Teng Hin Jeffrey HK$'000 (Note (2))	Ng Hin Sing Derek HK$'000	Chan Chi Ming Benson HK$'000	Law Ping Wah Bernard HK$'000 (Note (3))	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2019										
Fee	–	–	–	–	–	–	150	150	–	300
Other remuneration:										
Salaries and allowances	1,128	200	200	725	920	207	–	–	–	3,380
Contributions to retirement benefits scheme	56	10	10	36	46	10	–	–	–	168
Total remuneration	1,184	210	210	761	966	217	150	150	–	3,848

Notes:

(1) Dr Kwan Pak Hoo Bankee is also the Company's chief executive and his remunerations disclosed above include those for services rendered by him as chief executive.

(2) Mr Leung Siu Pong James and Mr Kwan Teng Hin Jeffery were appointed as directors of the Company on 2 September 2019.

(3) Mr Law Ping Wah Bernard resigned as director of the Company on 1 July 2019.

(4) Mr Chan Chi Ming Benson resigned as director of the Company on 27 March 2020.

(5) Mr Li Shing Wai Lewis was appointed as director of the Company on 9 September 2020.

(6) Mr Ng Hin Sing Derek resigned as director of the Company on 9 September 2020.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (continued)

Directors' and chief executive's remuneration (continued)

The emoluments of executive directors are for their services in connection with the management of the affairs of the Company and the Group. The emoluments of independent non-executive directors are for their services as directors of the Company.

During both years, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years.

The performance related bonuses (if any) of executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to the performance in discharging their duties and responsibilities within the Group, the Group's performance and prevailing market situation.

Employees' remuneration

The five highest paid employees of the Group during the year included one director (2019: one director), details of whose remuneration are set out in the disclosures above. Details of the remuneration for the year of the remaining four (2019: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020	2019
	HK$'000	HK$'000
Salaries and allowances	**4,187**	4,444
Performance related bonus (Note)	**457**	758
Contributions to retirement benefits scheme	**137**	235
	4,781	5,437

Note: The performance related bonus are based on the performance of individuals and market trends.

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

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

12. INCOME TAX EXPENSE

	2020 HK$'000	2019 HK$'000
Current tax:		
– Hong Kong Profits Tax	**7,000**	3,026
– PRC Enterprise Income Tax	**300**	808
Overprovisions in prior years	**(1,598)**	(210)
Deferred tax (credit) charge (note 21)	**(392)**	4,008
	5,310	7,632

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 ("Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2019 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Accordingly, the Hong Kong Profits Tax of qualifying entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The income tax expense for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 HK$'000	2019 HK$'000
Profit (loss) before taxation	**46,284**	(92,720)
Tax at domestic income tax rate of 16.5% (2019: 16.5%)	**7,637**	(15,299)
Tax effect of share of loss of associates	**1,983**	6,735
Overprovisions in prior years	**(1,598)**	(210)
Tax effect of expenses not deductible for tax purpose	**5,959**	11,134
Tax effect of income not taxable for tax purpose	**(9,060)**	(79)
Tax effect of deductible temporary difference not recognised	**315**	826
Tax effect of utilisation of deductible temporary difference previously not recognised	**(62)**	(33)
Tax effect of estimated tax losses not recognised	**1,927**	3,470
Tax effect of utilisation of estimated tax losses previously not recognised	**(1,816)**	(452)
Effect of different tax rates of subsidiaries operating in an other jurisdiction	**95**	1,399
Tax effect on two-tiered tax rate	**(165)**	(165)
Others	**95**	306
Income tax expense	**5,310**	7,632

13. PROFIT (LOSS) FOR THE YEAR

	2020 HK$'000	2019 HK$'000
Profit (loss) for the year has been arrived at after charging (crediting):		
Depreciation of right-of-use assets (note 17)	**159,342**	167,232
Covid-19-related rent concessions (note 17)	**(13,963)**	N/A
Depreciation of right-of-use assets and related of rent concessions	**145,379**	167,232
Cost of inventories in retailing business (including write-down of inventories of HK$3,872,000 (2019: HK$1,379,000))	**770,227**	791,369
Gross profits from retailing segment	**605,653**	593,778
Gross profits from asset management segment	**3,325**	2,117
	608,978	595,895

14. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	2020 HK$'000	2019 HK$'000
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	**39,985**	(99,392)

	'000	(Restated) '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**61,075**	42,475
Effect of dilutive potential ordinary shares:		
Open offer options of the Company	**186**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**61,261**	42,475

The weighted average number of ordinary shares for the calculation of the basic and diluted earnings (loss) per share for years of 2020 and 2019 have been adjusted retrospectively to reflect the impact of issue of new shares and share consolidation during the year ended 31 December 2020.

The incremental shares from assumed exercise of share options granted by the Company are excluded in calculating the diluted loss per share during the years ended 31 December 2019 because they are antidilutive in calculating the diluted loss per share. There were no outstanding share options for the year ended 31 December 2020.

The effect of assumed exercise of share options granted by an associate of the Company are excluded in calculating the diluted earnings (loss) per share for years of 2020 and 2019 because they are antidilutive in calculating the diluted loss per share.

15. DIVIDENDS

Subsequent to the end of the reporting period, a dividend in respect of the year ended 31 December 2020 of HK25 cents (2019: nil) per ordinary share, in an aggregate amount of HK$20,180,000 (2019: nil), has been proposed by the directors of the Company and subject to approval by the shareholders in the forthcoming general meeting.

16. PROPERTY AND EQUIPMENT

	Leasehold improvements	**Furniture, fixtures and equipment**	**Motor vehicles**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
COST				
At 1 January 2019	140,239	25,906	3,311	169,456
Additions	13,696	5,375	–	19,071
Disposals/written off	(35,725)	(11,891)	–	(47,616)
Exchange adjustments	–	(8)	–	(8)
At 31 December 2019	118,210	19,382	3,311	140,903
Additions	7,375	7,050	–	14,425
Disposals/written off	(13,575)	(4,048)	–	(17,623)
Exchange adjustments	13	33	–	46
At 31 December 2020	112,023	22,417	3,311	137,751
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2019	111,320	3,602	2,913	117,835
Provided for the year	13,540	8,886	218	22,644
Impairment loss recognised for the year	–	1,026	–	1,026
Eliminated on disposals/written off	(34,863)	(11,755)	–	(46,618)
Exchange adjustments	–	(4)	–	(4)
At 31 December 2019	89,997	1,755	3,131	94,883
Provided for the year	11,791	7,898	139	19,828
Eliminated on disposals/written off	(13,575)	(3,505)	–	(17,080)
Exchange adjustments	10	20	–	30
At 31 December 2020	88,223	6,168	3,270	97,661
CARRYING AMOUNTS				
At 31 December 2020	23,800	16,249	41	40,090
At 31 December 2019	28,213	17,627	180	46,020

The above property and equipment are depreciated on a straight-line basis over the following years:

Leasehold improvements	Shorter of the lease terms or 5 years
Furniture, fixtures and equipment	3 to 7 years
Motor vehicles	3 to 5 years

During the year ended 31 December 2019, certain retail stores incurred significant operating losses. In the opinion of the directors of the Company, the unsatisfactory results of these retail stores may not able to turn around in the foreseeable future. In view of this, property and equipment of these stores amounting to HK$1,026,000 were fully impaired during the year ended 31 December 2019.

17. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
COST			
At 1 January 2019	645,862	2,322	648,184
Additions	44,029	–	44,029
Written off upon end of leases	(70,034)	–	(70,034)
Modification of lease terms	82,038	–	82,038
Exchange adjustments	(108)	–	(108)
At 31 December 2019	701,787	2,322	704,109
Additions	82,028	–	82,028
Written off upon end of leases	(5,155)	–	(5,155)
Early termination of a lease	(8,394)	–	(8,394)
Exchange adjustments	375	–	375
At 31 December 2020	770,641	2,322	772,963
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 January 2019	260,496	309	260,805
Provided for the year	166,767	465	167,232
Written off upon end of leases	(70,034)	–	(70,034)
Impairment loss recognised for the year	4,762	–	4,762
Exchange adjustments	(34)	–	(34)
At 31 December 2019	361,957	774	362,731
Provided for the year	158,866	476	159,342
Written off upon end of leases	(5,155)	–	(5,155)
Early termination of a lease	(5,796)	–	(5,796)
Exchange adjustments	237	–	237
At 31 December 2020	510,109	1,250	511,359
CARRYING VALUES			
At 31 December 2020	260,532	1,072	261,604
At 31 December 2019	339,830	1,548	341,378

The Group has the following expenses and cash outflow in relation to leases:

	2020 HK$'000	2019 HK$'000
Expense relating to short-term leases	**1,715**	994
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**18**	7
Variable lease payments not included in the measurement of lease liabilities	**3,777**	2,551
Total cash outflow of the leases	**169,665**	180,357

17. RIGHT-OF-USE ASSETS (continued)

For both years, the Group leases various retail stores, warehouses, office premises and motor vehicles for its operations. Lease contracts are entered into for fixed term of 1 year to 6 years, but may have extension options for certain lease contracts as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for smaller office premises and office equipment. For the years ended 31 December 2020 and 2019, the Group also entered into several short-term leases for advertising bill boards, office equipment and office premises. The portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above, which excluded expenses relating to leases with a lease term of one month or less.

