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中國山東高速金融集團有限公司
CHINA SHANDONG HI-SPEED FINANCIAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 412)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL RESULTS

The board of directors (the “Board” or “Directors”) of China Shandong Hi-Speed Financial Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
REVENUE	5	1,272,354	894,149
COST OF SERVICES		(464,173)	(316,592)
Gross profit		808,181	577,557
Other income	6	46,163	136,041
Other gains and losses, net	7	136,340	(14,718)
Impairment losses on financial assets recognised, net of reversal	8	(1,189,669)	(600,153)
Fair value gain/(loss) on financial assets at fair value through profit or loss, net	10	802,375	(1,363,056)
Administrative expenses		(425,394)	(307,624)
Finance costs	9	(246,105)	(351,033)
Share of results of associates		64,844	(4,217)

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS BEFORE TAX	<i>10</i>	(3,265)	(1,927,203)
Income tax expense	<i>11</i>	(15,042)	(34,612)
LOSS FOR THE YEAR		<u>(18,307)</u>	<u>(1,961,815)</u>
Loss for the year attributable to:			
Owners of the Company		(284,700)	(2,095,524)
Holders of perpetual capital instrument		259,048	123,021
Non-controlling interests		7,345	10,688
		<u>(18,307)</u>	<u>(1,961,815)</u>
LOSS PER SHARE			
Basic and diluted	<i>13</i>	<u>HK(1.17) cents</u>	<u>HK(8.57) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year	(18,307)	(1,961,815)
Other comprehensive income/(loss)		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value change on equity instruments classified as financial assets at fair value through other comprehensive income	(242,866)	348,693
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value changes on debt instruments classified as financial assets at fair value through other comprehensive income	(70,056)	1,994
Release of FVTOCI reserve upon disposal of debt instruments at fair value through other comprehensive income	7,178	–
Exchange difference arising on translation of foreign operations	218,570	(43,460)
Other comprehensive (loss)/income for the year	(87,174)	307,227
Total comprehensive loss for the year	<u>(105,481)</u>	<u>(1,654,588)</u>
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	(377,134)	(1,787,617)
Holder of perpetual capital instrument	259,048	123,021
Non-controlling interests	12,605	10,008
	<u>(105,481)</u>	<u>(1,654,588)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		12,677	9,823
Right-of-use assets		39,699	27,249
Intangible assets		1,273,595	1,269,703
Interests in associates		2,128,901	47,460
Financial assets at fair value through other comprehensive income	<i>14</i>	2,281,229	3,275,811
Financial assets at fair value through profit or loss	<i>15</i>	55,922	656,697
Finance lease receivables	<i>16</i>	547,554	1,390,935
Loans receivables	<i>17</i>	132,373	37,474
		<hr/>	<hr/>
Total non-current assets		6,471,950	6,715,152
CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	<i>14</i>	2,603,310	880,707
Financial assets at fair value through profit or loss	<i>15</i>	5,858,263	2,200,732
Finance lease receivables	<i>16</i>	759,072	1,436,872
Loans receivables	<i>17</i>	3,203,909	2,650,011
Trade and other receivables	<i>18</i>	933,805	1,036,333
Restricted cash		88,358	64,923
Cash held on behalf of clients		1,779	–
Cash and cash equivalents		5,045,748	8,214,075
		<hr/>	<hr/>
Total current assets		18,494,244	16,483,653
CURRENT LIABILITIES			
Other payables and accruals	<i>19</i>	302,023	198,895
Lease liabilities		13,270	2,025
Borrowings	<i>20</i>	7,442,624	5,436,520
Tax payables		677	24,906
		<hr/>	<hr/>
Total current liabilities		7,758,594	5,662,346