Variable lease payments

Leases of retail stores are either with only fixed lease payments or higher of variable lease payment that are based on 5% to 13% (2019: 5% to 13%) of sales and minimum annual lease payment that are fixed over the lease term. The payment terms are common in retail stores in Hong Kong where the Group operates. The amount of fixed and variable lease payments paid/payable to relevant lessors:

	Number of retail stores	**Fixed payments** HK$'000	**Variable payments** HK$'000	**Total** HK$'000
Year ended 31 December 2020				
Retail stores without variable lease payments	9	**28,391**	**N/A**	**28,391**
Retail stores with variable lease payments	23	**107,813**	**3,777**	**111,590**
		136,204	**3,777**	**139,981**
Year ended 31 December 2019				
Retail stores without variable lease payments	10	36,976	N/A	36,976
Retail stores with variable lease payments	24	115,770	2,551	118,321
		152,746	2,551	155,297

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of retail store sales in future years.

Extension and termination options

The Group has extension option in certain leases for office premise and retail stores as at 31 December 2020 and 2019. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension held are exercisable only by the Group and not by the respective lessors.

17. RIGHT-OF-USE ASSETS (continued)

Extension and termination options (continued)

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise is summarised below:

	Lease liabilities recognised as at 31 December 2020 HK$'000	**Potential future lease payments not included in lease liabilities (undiscounted) as at 31 December 2020 HK$'000**	Lease liabilities recognised as at 31 December 2019 HK$'000	Potential future lease payments not included in lease liabilities (undiscounted) as at 31 December 2019 HK$'000
Office premise – Hong Kong	**16,463**	**16,271**	22,591	7,760
Retail stores – Hong Kong	**4,562**	**14,734**	1,378	2,400

During the year ended 31 December 2020 and 2019, the Group has not exercised any extension options included in the Group's lease contracts.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2020 and 2019, there is no such triggering event.

Rent concessions

During the year ended 31 December 2020, lessors of retail stores provided rent concessions to the Group through rent reduction ranging from 10% to 75% over one month to one year.

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$13,963,000 were recognised as negative variable lease payments.

Restrictions or covenants on leases

In addition, lease liabilities of HK$285,947,000 are recognised with related right-of-use assets of HK$261,604,000 as at 31 December 2020 (2019: lease liabilities of HK$360,225,000 and related right-of-use assets of HK$341,378,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Impairment assessment

During the year ended 31 December 2019, certain retail stores incurred significant operating losses. In the opinion of the directors of the Company, the unsatisfactory results of these retail stores may not able to turn around in the foreseeable future. In view of this, right-of-use assets amounting to HK$4,762,000 were fully impaired during the year ended 31 December 2019.

Details of the lease maturity analysis of lease liabilities are set out in notes 31 and 37.

18. GOODWILL

	HK$'000
COST	
At 1 January 2019, 31 December 2019 and 31 December 2020	238,440
IMPAIRMENT	
At 1 January 2019, 31 December 2019 and 31 December 2020	198,997
CARRYING AMOUNTS	
At 31 December 2020 and 2019	39,443

The carrying amounts of goodwill are allocated to the retailing CGU. Particulars regarding impairment testing on goodwill as at 31 December 2020 and 2019 are disclosed in note 20.

19. INTANGIBLE ASSETS

	Online game development costs HK$'000	**Domain name** HK$'000 (Note (a))	**Trademark** HK$'000 (Note (b))	**Gaming licences** HK$'000	**Total** HK$'000
COST					
At 1 January 2019, 31 December 2019 and 31 December 2020	63,271	5,460	38,000	40,295	147,026
AMORTISATION AND ACCUMULATED IMPAIRMENT					
At 1 January 2019, 31 December 2019 and 31 December 2020	63,271	–	–	40,295	103,566
CARRYING AMOUNTS					
At 31 December 2020 and 2019	–	5,460	38,000	–	43,460

19. INTANGIBLE ASSETS (continued)

Notes:

(a) At 31 December 2020, intangible assets with carrying amounts of HK$5,460,000 (2019: HK$5,460,000) represent domain name. It represents the legal and beneficial ownership of domain name "www.shanghai.com" and has indefinite useful life. The domain name is considered by management of the Group as having an indefinite useful life because it is expected to be used indefinitely. The domain name will not be amortised until its useful life is determined to be finite, instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing on domain name at 31 December 2020 and 2019, the recoverable amount has been determined based on fair value less costs of disposal. The fair value less costs of disposal is arrived at by market approach, with reference to the desirability of the domain name through recent sales or offering of similar domain name currently on the market in order to arrive at an indication of the most probable selling price for the domain name. The fair value less costs of disposal at 31 December 2020 and 2019 was supported by a valuation carried out by Peak Vision Appraisals Limited, an independent qualified professional valuer not connected with the Group.

(b) At 31 December 2020, trademark amounting to HK$38,000,000 (2019: HK$38,000,000) represents the perpetual right for the use of the brand name 'Pricerite' in Hong Kong which takes the form of a sign, symbol, name, logo design or any combination thereof arising from acquisition of retail business. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the products are expected to generate net cash flows for the Group. As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars regarding impairment testing on trademark are disclosed in note 20.

20. IMPAIRMENT ASSESSMENT ON RETAILING CGU

For the purpose of impairment testing, the carrying amounts of goodwill and trademark set out in notes 18 and 19 have been allocated to the group of retailing CGUs.

Goodwill of HK$39,443,000 (2019: HK$39,443,000) and trademark of HK$38,000,000 (2019: HK$38,000,000) are allocated to the group of CGUs of retailing business in Hong Kong. In addition to goodwill and trademark, property and equipment and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill and trademark are also included in the group of CGUs of retailing business for the purpose of impairment assessment.

The recoverable amount of the group of CGUs of retailing business has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a five-year period having an average annual growth rate of 2% and pre-tax discount rate of 13.8% (2019: five-year period, average annual growth rate of 2.1% and pre-tax discount rate of 14.9%) and projection of terminal value using the perpetuity method at a growth rate of 3% (2019: 3%). A key assumption for the value in use calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development in Hong Kong.

The cash flow projections and growth rates have been taken into consideration the estimation uncertainties on how the COVID-19 pandemic may progress and evolve, taking reference to the Group's financial performance under COVID-19 pandemic for the year ended 31 December 2020 and management's expectations using market data.

No impairment on this group of CGUs is made for both years as the recoverable amount exceeded the carrying amount. Management of the Group believes that any reasonably possible change in any of the assumptions would not cause the carrying amount of the group of CGUs to exceed the recoverable amount of the above CGUs.

21. DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2020 HK$'000	2019 HK$'000
Deferred tax assets	**5,450**	8,188
Deferred tax liabilities	**(6,825)**	(9,955)
	(1,375)	(1,767)

The following are the major deferred tax assets and liabilities recognised and the movements thereon during the current and prior years:

	Right-of-use assets and related lease liabilities HK$'000	**Decelerated tax depreciation** HK$'000	**Accelerated depreciation allowance** HK$'000	**Unrealised gain on financial assets at FVTPL** HK$'000	**Fair value adjustment on intangible assets under business combination** HK$'000	**Total** HK$'000
At 1 January 2019	2,640	6,550	(300)	–	(6,649)	2,241
Credit (charge) to profit or loss	98	(1,100)	300	(3,306)	–	(4,008)
At 31 December 2019	2,738	5,450	–	(3,306)	(6,649)	(1,767)
(Charge) credit to profit or loss	(2,738)	–	–	3,130	–	392
At 31 December 2020	–	5,450	–	(176)	(6,649)	(1,375)

As at 31 December 2020, the Group has deductible temporary differences in respect of decelerated tax depreciation and estimated unused tax losses of approximately HK$64,501,000 and HK$827,664,000 (2019: HK$62,968,000 and HK$839,753,000) available for offset against future profits, while HK$12,764,000 (2019: HK$14,937,000) of estimated unused tax losses from certain subsidiaries operating in the PRC expired during the year ended 31 December 2020. No deferred tax asset has been recognised as at 31 December 2020 and 31 December 2019 in respect of these deductible temporary differences and estimated unused tax losses as it is not probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

For certain subsidiaries operating in the PRC, unrecognised tax losses of HK$11,271,000 (2019: HK$22,972,000) will expire in various dates up to 2024 (2019: 2023). The remaining unrecognised tax losses of the Group can be carried forward indefinitely.

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM/TO AN ASSOCIATE

Interests in associates

	2020 HK$'000	2019 HK$'000
Cost of investment in associates		
Listed in Hong Kong	**499,891**	492,007
Unlisted	**9,240**	9,240
Share of post-acquisition loss and other comprehensive income	**(109,321)**	(92,690)
Less: Impairment loss recognised on interests in associates	**(203,755)**	(211,291)
	196,055	197,266
Fair value of listed investments (Note)	**60,299**	65,045

Note: The fair value of the listed investments are determined based on the quoted market bid price available on the Stock Exchange multiplied by the quantity of shares held by the Group.

The Group has interests in the following associates:

Name of entity	**Form of business structure**	**Country of incorporation/ date of incorporation**	**Principal place of operation**	**Class of share held**	**Proportion of nominal value of issued capital held by the Group 2020** %	**Proportion of voting power held 2020** %	**Principal activities**
CFSG (Note (i))	Incorporated	Bermuda	Hong Kong	Ordinary	35.50 (2019: 33.65)	35.50 (2019: 33.65)	Investment holding with its subsidiaries engaged in provision of financial services
Weever FinTech Limited (Note (ii))	Incorporated	Hong Kong	Hong Kong	Ordinary	18.91	18.91	Investment trading

Notes:

(i) CFSG's shares are listed on the Stock Exchange.

(ii) Weever FinTech Limited ("Weever") is a non-wholly owned subsidiary of CFSG. The Group considers Weever is an associate of the Group as the Group exercises significant influence over Weever through its representation on the board of directors and its participation in the financial and operating policy decisions.

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM/TO AN ASSOCIATE (continued)

Interests in associates (continued)

During the year ended 31 December 2020, the Group acquired additional interests in CFSG with consideration of HK$1,673,000 and also CFSG has repurchased 5,165,000 shares of CFSG at a cash consideration of HK$2,476,000. Upon the completion of the acquisition by the Group and the repurchase by CFSG, the Group's interests in CFSG increased from 33.65% to 35.50%. The increase in interests in CFSG resulted in a gain of approximately HK$6,211,000, being the difference between the proportionate share of CFSG's net assets attributable to the Group and the consideration, recognised in the profit or loss during the year ended 31 December 2020.

At 31 December 2020 and 2019, the carrying amount of the Group's interests in CFSG was higher than their fair value determined based on the quoted market price of CFSG on the same date. Management of the Group carried out impairment review on the carrying amount of its interests in CFSG as a single asset by comparing to its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

The value in use estimation was assessed by the management based on a valuation performed by an independent professional qualified valuer using income approach, which estimates the present value of the estimated future cash flows expected to be arisen from dividends to be received from CFSG and proceeds on the ultimate disposal of CFSG, together with pre-tax discount rate of 11% (2019: 11%).

During the year ended 31 December 2020, the management of the Group determined that the recoverable amount, which represented the value in use estimation, is estimated to be HK$189,379,000 (2019: HK$190,265,000) and is higher (2019: less) than the carrying amount of the interests in CFSG. Reversal of impairment loss of HK$7,536,000 (2019: impairment loss of HK$20,565,000) in respect of interests in CFSG is recognised in profit or loss during the year ended 31 December 2020.

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM/TO AN ASSOCIATE (continued)

Summarised financial information of associates

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associates' consolidated financial statements prepared in accordance with HKFRSs.

CFSG

	2020 **HK$'000**	2019 HK$'000
Non-current assets	**85,578**	116,400
Current assets	**1,382,890**	1,387,207
Current liabilities	**(1,004,135)**	(980,493)
Non-current liabilities	**(10,453)**	(19,316)
Net assets	**453,880**	503,798

	2020 **HK$'000**	2019 HK$'000
Revenue	**103,688**	107,492
Loss for the year attributable to owners of CFSG	**(39,178)**	(114,048)
Other comprehensive expense for the year attributable to owners of CFSG	**(12,999)**	(2,512)
Total comprehensive expense for the year attributable to owners of CFSG	**(52,177)**	(116,560)
The Group's share of loss	**(11,691)**	(38,582)
The Group's share of other comprehensive expense	**(4,615)**	(844)
	(16,306)	(39,426)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2020 **HK$'000**	2019 HK$'000
Net assets	**453,880**	503,798
Non-controlling interests of CFSG's subsidiaries	**(8,538)**	(8,501)
	445,342	495,297
Proportion of the Group's ownership interest	**35.50%**	33.65%
The Group's share of net assets of CFSG	**158,097**	166,519
Unrecognised reserves of CFSG	**(9,647)**	(9,647)
Goodwill	**244,684**	244,684
Accumulated impairment loss recognised on interests in an associate	**(203,755)**	(211,291)
Carrying amount of the Group's interest	**189,379**	190,265

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM/TO AN ASSOCIATE (continued)

Summarised financial information of associates (continued)

Weever

	2020 **HK$'000**	2019 HK$'000
Non-current assets	**–**	19
Current assets	**35,556**	38,213
Current liabilities	**(240)**	(1,198)
Net assets	**35,316**	37,034

	2020 **HK$'000**	2019 HK$'000
Revenue	**–**	71
Loss and total comprehensive expense for the year	**(1,718)**	(11,831)
The Group's share of loss and total comprehensive expense	**(325)**	(2,237)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associate recognised in the consolidated financial statements:

	2020 **HK$'000**	2019 HK$'000
Net assets	**35,316**	37,034
Proportion of the Group's ownership interest	**18.905%**	18.905%
The Group's share of net assets of Weever	**6,676**	7,001
Carrying amount of the Group's interests	**6,676**	7,001

Amount due from/to an associate

Amount is non-trade nature, unsecured, interest-free and repayable on demand.

23. ACCOUNTS AND OTHER RECEIVABLES

	2020 **HK$'000**	2019 HK$'000
Accounts receivable arising from retailing business	**15,399**	867
Receivables from securities brokers	**116,619**	68,828
Prepayments	**10,497**	14,174
Rental deposits	**17,285**	20,668
Other deposits	**14,088**	10,191
Other receivables	**5,238**	3,495
	179,126	118,223

As at 1 January 2019, the accounts receivable arising from retailing business were amounted to HK$1,772,000.

The Group allows an average credit period of 30 days to its corporate customers on retailing business. The ageing analysis based on the invoice date, which is approximately the revenue recognition date, is as follows:

	2020 **HK$'000**	2019 HK$'000
0 – 30 days	**12,061**	426
31 – 60 days	**3,053**	103
61 – 90 days	**112**	81
Over 90 days	**173**	257
	15,399	867

In addition, included in the Group's accounts receivable arising from retailing business are receivable from the Hong Kong government on its support to the Group's customers of approximately HK$14,101,000 as at 31 December 2020 in respect of the "Assistance Programme to Improve the Living Environment of Low-income Subdivided Unit Households" under the Community Care Fund launched by the Hong Kong government. The consideration of the products sold to these qualified customers under this programme were then receivable from the Hong Kong government.

As at 31 December 2020, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of HK$570,000 (2019: HK$441,000) which are past due as at the reporting date. Out of the past due balances, none of the balance (2019: HK$217,000) has been past due 90 days or more and is not considered as in default since the directors of the Company are of the opinion that the balances are still considered fully recoverable due to the management's historical experience on the settlement pattern or record from these debtors. The Group does not hold any collateral over these balances.

Other deposits and other receivables are non-interest bearing and repayable on demand or within one year.

24. LOANS RECEIVABLE

	2020 HK$'000	2019 HK$'000
Variable-rate loans receivable	**1,800**	4,372

The credit quality of loans receivable is summarised as follows:

	2020 HK$'000	2019 HK$'000
Neither past due nor impaired	**1,800**	4,372

The loans receivable are unsecured and bear variable-rate interest of Hong Kong Prime Rate plus a spread for both years.

The Group has policy for assessing the impairment of loans receivable on an individual basis. The assessment is based on a close monitoring and evaluation of collectability and on management's judgment, including the current creditworthiness, collateral value (if any), the past collection history of each client and supportive forward-looking information.

At the end of the reporting period, the Group's loans receivable were individually assessed for impairment. In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivable from the date of the credit was initially granted up to the reporting date. As at 31 December 2020 and 2019, management of the Group considered that no impairment allowance is necessary.

The Group has concentration of credit risk from one (2019: three) highest borrower(s) of HK$1,800,000 (2019: HK$4,372,000) in total at 31 December 2020.

The carrying amount of variable-rate loans receivable has remaining contractual maturity dates as follows:

	2020 HK$'000	2019 HK$'000
On demand or within one year	**1,800**	4,372

25. FINANCIAL ASSETS AT FVTPL

	2020 HK$'000	2019 HK$'000
Equity securities listed in Hong Kong (Note (1))	**3,805**	1,336
Equity securities listed in the PRC (Note (1))	**2,240**	–
Unlisted investment funds (Note (2))	**5,450**	20,806
	11,495	22,142

Notes:

(1) The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant exchange.

(2) The amount represented the investment in certain unconsolidated investment funds ("Unconsolidated Investment Funds") with primary objectives for capital appreciation, investment income and selling in the near future for profit. These Unconsolidated Investment Funds are set up and managed by an indirect wholly-owned subsidiary acting as fund manager who has the power and authority to manage and make decisions for these Unconsolidated Investment Funds.

Among those Unconsolidated Investment Funds held by the Group where the Group directly involves as fund manager, the Group assesses and determines whether:

- the Group is acting as an agent or a principal in these Unconsolidated Investment Funds;
- substantive removal rights held by other parties may remove the Group as a fund manager; and
- the investment interests held together with its remuneration from servicing and managing these Unconsolidated Investment Funds create significant exposure to variability of returns in these Unconsolidated Investment Funds.

In the opinion of the directors of the Company, the combination of remuneration from the asset management services and variable returns the Group is exposed to the Group's investments, if any, are not significant, the Group therefore considers such the decision-making rights is acting an agent and hence did not consolidate these Unconsolidated Investment Funds.

The total assets and liabilities of Unconsolidated Investment Funds managed by the Group amounted to HK$83,259,000 (2019: HK$248,593,000) and HK$1,193,000 (2019: HK$733,000), respectively, as at 31 December 2020. The funding of these Unconsolidated Investment Funds is mainly from the holders of these funds.

The Group has HK$2,476,000 (2019: HK$9,647,000) of interests in the Unconsolidated Investment Funds and the Group's maximum exposure to loss from its interests is the carrying amount of such investments of HK$5,450,000 (2019: HK$20,806,000) as at 31 December 2020. Other than the investments as stated above, the Group did not have other assets or liabilities recognised relating to the interests in the Unconsolidated Investment Funds.