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CURRENT ASSETS		<u>10,735,650</u>	<u>10,821,307</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,207,600</u>	<u>17,536,459</u>
NON-CURRENT LIABILITIES			
Borrowings	<i>20</i>	7,386,690	7,128,121
Lease liabilities		30,502	25,651
Other payables and accruals	<i>19</i>	21,910	19,480
Deferred tax liabilities		<u>111,750</u>	<u>111,750</u>
Total non-current liabilities		<u>7,550,852</u>	<u>7,285,002</u>
Net assets		<u><u>9,656,748</u></u>	<u><u>10,251,457</u></u>
CAPITAL AND RESERVES			
Issued capital		6,022	6,113
Reserves		<u>2,387,755</u>	<u>2,953,592</u>
Equity attributable to owners of the Company		2,393,777	2,959,705
Perpetual capital instrument		7,073,413	7,114,799
Non-controlling interests		<u>189,558</u>	<u>176,953</u>
Total equity		<u><u>9,656,748</u></u>	<u><u>10,251,457</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE INFORMATION

China Shandong Hi-Speed Financial Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and the principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and 17/F., Agricultural Bank of China Tower, No. 50 Connaught Road Central, Hong Kong, respectively.

The Company acts as an investment holding company and its subsidiaries (collectively referred to as the “Group”) principally engaged in various kinds of financial services, including provision of securities brokerage services, financial leasing, operation of an asset trading platform, investments in securities, money lending, investment holding, online investment and technology-enabled lending services, online new media services and assets management.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

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

The application of the new and 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.

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 the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 16	Covid-19 related rent concessions ⁴
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ³
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture ⁵
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 Cycle 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 1 January 2021.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period.

4. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the Group's chief operating decision maker ("CODM"). For the year ended 31 December 2020, the Group had four reportable operating segments. Details are as follows:

- (i) Investment in securities segment engages primarily in the purchase and sale of securities and derivatives, the holding of equity and debt investments primarily for interest income, dividend income and capital appreciation and securities brokerage services;
- (ii) Money lending segment engages primarily in money lending operations and advisory services;
- (iii) Financial leasing segment engages primarily in the direct financial leasing and advisory services; and
- (iv) Financial technology segment engages primarily in online investment and technology-enabled lending services, online new media services and asset trading platform.

During the year ended 31 December 2020, the Group acquired entire interest in Top Wish Holdings Limited, which became a subsidiary of the Group. Top Wish Holdings Limited and its subsidiaries were principally engaged in securities brokerage business with its result was grouped in investment in securities segment.

In addition to the above reportable segments, other segments that do not meet the quantitative thresholds for the reporting segments in both current and prior years were grouped in "Unallocated".

CODM monitors the results of the Group's operating segments separately as described above, for the purpose of making decisions about resource allocation and assessment of the Group's performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that unallocated income, unallocated finance costs, unallocated expenses and share of results of associates are excluded from such measurement.

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

- all assets are allocated to reportable segments except corporate assets; and
- all liabilities are allocated to reportable segments except corporate liabilities, deferred tax liabilities, certain borrowings and certain other payables and accruals.

	Investment in securities		Money lending		Financial leasing		Financial technology		Unallocated		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	601,001	210,501	250,302	76,420	122,907	207,873	298,144	399,355	-	-	1,272,354	894,149
Segment results	1,246,126	(1,329,504)	72,120	46,319	(990,345)	(387,792)	(194,013)	171,864	-	-	133,888	(1,499,113)
Unallocated income*											195,242	-
Unallocated finance costs											(25,484)	(262,968)
Unallocated expenses**											(371,755)	(160,905)
Share of results of associates											64,844	(4,217)
Loss before tax											(3,265)	(1,927,203)

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in current and prior years.

Amounts included in the measurement of segment profit or loss or segment assets is as follows:

	Investment in securities		Money lending		Financial leasing		Financial technology		Unallocated		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	(23,418)	(126,825)	-	-	(5,026)	(446)	(1,903)	(949)	-	-	(30,347)	(128,220)
Finance costs	59,017	78,256	91,472	8,277	69,890	1,101	242	431	25,484	262,968	246,105	351,033
Amortisation	-	-	-	-	161	42	8,345	4,730	289	278	8,795	5,050
Depreciation for												
- property, plant and equipment	-	-	-	-	820	350	975	1,344	2,330	2,256	4,125	3,950
- right-of-use assets	-	-	-	-	4,061	2,518	1,410	753	8,880	666	14,351	3,937
Fair value (gains)/losses on financial assets at FVTPL, net	(712,706)	1,363,056	-	-	(89,669)	-	-	-	-	-	(802,375)	1,363,056
Loss on disposal of debt instruments at FVTOCI	7,178	-	-	-	-	-	-	-	-	-	7,178	-
Impairment losses recognised in respect of												
- goodwill	-	-	-	-	23,507	-	50,985	-	-	8,771	74,492	8,771
- computer software	-	-	-	-	-	-	22,625	-	-	-	22,625	-
- finance lease receivables	-	-	-	-	987,074	342,076	-	-	-	-	987,074	342,076
- loans receivables	-	-	(12,450)	23,208	13,439	(90)	130,056	(2,691)	-	-	131,045	20,427
- trade and other receivables	54,418	234,080	99	-	(1,758)	1,213	18,791	2,357	-	-	71,550	237,650
Capital expenditure***	49,032	-	-	-	51	3,057	23,397	25,990	4,762	1,675	77,242	30,722

* Unallocated income included compensation income of approximately HK\$188,794,000 (2019: nil), gain on remeasurement of pre-existing interest in an associate of approximately HK\$6,148,000 (2019: nil) and gain on disposal of an associate of approximately HK\$300,000 (2019: nil).

** Unallocated expenses mainly included employee benefit expenses of approximately HK\$79,916,000 (2019: HK\$61,373,000), exchange loss of approximately HK\$24,772,000 (2019: HK\$15,620,000), legal and professional fee of approximately HK\$12,092,000 (2019: HK\$11,013,000) and depreciation of approximately HK\$11,210,000 (2019: HK\$2,922,000) and guarantee fee paid of approximately HK\$143,414,000 (2019: nil).

*** Capital expenditure consists of additions to property, plant and equipment and intangible assets and those assets acquired from acquisition of subsidiaries.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Segment assets:		
Investment in securities	17,305,846	15,391,146
Money lending	3,036,561	2,273,313
Financial leasing	3,797,730	4,622,740
Financial technology	<u>744,852</u>	<u>897,655</u>
	24,884,989	23,184,854
Unallocated assets	<u>81,205</u>	<u>13,951</u>
Total assets	<u><u>24,966,194</u></u>	<u><u>23,198,805</u></u>
Segment liabilities:		
Investment in securities	11,566,414	10,147,553
Money lending	299,524	166,713
Financial leasing	3,199,905	2,369,167
Financial technology	<u>194,986</u>	<u>226,619</u>
	15,260,829	12,910,052
Unallocated liabilities	<u>48,617</u>	<u>37,296</u>
Total liabilities	<u><u>15,309,446</u></u>	<u><u>12,947,348</u></u>

Geographical information

The Group's operations are mainly located in Hong Kong, the People's Republic of China (the "PRC") and Singapore. The geographical information about the Group's revenue based on the locations of the operations is set out below:

	Revenue from external customers	
	2020	2019
	HK\$'000	HK\$'000
Hong Kong	845,517	323,594
The PRC	421,051	570,555
Singapore	5,786	–
	<u>1,272,354</u>	<u>894,149</u>

No customer of the Group has contributed over 10% of the total revenue of the Group for the current and prior years.

Over 90% of the Group's non-current assets were located in the PRC, no geographical segment is presented in accordance with HKFRS 8 *Operating Segments*.

5. REVENUE

Disaggregation of revenue from contracts with customers

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Types of service		
Consultancy services income	146,132	83,209
Handling fee income	213,429	281,052
Income from asset management and performance	2,275	4,451
Online new media services income	26,087	39,584
Income from brokerage business	10,378	–
	<u>398,301</u>	<u>408,296</u>
Timing of revenue recognition		
Recognised at a point in time	316,326	315,365
Recognised over time	81,975	92,931
	<u>398,301</u>	<u>408,296</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers	398,301	408,296
Finance lease income	91,094	161,483
Interest income from lending business	281,860	159,683
Interest income from financial assets at FVTPL	118,627	49,119
Interest income from financial assets at FVTOCI	277,445	67,402
Dividend and distribution income from financial assets at FVTPL	105,027	48,166
	<u>1,272,354</u>	<u>894,149</u>

6. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	30,347	128,220
Government subsidy (<i>Note</i>)	2,018	885
Penalty on late payment	–	5,531
Sundry income	13,798	1,405
	<u>46,163</u>	<u>136,041</u>

Note: There were no unfulfilled conditions or contingencies relating to these government grants.