During the year ended 31 December 2020, the Group has fair value loss of interests in these Unconsolidated Investment Funds of HK$1,547,000 (2019: fair value gain of HK$15,276,000), which is included in "other gains or losses" line item and management fee income of HK$3,633,000 (2019: HK$2,622,000) from these Unconsolidated Investment Funds.

The Group has no contractual obligation nor current intention to provide financial support to the Unconsolidated Investment Funds.

26. PLEDGED BANK DEPOSITS/BANK BALANCES (GENERAL ACCOUNTS) AND CASH

Pledged bank deposits

The pledged bank deposits carried fixed rate in a range of 0.01% to 0.20% (2019: 0.01% to 1.95%) per annum, which was the effective interest rate on the Group's bank deposits. Pledged bank deposits of HK$69,000,000 (2019: HK$69,000,000) and HK$5,197,000 (2019: HK$5,434,000) are pledged to secure short-term loan and short-term undrawn facilities, respectively, and are therefore classified as current assets.

The pledged bank deposits will be released upon the repayment of relevant bank borrowings or expiration of the facilities.

Bank balances (general accounts) and cash

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates in a range of 0.13% to 0.57% (2019: 1.60% to 2.45%) per annum with an original maturity of three months or less.

27. ACCOUNTS PAYABLE

	2020 **HK$'000**	2019 HK$'000
Trade creditors arising from retailing business	**236,534**	219,771

Trade creditors arising from retailing business principally comprise amount outstanding for trade purpose and ongoing cost. The credit period taken for trade purchases ranges from 30 to 90 days.

The following is an ageing analysis (from invoice date) of trade creditors arising from retailing business at the end of the reporting period:

	2020 **HK$'000**	2019 HK$'000
0 – 30 days	**127,240**	82,106
31 – 60 days	**73,550**	74,094
61 – 90 days	**28,683**	50,880
Over 90 days	**7,061**	12,691
	236,534	219,771

28. FINANCIAL LIABILITIES ARISING FROM CONSOLIDATED INVESTMENT FUNDS

Other than Unconsolidated Investment Funds as disclosed in note 25, certain investment funds ("Investment Funds") set up by the Group with primary objectives for capital appreciation, investment income and selling in the near future for profit. These Investment Funds are managed by an indirect wholly-owned subsidiary acting as general partner who has the power and authority to manage and make decisions for the Investment Funds.

The Group consolidated these Investment Funds in accordance with the criteria set out in note 25.

In the opinion of the directors of the Company, the variable returns for these Investment Funds that the Group is exposed to are significant and/or the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group consolidated these Investment Funds.

The total assets and total liabilities (excluding the third-party interests as stated below) of the consolidated Investment Funds, were disclosed as follows:

	2020 **HK$'000**	2019 HK$'000
Receivables from securities brokers	**55,568**	28,432
Financial assets at FVTPL	**2,240**	–
Bank balances and cash	**238**	1
Other payables	**(916)**	(249)
	57,130	28,184

Financial liabilities arising from consolidated investment funds consist of third-party unit holders' interests in consolidated Investment Funds which are reflected as a liability since they can be put back to the Group for cash.

As at 31 December 2020, the interests held by third-party unit holders amounted to HK$29,918,000 (2019: HK$8,203,000) were recognised as financial liabilities arising from consolidated investment funds in the consolidated statement of financial position.

For the years ended 31 December 2020 and 2019, the value of the consolidated Investment Funds increased and the related interests held by third-party unit/shareholders were re-measured. A net loss of HK$3,500,000 (2019: HK$433,000) were recognised in the consolidated statement of profit or loss and included in "other gains or losses" line item.

29. ACCRUED LIABILITIES AND OTHER PAYABLES

	2020 **HK$'000**	2019 HK$'000
Accrued liabilities		
– Salaries and commission payables	**29,810**	21,049
– Other accrued liabilities	**20,689**	16,221
Other payables	**31,780**	29,543
	82,279	66,813

30. CONTRACT LIABILITIES

	2020 HK$'000	2019 HK$'000
Advances received in relation to tailor-made furniture	**14,958**	12,421
Advances received in relation to other furniture	**2,484**	1,526
Reward points under customer loyalty programme	**2,670**	2,442
	20,112	16,389

As at 1 January 2019, the contract liabilities were amounted to HK$23,140,000.

Tailor-made furniture and other furniture

Contract liabilities in relation to tailor-made and other furniture represent the advance payments received from the customers upon ordering of tailor-made furniture commences, or before delivery of other furniture, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

Customer loyalty programme

The Group offers customer loyalty programme in the Group's retailing operation. Basically, the customers can earn one point for each dollar spent in the shops of the Group. The customers can enjoy discount by utilising the award points earned under the customer loyalty programme. All award points can be accumulated up to 31 December each year and will be expired in January of the following year.

Contract liabilities in relation to award rewards points under customer loyalty programme represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the award points are redeemed.

For the contract liabilities as at 1 January 2020 and 2019, the entire balances were recognised as revenue in profit or loss during the year ended 31 December 2020 and 2019, respectively.

31. LEASE LIABILITIES

	2020 HK$'000	2019 HK$'000
Lease liabilities payable:		
Within one year	**136,009**	132,695
More than one year but not more than two years	**87,800**	113,849
More than two years but not more than five years	**62,138**	109,105
After five years	**–**	4,576
	285,947	360,225
Less: Amount due for settlement with 12 months shown under current liabilities	**(136,009)**	(132,695)
Amount due for settlement after 12 months shown under non-current liabilities	**149,938**	227,530

The weighted average incremental borrowing rates applied to lease liabilities range from 4% to 4.125% (2019: 4% to 4.125%) per annum.

32. BORROWINGS

	2020 HK$'000	2019 HK$'000
Secured bank borrowings	**47,826**	81,788
Unsecured bank borrowings	**2,395**	9,629
Secured trust receipt loans	**27,360**	37,911
Unsecured trust receipt loans	**84,768**	81,331
Unsecured other borrowings	**–**	44,266
	162,349	254,925
Bank borrowings		
Carrying amount repayable based on scheduled repayment terms:		
Within one year	**112,128**	119,242
More than one year but not exceeding two years	**–**	–
	112,128	119,242
Carrying amount of borrowings (shown under current liabilities) containing a repayment on demand clause:		
Within one year	**26,245**	42,940
More than one year but not exceeding two years	**23,976**	24,501
More than two years but not exceeding five years	**–**	23,976
	50,221	91,417
Total	**162,349**	210,659
Less: Amount due within one year shown under current liabilities	**(162,349)**	(210,659)
Amount shown under non-current liabilities	**–**	–

32. BORROWINGS (continued)

	2019 HK$'000
Other borrowings	
Carrying amount repayable based on scheduled repayment terms:	
Within one year	–
More than one year but not exceeding two years	44,266
Total	44,266
Less: Amount due within one year shown under current liabilities	–
Amount shown under non-current liabilities	44,266

As at 31 December 2020, the Group's secured bank borrowings of HK$75,186,000 (2019: HK$119,699,000) were secured and guaranteed by:

(a) corporate guarantees from the Company;

(b) corporate guarantees from certain subsidiaries of the Company; and

(c) pledged bank deposits of HK$69,000,000 (2019: HK$69,000,000) for short-term bank borrowings as disclosed in note 26.

As at 31 December 2020, bank borrowings amounting to approximately HK$50,221,000 (2019: HK$91,417,000) are variable-rate borrowings which carry interest at either Hong Kong Interbank Offered Rate ("HIBOR") or Hong Kong Prime Rate plus a spread. Trust receipts loans amounting to HK$112,128,000 (2019: HK$119,242,000) carry interest at either HIBOR or Hong Kong Prime Rate plus a spread.

The unsecured bank borrowings amounting to approximately HK$2,395,000 (2019: HK$9,629,000) and unsecured trust receipt loans amounting to approximately HK$84,768,000 (2019: HK$81,331,000) are guaranteed by the Company. The Group has unused short-term banking facilities of approximately HK$375.9 million (2019: HK$190.8 million) as at 31 December 2020, including new facilities of HK$185 million granted to the Group for the purpose as disclosed in note 44.

As at 31 December 2019, the other borrowings amounting to HK$44,266,000 was unsecured, carried interest rate at Hong Kong Prime Rate plus a spread and repayable after one year. Included in the other borrowings, HK$24,130,000 were drawn from a related company controlled by a substantial shareholder with significant influence to the Group and the remaining borrowings were drawn from an independent third party.

The effective interest rates on the Group's borrowings ranged from 2.94% to 5.50% (2019: 3.50% to 5.50%) per annum.