7. OTHER GAINS AND LOSSES, NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Impairment losses recognised in respect of		
– goodwill	(74,492)	(8,771)
– computer software	(22,625)	–
Compensation income	188,794	–
Foreign exchange gain/(loss), net	45,393	(1,560)
Gain on remeasurement of pre-existing interest in an associate	6,148	–
Gain on disposal of an associate	300	–
Loss on disposal of an other receivable	–	(4,387)
Loss on disposal of debt instruments at FVTOCI	(7,178)	–
	<u>136,340</u>	<u>(14,718)</u>

8. IMPAIRMENT LOSSES ON FINANCIAL ASSETS RECOGNISED, NET OF REVERSAL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Impairment losses on financial assets recognised, net of reversal, in respect of:		
Finance lease receivables	(987,074)	(342,076)
Loans receivables	(131,045)	(20,427)
Trade and other receivables	(71,550)	(237,650)
	<u>(1,189,669)</u>	<u>(600,153)</u>

9. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	55,794	99,554
Interest on other borrowings	5,657	44,050
Interest on bonds	339,566	379,075
Amortised interest on convertible bonds	–	21,643
Interest on lease liabilities	2,166	75
	<u>403,183</u>	<u>544,397</u>
<i>Less: Finance costs included in cost of services</i>	<u>(157,078)</u>	<u>(193,364)</u>
	<u>246,105</u>	<u>351,033</u>

10. LOSS BEFORE TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration:		
– Audit services	2,450	3,000
– Non-audit services	<u>150</u>	<u>640</u>
	<u>2,600</u>	<u>3,640</u>
Employee benefit expenses:		
<i>Directors' remuneration:</i>		
– Fees	1,948	3,897
– Salaries, allowances and benefits in kind	15,339	12,282
– Retirement benefit scheme contributions (defined contribution scheme) *	<u>92</u>	<u>82</u>
Sub-total	<u>17,379</u>	<u>16,261</u>
<i>Other staff's costs:</i>		
– Salaries, allowances and benefits in kind	159,458	134,809
– Retirement benefit scheme contributions (defined contribution scheme) *	<u>10,181</u>	<u>10,842</u>
Sub-total	<u>169,639</u>	<u>145,651</u>
Total employee benefit expenses	<u>187,018</u>	<u>161,912</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Sales proceeds from disposal of securities, bonds and funds	(13,143,745)	(512,336)
Carrying amount of securities, bonds and funds	<u>12,618,301</u>	<u>528,649</u>
Realised (gain)/loss from financial assets at FVTPL – securities, bonds and funds, net	(525,444)	16,313
Unrealised (gain)/loss from financial assets at FVTPL – securities, bonds and funds, net	<u>(276,931)</u>	<u>1,346,743</u>
Fair value (gain)/loss on financial assets at FVTPL, net	<u><u>(802,375)</u></u>	<u><u>1,363,056</u></u>
Amortisation of intangible assets	8,795	5,050
Depreciation of property, plant and equipment	4,125	3,950
Depreciation of right-of-use assets	14,351	3,937
Expenses relating to short term leases	<u>17,511</u>	<u>25,696</u>

* As at 31 December 2020, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2019: nil).

11. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax	14,910	49,452
– Singapore Corporate Income Tax	132	–
	<u>15,042</u>	<u>49,452</u>
Deferred tax credit	–	(14,840)
Income tax expense	<u>15,042</u>	<u>34,612</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. 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%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 31 December 2020 and 2019.

No provision for taxation in Hong Kong has been made as the Group has no assessable profits for the purpose of calculating Hong Kong Profits Tax for the years ended 31 December 2020 and 2019.