33. SHARE CAPITAL

	Par value of each ordinary share	Number of shares	Amount
	HK$	'000	HK$'000
Ordinary shares			
Authorised:			
At 1 January 2019	0.1	3,000,000	300,000
Capital reduction (Note (1))	0.01	–	(270,000)
At 31 December 2019	0.01	3,000,000	30,000
Share consolidation (Note (3))	0.2	(2,850,000)	–
At 31 December 2020		150,000	30,000
Issued and fully paid:			
At 1 January 2019	0.1	831,222	83,122
Capital reduction (Note (1))	0.01	–	(74,810)
At 31 December 2019	0.01	831,222	8,312
Issue of shares (Note (2))	0.01	783,182	7,832
Share consolidation (Note (3))	0.2	(1,533,684)	–
At 31 December 2020		80,720	16,144

Notes:

(1) On 15 March 2019, a special resolution in relation to capital reduction was approved by the shareholders at a special general meeting held on the same date. Pursuant to the capital reduction, the par value of each of the Company's shares was reduced from HK$0.10 to HK$0.01 with effective from 18 March 2019. Accordingly, the authorised share capital of the Company decreased to HK$30,000,000, representing 3,000,000,000 new shares of par value of HK$0.01 each, of which 831,221,677 new shares were issued and were fully paid or credited as fully paid and the remainder were unissued.

As a result, the Company's issued and paid up share capital was reduced to approximately HK$8,312,000 and the reduction amount of approximately HK$74,810,000 was transferred to the contributed surplus account of the Company and was then transferred from the contributed surplus account to set-off the accumulated losses.

(2) On 7 July 2020, an aggregate of 783,181,944 shares of HK$0.01 each were issued by way of open offer on the basis of two offer shares for every one existing share held by the shareholders at a subscription price of HK$0.06 per share. The gross proceeds from the open offer were approximately HK$46,991,000.

(3) On 3 September 2020, a special resolution in relation to share consolidation was approved by the shareholders at a special general meeting held on the same date. Pursuant to the share consolidation, the number of authorised shares of the Company decreased to 150,000,000 shares of par value of HK$0.20 each, of which 1,614,403,621 shares were consolidated into 80,720,181 shares with effective from 7 September 2020.

All the shares in issued rank pari passu in all respects.

34. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries
	HK$'000
At 1 January 2019	(27,770)
Share of loss and total comprehensive expense for the year	(960)
At 31 December 2019	(28,730)
Share of profit and total comprehensive income for the year	989
Issue of shares of subsidiaries	4
Change in shareholding of subsidiaries without losing control (note 35)	(9,992)
At 31 December 2020	(37,729)

35. CHANGE IN SHAREHOLDING OF SUBSIDIARIES WITHOUT LOSING CONTROL

Year ended 31 December 2020

During the year ended 31 December 2020, CASH Retail Management (HK) Limited ("CRM (HK)"), a non-wholly owned subsidiary, issue 31,122,140,412 new shares to Celestial Investment Group Limited ("CIGL"), the immediate holding company of CRM (HK), at an issue price of HK$0.021 per share. Upon completion of the issue of new shares, the Group's equity interest over CRM (HK) is increased from 90.09% to 99.01%. The change in value of the proportionate share of net assets attributable to non-controlling interests of CRM (HK) was approximately HK$9,992,000 and was re-attributed to relevant reserves, credited to other reserve and accumulated in equity.

Year ended 31 December 2019

The Group acquired 0.013% equity interest of CRM (HK) from the non-controlling shareholders at a consideration of HK$5,000. The difference between the proportionate share of net assets attributable to non-controlling interests of CRM (HK) and the consideration paid by the Group was HK$5,000 and was debited to other reserve and accumulated in equity.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the lease liabilities and borrowings disclosed in notes 31 and 32, respectively, and equity attributable to owners of the Company, comprising share capital disclosed in note 33, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. 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 issue of new shares as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

A subsidiary of the Group is regulated by the Hong Kong Securities and Futures Commission ("SFC") and is required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group's regulated entity is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management of the Group closely monitors, on a daily basis, the liquid capital level of this entity to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entity has complied with the capital requirements imposed by the SF(FR)R throughout both years.

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2020 **HK$'000**	2019 HK$'000
Financial assets		
Financial assets at FVTPL	**11,495**	22,142
Amortised cost	**420,725**	352,701
Financial liabilities		
Amortised cost	**461,922**	504,239
Financial liabilities at FVTPL	**29,918**	8,203

Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable and payable, other receivables and deposits, amount due from/to an associate, financial assets at FVTPL, bank balances and cash, pledged bank deposits, loans receivable, financial liabilities arising from consolidated investment funds, other payables, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Price risk

The Group is exposed to price risk arising from equity investments, Unconsolidated Investment Funds and financial liabilities arising from consolidated investment funds. The Group's equity investments are listed on the Stock Exchange, while the unlisted investment fund are traded in the over-the-counter markets. In both years, the directors of the Company manage the exposure by closely monitoring the portfolio of investments and imposing trading limits on individual trades.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. The analysis is prepared assuming the listed equity investments outstanding at the end of reporting period were outstanding for the whole year.

As at 31 December 2020, if the quoted prices of the Group's listed equity investments had been 15 percent (2019: 15 percent) higher/lower, the Group's profit after tax would increase/decrease by approximately HK$757,000 (2019: loss after tax of HK$167,000 decrease/increase). This is attributable to the changes in fair values of the listed equity investments.

The fair value of unlisted investment funds and the financial liabilities arising from consolidated investment funds depend on the valuation of the underlying investments. If the unit price increased/decreased by 5 percent (2019: 5 percent), profit after tax for the year would have an estimated HK$1,022,000 decrease/increase (2019: loss after tax of HK$526,000 decrease/increase). This is attributable to the changes in fair values of the underlying investments funds.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the year end exposure does not reflect the exposure during the year.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings, loans receivable and bank balances. The Group currently does not have a cash flow interest rate hedging policy. However, management of the Group closely monitors its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate and HIBOR arising from the Group's variable interest rate instruments.

A 50 basis points (2019: 50 basis points) change is used and represents management's assessment of the reasonably possible change in interest rates. The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year. Bank balances are excluded from sensitivity analysis as these are subject to minimal interest rate fluctuation for both years. As at 31 December 2020, if the interest rate had been 50 basis points (2019: 50 basis points) higher/lower and all other variables were held constant, the Group's profit after tax would decrease/increase by approximately HK$670,000 (2019: loss after tax of HK$1,046,000 increase/decrease). This is mainly attributable to the Group exposure to the interest rates on variable-rate bank borrowings and loans receivable.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the cash flow interest rate risk as the year end exposure does not reflect the exposure during the year.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

The group entities have financial assets and liabilities denominated in currencies other than their respective functional currencies. Consequently, the Group is exposed to risks that the exchange rate of functional currencies relative to other currencies may change in a manner that has an adverse effect on the value of the position of the Group's assets and liabilities denominated in foreign currencies.

The exposure primarily arises from the receivables from foreign brokers, foreign currency deposits with banks and equity securities listed outside Hong Kong denominated in United States dollars (''USD") and Renminbi ("RMB"). The management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises. The directors of the Company do not expect significant foreign exchange risk arising from USD denominated monetary items in view of the Hong Kong dollar pegged system to the USD.

The carrying amounts of the major foreign currency denominated monetary assets of the Group at the end of the reporting period are as follows:

	2020	2019
	HK$'000	HK$'000
USD	**47,364**	50,655
RMB	**4,957**	3,108

As at 31 December 2020, if RMB had strengthened/weakened by 5% (2019: 5%) against HK$ and all other variables were held constant, the Group's profit after tax would increase/decrease by approximately HK$207,000 (2019: loss after tax would decrease/increase by approximately HK$130,000). Under the pegged exchange rate system, the financial impact in exchange fluctuation between HK$ and USD is considered to be immaterial and therefore no sensitivity analysis has been prepared.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to accounts receivable arising from retailing business, loans receivable, receivables from securities brokers, other receivables and deposits, amount due from an associate, pledged bank deposit and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with these financial assets.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Accounts receivables arising from retailing business

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. In addition, the Group performs impairment assessment under ECL model on balances individually. Based on assessment by the directors of the Company, the directors of the Company considers the ECL for these balances is insignificant.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Loans receivable

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits and interest rate offered to customers. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on balances individually.

The directors of the Company estimate the estimated loss rates of loans receivable based on historical observed default rates over the expected life of the debtors. Based on assessment by the directors of the Company, the directors of the Company considers the ECL is insignificant.

Amount due from an associate

The directors of the Company continuously monitor the credit quality and financial position of the counterparty and the level of exposure to ensure that the follow-up action is taken to recover the debts. In addition, the Group performs impairment assessment under ECL model on this balance. Based on assessment by the directors of the Company, the directors of the Company considers the ECL is insignificant as at 31 December 2019.

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of significant balances based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits. Based on assessment by the management of the Group, the ECL for these balances is insignificant.

Receivables from securities brokers, pledged bank deposits and bank balances

The management of the Group considers that the credit risks on receivables from securities brokers, pledged bank deposits and bank balances are limited because the banks and securities brokers are financial institutions with high credit ratings assigned by international credit-rating agencies. The Group assessed 12-month ECL by reference to probability of default, loss given default by the relevant credit rating grades published by international credit rating agencies. Based on assessment by the management of the Group, the ECL for these balances is insignificant.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

Internal credit rating	Description	Accounts receivables arising from retailing business	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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

Financial assets	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2020 Gross carrying amounts HK$'000	HK$'000	2019 Gross carrying amounts HK$'000	HK$'000
Amortised cost								
Accounts receivable arising from retailing business	23	N/A	Low risk	Lifetime ECL	14,829		103	
			Watch list		570	15,399	764	867
Loans receivable	24	N/A	Low risk	12-month ECL	1,800	1,800	4,372	4,372
Amount due from an associate	22	N/A	Low risk	12-month ECL	–	–	198	198
Other receivables and deposits	23	N/A	Low risk	12-month ECL	71,464	71,464	71,552	71,552
Receivables from securities brokers	23	Aa3 – Aa1	N/A	12-month ECL	4,309		19,225	
		A3 – A1	N/A	12-month ECL	42,739		39,839	
		B1 – Baa1	N/A	12-month ECL	69,571	116,619	9,764	68,828
Pledged bank deposits	26	Aa3 – Aa1	N/A	12-month ECL	34,000		34,000	
		A3 – A1	N/A	12-month ECL	40,197	74,197	40,434	74,434
Bank balances and cash	26	Aa3 – Aa1	N/A	12-month ECL	19,363		73,817	
		A3 – A1	N/A	12-month ECL	100,746		47,630	
		B1 – Baa1	N/A	12-month ECL	21,137	141,246	11,003	132,450

During the year ended 31 December 2020 and 2019, the impairment allowance for the Group's financial assets are insignificant and there was no movement in lifetime ECL and 12-month ECL.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group has concentration of credit risk on account receivable arising from retailing business of HK$14,101,000 (2019: nil) due from the Hong Kong government as at 31 December 2020. Concentration of credit risk for loans receivable is disclosed in note 24.

The Group has no other significant concentration of credit risk as the exposure is spread over a number of counterparties and customers, except for the liquid funds which are deposited with several banks with high credit ratings and receivables from three securities brokers in a total amount of HK$116,619,000 (2019: HK$68,828,000).

Liquidity risk

The Group has net current liabilities of approximately HK$205,057,000 (2019: HK$260,694,000) as at 31 December 2020. The consolidated financial statements have been prepared on a going concern basis because the directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements taking into account of the factors as disclosed in note 3.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with all the loan covenants.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have 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.

Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed settlement dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market rate at the end of the reporting period.

	Weighted average effective interest rate	Within 1 year or repayable on demand	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at the end of the reporting period
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2020							
Accounts payable	N/A	236,534	–	–	–	236,534	236,534
Other payables	N/A	31,780	–	–	–	31,780	31,780
Financial liabilities arising from consolidated investment funds	N/A	29,918	–	–	–	29,918	29,918
Amount due to an associate	N/A	1,341	–	–	–	1,341	1,341
Borrowings	Note (1)	162,349	–	–	–	162,349	162,349
Leases liabilities	Note (2)	140,738	91,068	65,201	–	297,007	285,947
		602,660	91,068	65,201	–	758,929	747,869

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

	Weighted average effective interest rate %	Within 1 year or repayable on demand HK$'000	Between 1 to 2 years HK$'000	Between 2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
At 31 December 2019							
Accounts payable	N/A	219,771	–	–	–	219,771	219,771
Other payables	N/A	29,543	–	–	–	29,543	29,543
Financial liabilities arising from consolidated investment funds	N/A	8,203	–	–	–	8,203	8,203
Borrowings	Note (1)	211,467	49,848	–	–	261,315	254,925
Leases liabilities	Note (2)	143,762	120,177	112,021	4,641	380,601	360,225
		612,746	170,025	112,021	4,641	899,433	872,667

Notes:

(1) Variable-rate borrowings carry interest at either HIBOR or Hong Kong Prime Rate plus a spread. The prevailing market rate at the end of the reporting period is used in the maturity analysis.

(2) Lease liabilities weight-average interest rate at 4.077% (2019: 4.074%).

Borrowings with a repayment on demand clause are included in the "within 1 year or repayment on demand" time band in the above maturity analysis. As at 31 December 2020, the aggregate carrying amounts of these bank loans amounted to approximately HK$50,221,000 (2019: HK$91,417,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate payment. The directors of the Company believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. As at 31 December 2020, assuming the banks will not exercise their discretionary rights to demand immediate repayment, the aggregate principal and interest cash outflows for such bank loans amount to approximately HK$52,156,000 (2019: HK$96,184,000), as follows:

	2020 HK$'000	2019 HK$'000
Within one year	**27,692**	45,800
More than one year but not exceeding two years	**24,464**	25,920
More than two years but not exceeding five years	**–**	24,464
	52,156	96,184

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ from the estimated interest rates determined at the end of the reporting period.

37. FINANCIAL INSTRUMENTS (continued)

Fair value measurement of financial instruments

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

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets	Fair value as at 31 December 2020 HK$'000	Fair value as at 31 December 2019 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Equity securities listed in Hong Kong/the PRC	**6,045**	1,336	Level 1	Note (a)
Unlisted investment fund classified as financial assets at FVTPL	**5,450**	20,806	Level 2	Note (b)

Notes:

(a) Quoted prices in an active market

(b) Dealing price of the investment funds derived from the net asset values of the investment funds with reference to observable quoted prices of underlying investment portfolio in active markets and fair value of the remaining assets, as provided by a broker.

There were no transfers between Levels 1 and 2 during both years.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

38. SHARE OPTION SCHEME

The Company's share option scheme ("Share Option Scheme") was adopted pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 21 May 2012 and took effect on the same date.

The major terms of the Share Option Scheme are summarised as follows:

(i) The purpose is to provide incentives to:

- award and retain the participants who have made contributions to the Company, its subsidiaries and associates, including CFSG and its subsidiaries ("CASH Group"); or

- attract potential candidates to serve the CASH Group for the benefit of the development of the CASH Group.

(ii) The participants include any employee, director, consultant, adviser or agent of any members of the CASH Group.

(iii) The maximum number of shares in respect of which options might be granted under the Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares was 4,156,108 (2019: 83,122,167 before adjustment upon share consolidation of the Group) shares, representing 5.15% (2019: 10%) of the issued share capital of the Company as at 31 December 2020. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(iv) The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the Share Option Scheme or any other share option scheme within any 12-months period, must not exceed 1% of the shares in issue from time to time.

(v) There was no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors of the Company and provided in the offer of grant of option.

(vi) The exercise period should be any period fixed by the board of directors of the Company upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to the Company.

(viii) The exercise price of an option must be the highest of:

- the closing price of the shares on the date of grant which day must be a trading day;

- the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and

- the nominal value of the share.

(ix) The life of the Share Option Scheme is effective for 10 years from the date of adoption until 20 May 2022.

All share-based compensation will be settled in equity. The CASH Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

38. SHARE OPTION SCHEME (continued)

The following table discloses details of the Company's share options held by the directors, employees and consultants of the Group and movements in such holdings:

				Number of share options				
Name of scheme	**Date of grant**	**Exercise price per share** HK$	**Exercise period**	**outstanding as at 1.1.2019**	**reallocated upon change of directorate**	**lapsed in 2019**	**expired in 2019**	**outstanding as at 31.12.2019**
Directors								
Share Option Scheme	18.12.2015	0.460	(Note)	17,600,000	2,000,000	–	(19,600,000)	–
Employees								
Share Option Scheme	18.12.2015	0.460	(Note)	16,600,000	(2,000,000)	(2,000,000)	(12,600,000)	–
				34,200,000	–	(2,000,000)	(32,200,000)	–
Exercisable at 31 December								–

Note: The options were granted to the directors and employees of the Group on 18 December 2015 for the provision of services to the CASH Group. The options are subject to approval from the board of directors of the Company and will vest upon achievement of specific performance target, including profit arising on disposal of certain investments held by the Group, for the financial years ended/ending 31 December 2017 to 2019, service condition and at the discretion of the board of directors of the Company. At 31 December 2019, performance target was not met and no share-based compensation expense was recognised in the financial years ended 31 December 2019. During the year ended 31 December 2019, 2,000,000 options lapsed due to cessation of employment of employees of the Group and the remaining 32,200,000 options were expired.

No liabilities were recognised due to share-based payment transactions.

39. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Both the Group and the employees contribute a percentage of the relevant payroll to the MPF Scheme. The cap of mandatory contribution amount is HK$1,500 per employee per month. Where there are employees who have left the Group prior to vesting fully in the voluntary contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. None of the forfeited voluntary contributions was utilised in this manner for the year ended 31 December 2020 and 2019.

Certain subsidiaries of the Company participate in various benefits schemes operated by the relevant municipal and provincial governments for its full-time employees in the PRC in accordance with the relevant PRC regulations and rules, including provision of housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury insurance and pregnancy insurance. Pursuant to the existing schemes, the Group contributes 7%, 12%, 22%, 2%, 0.5% and 0.5% of the basic salary of its employees to the housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury and pregnancy insurance respectively.

The employer's contributions to the MPF Schemes and various benefits schemes in the PRC are disclosed in note 8.

40. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group entered into the following transactions with related parties:

	2020	2019
	HK$'000	HK$'000
Management fee income received from CFSG	**1,467**	2,760
Consultation fee paid to CFSG	**200**	666
Interest expense to a related company (Note)	**278**	223

Note: The related company is controlled by a substantial shareholder with significant influence to the Group.

Compensation of key management personnel

The remuneration of directors of the Company and chief executive which is disclosed in note 11 is determined by the remuneration committee having regard to the performance of individuals and market trends.

41. DISPOSAL OF SUBSIDIARIES

On 15 May 2019, the Group disposed 100% of the issued share capital of CFSG FinTech Group Limited (formerly known as CASH Dynamic Opportunities Investment (HK) Limited) ("CFSG FinTech") to CFSG for a consideration of HK$7.8. The consideration received approximates the net asset value of CFSG FinTech upon the disposal.

On 31 October 2019, the Group disposed for 100% of the issued share capital of Shanghai Yirui Equity Investment Fund Management Company Limited ("Shanghai Yirui") to Golden Riverside Industrial Limited, a wholly-owned subsidiary of CFSG, for a consideration of HK$1,776,000. The assets of Shanghai Yirui at the date of disposal were as follow:

	HK$'000
Consideration received:	
Cash	1,776
Analysis of assets over which control was lost:	
Other receivable	255
Bank balance and cash	1,521
Total assets disposed of	1,776
Net cash inflow arising on disposal:	
Cash consideration	1,776
Less: cash and cash equivalent balances derecognised	(1,521)
Total	255

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to an associate HK$'000 (note 22)	**Borrowings** HK$'000 (note 32)	**Lease liabilities** HK$'000 (note 31)	**Total** HK$'000
At 1 January 2019	–	233,199	399,407	632,606
Financing cash flows (Note)	–	10,131	(176,805)	(166,674)
New lease entered/lease modification (note 43)	–	–	122,564	122,564
Interest expense	–	11,595	15,085	26,680
Exchange adjustments	–	–	(26)	(26)
At 31 December 2019	–	254,925	360,225	615,150
Financing cash flows (Note)	1,341	(102,161)	(164,155)	(264,975)
New lease entered/early termination of a lease (note 43)	–	–	75,863	75,863
Interest expense	–	9,585	13,847	23,432
Exchange adjustments	–	–	167	167
At 31 December 2020	1,341	162,349	285,947	449,637

Note: The financing cash flows include the drawdown of borrowings, repayments of borrowings, repayment of lease liabilities and related interest paid and advance from an associate.

43. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2020, part of the consideration for the purchase of property and equipment amounting to approximately HK$428,000 (2019: HK$2,523,000) were not settled and included in the consolidated statement of financial position as other payables.

In addition, the Group entered into new lease contracts and modified certain lease contracts for the use of retail stores for 1 to 6 years. On the lease commencement/modification date, the Group recognised in aggregate of HK$82,028,000 (2019: HK$126,067,000) of right-of-use assets, HK$78,960,000 (2019: HK$122,564,000) of lease liabilities and HK$1,770,000 (2019: HK$2,545,000) of restoration provision during the year ended 31 December 2020.

A lease contract was early terminated during the year ended 31 December 2020. Accordingly, right-of-use asset of carrying amount of HK$2,598,000 and lease liabilities of HK$3,097,000 were reduced and rental deposit was refunded with difference of HK$30,000 against the carrying amount being derecognised, resulted in a gain on modification upon early termination of a lease of HK$529,000 was recognised in profit and loss.

44. EVENTS AFTER THE REPORTING PERIOD

On 31 December 2020, the Company proposed, subject to approval by the shareholders of the Company, to acquire shares of CFSG from a director of CFSG (who is also a former director of the Group), former directors of CFSG and an employee of the Group (collectively known as "Vendors") at a consideration of HK$8,352,000 ("Acquisition"), which will trigger a possible conditional mandatory cash offers to acquire all of the ordinary shares of CFSG ("Share Offer"), other than those shares already held by the Company or parties acting in concert with the Company.

Pursuant to the agreements of the Acquisition, these Vendors will exercise an aggregate of 11,136,000 outstanding share options held by them in full on or before the completion of the Share Offer, representing approximately 4.59% of the existing issued share capital of CFSG as at 31 December 2020 and approximately 4.39% of the enlarged issued share capital of CFSG upon the completion of the Acquisition.

Details of the transaction are disclosed in the announcement of the Company dated 31 December 2020.

On 25 January 2021, the Group drawn a loan facility of HK$135 million, which was intended for financing the consideration payable by the proposed Acquisition and the Share Offer. The facility was secured by (i) the 86,000,000 shares of CFSG held by the Group and (ii) pledge of a bank deposit of HK$60,000,000 from the Group.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation	Paid up issued share capital/ registered capital	Proportion of issued share capital held by the Company 2020 %	2019 %	Principal activities
CRM (HK)	BVI	Ordinary HK$35,000,000 (2019: HK$3,877,860)	**99.01**	91.09	Investment holding
Celestial Investment Group Limited ("CIGL")	BVI	Ordinary US$10,000	**100**	100	Investment holding
Libra Capital Management (HK) Limited	BVI	Ordinary US$1	**100**	100	Trading of securities
Moli Mobile Digital Entertainment Holdings Limited ("MMDE")	BVI	Ordinary US$10,000	**89.7**	89.7	Investment holding
Pricerite Home Limited	Hong Kong	Ordinary HK$201,170,000	**99.01**	91.09	Retailing of furniture and household goods
Pricerite Electrical Appliances Limited	Hong Kong	Ordinary HK$1	**99.01**	91.09	Retailing of electrical appliances
TMF Company Limited	Hong Kong	Ordinary HK$1	**99.01**	91.09	Retailing of tailor-made furniture
CASH E-Trade Limited	Hong Kong	Ordinary HK$4,000,000	**100**	100	Provision of management services for group companies
Celestial Investments (HK) Limited	Hong Kong	Ordinary HK$10,000,000	**100**	100	Money lending
CASH Dynamic Opportunities Investment Limited	BVI	Ordinary HK$5,000,000	**100**	100	Investment holding
CDOI Securities Limited	Hong Kong	Ordinary HK$5,000,000	**100**	100	Investment trading
CASH Algo Finance Group Limited	Hong Kong	Ordinary HK$2,000,000	**100**	100	Investment trading
CASH Talent Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
CASH Frontier Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
CASH Quant-Finance Lab Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
上海群博資產管理有限公司 ("上海群博")*	PRC	Registered capital RMB20,000,000	**100**	100	Provision of asset management services
群博量化指數增強私募證券投資基金	PRC	Paid up capital 17,803,690 units (2019: 8,076,685 units)	**22.8 (Note)**	32.6 (Note)	Fund investment
群博多策略對沖私募證券投資基金	PRC	Paid up capital 25,378,259 units (2019: 14,090,625 units)	**75.9 (Note)**	93.2 (Note)	Fund investment

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

* 上海群博is a limited liability company established in the PRC. 上海群博 is indirectly held by the Company through contractual arrangements by the registered owners, being Ms Wei Li (holder of 95% of the equity interests) and Ms Mao Jie (holder of 5% of the equity interests) of 上海群博.

Note: For these investment funds, the directors of the Company concluded that the variable returns the Group exposed to are significant, the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group consolidated these investment funds throughout the reporting period. Details of the determination of consolidation of investment funds are disclosed in note 4.

All the subsidiaries shown above are indirectly held by the Company. In the opinion of the directors of the Company, a complete list of the particulars of subsidiaries will be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or net assets of the Group.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. Majority of these subsidiaries operate in Hong Kong and are investment holding or inactive companies.

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

Name of subsidiaries	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	**2020**	2019	**2020**	2019
				HK$'000	HK$'000	**HK$'000**	HK$'000
CRM (HK)	BVI/ Hong Kong	**0.99%**	8.91%	**989**	(960)	**1,777**	10,780
MMDE	BVI/ Hong Kong	**10.3%**	10.3%	**–**	–	**(40,045)**	(40,045)
Individual immaterial subsidiaries with non-controlling interests				**–**	–	**539**	535
				989	(960)	**(37,729)**	(28,730)

Summarised consolidated financial information in respect of each Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

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

CRM (HK)

	2020 **HK$'000**	2019 HK$'000
Non-current assets	**360,842**	441,543
Current assets	**581,037**	511,510
Non-current liabilities	**(148,987)**	(217,842)
Current liabilities	**(609,221)**	(620,847)
	183,671	114,364
Equity attributable to owners of the Company	**181,894**	103,584
Non-controlling interests of CRM (HK)	**1,777**	10,780
	183,671	114,364
Revenue	**1,375,880**	1,385,147
Expenses	**(1,306,758)**	(1,395,879)
Profit (loss) for the year	**69,122**	(10,732)
Profit (loss) for the year attributable to		
– the owners of the Company	**68,133**	(9,772)
– non-controlling interests of CRM (HK)	**989**	(960)
Profit (loss) for the year	**69,122**	(10,732)
Other comprehensive income (expense) for the year attributable to		
– the owners of the Company	**182**	(125)
– non-controlling interests of CRM (HK)	**–**	–
Other comprehensive income (expense) for the year	**182**	(125)
Total comprehensive income (expense) for the year attributable to		
– owners of the Company	**68,315**	(9,897)
– non-controlling interests of CRM (HK)	**989**	(960)
Total comprehensive income (expense) for the year	**69,304**	(10,857)
Net cash inflow from operating activities	**238,569**	137,418
Net cash outflow from investing activities	**(67,798)**	(18,352)
Net cash outflow from financing activities	**(211,237)**	(199,673)
Net cash outflow	**(40,466)**	(80,607)

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

MMDE

	2020 HK$'000	2019 HK$'000
Non-current assets	**5,853**	6,167
Current assets	**1,036**	1,076
Current liabilities	**(405,811)**	(405,928)
	(398,922)	(398,685)
Equity attributable to owners of the Company	**(358,877)**	(358,640)
Non-controlling interests of MMDE	**(40,045)**	(40,045)
	(398,922)	(398,685)
Expenses	**(404)**	(125)
Loss for the year	**(404)**	(125)
Loss for the year attributable to		
– the owners of the Company	**(404)**	(125)
– non-controlling interests of MMDE	**–**	–
Loss for the year	**(404)**	(125)
Other comprehensive income (expense) for the year attributable to		
– the owners of the Company	**167**	(51)
– non-controlling interests of MMDE	**–**	–
Other comprehensive income (expense) for the year	**167**	(51)
Total comprehensive expense for the year attributable to		
– the owners of the Company	**(237)**	(176)
– non-controlling interests of MMDE	**–**	–
Total comprehensive expense for the year	**(237)**	(176)
Net cash inflow (outflow) from operating activities	**19**	(135)
Net cash (outflow) inflow from financing activities	**(117)**	177
Net cash (outflow) inflow	**(98)**	42

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2020 HK$'000	2019 HK$'000
Non-current asset		
Amounts due from subsidiaries	**384,722**	333,610
Current assets		
Other receivables	**147**	227
Bank balance and cash	**60,824**	1,652
	60,971	1,879
Current liabilities		
Other payables and accruals	**80**	530
Amounts due to subsidiaries	**114,137**	41,137
	114,217	41,667
Net current liabilities	**(53,246)**	(39,788)
Net assets	**331,476**	293,822
Capital and reserves		
Share capital	**16,144**	8,312
Reserves	**315,332**	285,510
Total equity	**331,476**	293,822

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Reserves of the Company:

	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019	591,437	149,719	(525,232)	215,924
Loss and total comprehensive expense for the year	–	–	(5,224)	(5,224)
Capital reduction	–	74,810	–	74,810
Amount transferred to write off accumulated losses	–	(74,810)	74,810	–
At 31 December 2019	591,437	149,719	(455,646)	285,510
Loss and total comprehensive expense for the year	–	–	(7,868)	(7,868)
Issue of new shares	39,159	–	–	39,159
Transaction costs attributable to issue of new shares	(1,469)	–	–	(1,469)
At 31 December 2020	629,127	149,719	(463,514)	315,332

FIVE YEAR FINANCIAL SUMMARY

The summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements 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
RESULTS					
Revenue					
Continuing operations	**1,379,513**	1,387,769	1,420,264	1,333,041	1,443,055
Discontinued operation	**–**	–	–	61,246	149,916
	1,379,513	1,387,769	1,420,264	1,394,287	1,592,971
Profit (loss) before taxation					
Continuing operations	**46,284**	(92,720)	(200,614)	(196,042)	15,542
Discontinued operation	**–**	–	–	223,645	(70,314)
	46,284	(92,720)	(200,614)	27,603	(54,772)
Income tax expense	**(5,310)**	(7,632)	(4,325)	(3,715)	(4,395)
Profit (loss) for the year	**40,974**	(100,352)	(204,939)	23,888	(59,167)
Attributable to:					
Equity holders of the Company	**39,985**	(99,392)	(202,415)	45,482	(31,139)
Non-controlling interests	**989**	(960)	(2,524)	(21,594)	(28,028)
	40,974	(100,352)	(204,939)	23,888	(59,167)

FIVE YEAR FINANCIAL SUMMARY (CONTINUED)

	As at 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Property and equipment	**40,090**	46,020	56,293	42,352	63,911
Right-of-use assets	**261,604**	341,378	–	–	–
Investment property	**–**	–	–	–	16,508
Goodwill	**39,443**	39,443	39,443	39,443	60,049
Interests in associates	**196,055**	197,266	259,494	363,585	–
Intangible assets	**43,460**	43,460	43,460	43,460	53,212
Other non-current assets	**40,303**	45,386	48,258	38,210	65,670
Current assets	**482,208**	408,096	414,057	477,718	2,260,816
Total assets	**1,103,163**	1,121,049	861,005	1,004,768	2,520,166
Current liabilities	**687,265**	668,790	547,856	514,558	1,747,407
Long term borrowings	**–**	44,266	24,514	–	10,645
Long term lease liabilities	**149,938**	227,530	–	–	–
Other non-current liabilities	**6,825**	9,955	8,324	6,649	6,924
Total liabilities	**844,028**	950,541	580,694	521,207	1,764,976
Net assets	**259,135**	170,508	280,311	483,561	755,190
Equity attributable to equity holders of the Company	**296,864**	199,238	307,397	508,123	461,920
Non-controlling interests	**(37,729)**	(28,730)	(27,086)	(24,562)	293,270
	259,135	170,508	280,311	483,561	755,190

No restatement is made in respect of the adoption of HKFRS 9, HKFRS 15 and HKFRS 16 to the consolidated results and assets and liabilities of the Group for the financial years before 1 January 2018 and 1 January 2019, respectively.

DEFINITIONS

In this annual report, the following expressions have the following meanings unless the context requires otherwise:

"Acquisitions"	the proposed acquisition by CIGL of an aggregate of 11,136,000 CFSG Shares falling to be issued to the vendors upon exercise of the CFSG SPA Options pursuant to the undertakings and agreements all dated 31 December 2020, and the possible on-market acquisition of CFSG Shares and possible acquisition of CFSG Shares from all the shareholders of CFSG (other than CIGL and parties acting in concert with it) under the share offer
"AGM(s)"	the annual general meeting(s) of the Company
"Audit Committee"	the audit committee of the Company established pursuant to the CG Code of the Listing Rules
"Board"	the board of Directors
"CAFG"	CASH Algo Finance Group International Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries, which are principally engaged in algorithmic trading business
"Cash Guardian"	Cash Guardian Limited, a company incorporated in the British Virgin Islands with limited liability, is the substantial Shareholder of the Company and an associate of Dr Kwan Pak Hoo Bankee
"CASH Wealth Management"	CASH Wealth Management Limited, a company incorporated in Hong Kong with limited liability, is an associated company of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities
"Celestial Securities"	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability, is an associated company of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in type 1 (dealing in securities) regulated activity
"CEO"	the chief executive officer of the Company
"CFO"	the chief financial officer of the Company
"CFSG"	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board. CFSG is an associated company of the Company
"CFSG Board"	the board of directors of CFSG
"CFSG Group"	CFSG and its subsidiaries
"CFSG New Option Scheme"	the existing share option scheme of CFSG adopted by CFSG pursuant to an ordinary resolution passed at an annual general meeting of CFSG held on 8 June 2018. The CFSG New Option Scheme, which replaced the CFSG Old Option Scheme, took effect on 8 June 2018
"CFSG Old Option Scheme"	the previous share option scheme of CFSG adopted by CFSG pursuant to an ordinary resolution passed at the special general meeting of CFSG held on 22 February 2008, which took effect on 3 March 2008, which has been expired and terminated on 21 February 2018
"CFSG Options"	the outstanding 39,060,000 CFSG Options, including the CFSG 2020 Options, granted by CFSG pursuant to the CFSG New Option Scheme to subscribe for up to an aggregate of 39,060,000 CFSG Shares as at the date of this report
"CFSG Share(s)"	ordinary share(s) of HK$0.40 each in the share capital of CFSG
"CFSG SPA Options"	an aggregate of 11,136,000 CFSG 2020 Options held by the vendors conditionally agreed to be exercised and the aggregate of 11,136,000 CFSG shares to be sold by the vendors to CIGL under the undertakings and agreements all dated 31 December 2020
"CFSG 2020 Options"	the outstanding 23,496,000 CFSG Options with exercise price of HK$0.48 granted by CFSG in April 2020 as at the date of this report
"CG Code"	the Corporate Governance Code as contained in Appendix 14 of the Listing Rules
"CIGL"	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of the Company
"Company" or "CASH"	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board

DEFINITIONS

"Company Secretary"	the company secretary of the Company
"Directors"	the directors of the Company
"ED(s)"	the executive Director(s) of the Company
"ESG Guide"	the Environmental, Social and Governance Reporting Guide as contained in Appendix 27 of the Listing Rules
"Group"	the Company and its subsidiaries
"INED(s)"	the independent non-executive Director(s) of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"Management"	the management team of the Company
"Model Code"	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
"Offers"	the possible conditional mandatory cash offer to be made by Eddid Capital Limited on behalf of CIGL to acquire all of the CFSG Shares (other than those CFSG Shares already owned by or agreed to be acquired by CIGL and parties acting in concert with it) and to the relevant optionholders of CFSG for cancellation of the CFSG Options (except the CFSG SPA Options) in accordance with the Code on Takeovers and Mergers
"Pricerite" or "Pricerite Group"	Pricerite Group Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries (including Pricerite Home Limited, TMF Company Limited, SECO Living Company Limited, Pricerite Food Limited and Pricerite Pet Caring Limited), which mainly conduct the retail management business in Hong Kong under multi-brand names including "Pricerite", "TMF", "SECO", "Pricerite Food" and "Pricerite Pet"
"Remuneration Committee"	the remuneration committee of the Company established pursuant to the CG Code of the Listing Rules
"SFC"	the Hong Kong Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM(s)"	the special general meeting(s) of the Company
"Share(s)"	ordinary share(s) of HK$0.20 each in the share capital of the Company
"Share Option Scheme"	the existing share option scheme of the Company adopted by the Shareholders at an AGM of the Company held on 21 May 2012
"Share Premium Reduction"	the proposed reduction of the amount of HK$550,000,000 standing to the credit of the share premium account as at 31 December 2020 and the crediting of such amount to the contributed surplus account to be considered and, if thought fit, approved by Shareholders by way of special resolution at the forthcoming AGM
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$" or "USD"	United States dollar(s), the lawful currency of the United States
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"PRC"	the People's Republic of China
"UK"	United Kingdom
"US"	United States