The PRC Enterprise Income Tax for the PRC subsidiaries are calculated at the PRC Enterprise Income Tax rate of 25% (2019: 25%).

The Singapore Corporate Income Tax for the Singapore subsidiaries are calculated at the Singapore Corporate Income Tax rate of 17% (2019:17%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

12. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2020 (2019: nil), nor has any dividend been proposed since the end of the reporting period.

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(284,700)</u>	<u>(2,095,524)</u>
<i>Number of shares</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>24,302,661</u>	<u>24,452,450</u>

Diluted loss per share did not assume the exercise of share options since their assumed exercise had an anti-dilutive effect on loss per share for the years ended 31 December 2020 and 2019.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets		
Unlisted equity investments		
– in elsewhere (<i>Notes (i) and (ii)</i>)	262,961	2,067,882
Listed equity investments		
– in Hong Kong (<i>Notes (ii) and (iii)</i>)	140,321	–
Notes		
– in elsewhere	–	243,166
Listed bonds		
– in Hong Kong	194,619	–
– in the PRC	151,684	23,765
– in elsewhere	1,126,447	940,998
Unlisted bonds		
– in elsewhere	229,267	–
Investment fund		
– in elsewhere (<i>Note (ii)</i>)	175,930	–
	<u>2,281,229</u>	<u>3,275,811</u>
Current assets		
Notes		
– in elsewhere	237,476	140,368
Listed bonds		
– in Hong Kong	68,496	–
– in elsewhere	1,009,041	502,314
Unlisted bonds		
– in Hong Kong	–	238,025
– in elsewhere	1,288,297	–
	<u>2,603,310</u>	<u>880,707</u>

Notes:

- (i) As at 31 December 2019, balance represented the Group's 40% equity interest in Shandong (BVI). Shandong (BVI) and its subsidiaries were principally engaged in financial leasing business in the PRC. Its fair value accounted for 8.91% of the total assets of the Group at 31 December 2019. The investment cost of Shandong (BVI) was approximately HK\$1,530,000,000. As at 31 December 2020, no individual investment in financial assets at fair value through other comprehensive income ("FVTOCI") and its fair value is over 5% of the total assets of the Group.

As at 31 December 2019, the directors of the Company consider that the Group has no significant influence over Shandong (BVI), which is held for long term strategic purposes and hence have elected to designate this investment in financial assets at FVTOCI.

On 1 April 2020, the investment of approximately HK\$2,049,848,000 was reclassified from financial assets at FVTOCI to interests in associates. The reclassification results in release of FVTOCI reserve of approximately HK\$514,271,000.

- (ii) On 1 January 2020, the directors of the Company re-considered that certain investments are not held for trading and not expected to be sold in the foreseeable future. Accordingly, an unlisted equity investment of approximately HK\$289,407,000, listed equity investments of approximately HK\$359,957,000 and an investment fund of approximately HK\$508,684,000 were reclassified from financial assets at fair value through profit or loss ("FVTPL") to financial assets at FVTOCI.
- (iii) The Group designated certain listed equity instruments that are measured at FVTOCI, as the Group intended to hold the equity instruments for a long term.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Listed equity investments		
– In Hong Kong	<u>50,422</u>	<u>327,875</u>
Unlisted equity investments		
– In elsewhere (<i>Note (ii)</i>)	<u>–</u>	<u>289,407</u>
Investment fund		
– In the PRC	<u>–</u>	<u>33,365</u>
Club membership debenture		
– In Hong Kong	<u>5,500</u>	<u>6,050</u>
	<u>55,922</u>	<u>656,697</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current assets		
Held-for-trading listed equity investments		
– In Hong Kong	2,132,356	382,533
– In the PRC	87,769	–
– In elsewhere	68,765	77,981
	<u>2,288,890</u>	<u>460,514</u>
Held-for-trading investment funds		
– In Hong Kong	633,688	543,697
– In the PRC	5,860	3,280
– In elsewhere	–	528,684
	<u>639,548</u>	<u>1,075,661</u>
Other investment funds		
– In elsewhere	1,754,798	664,557
Held-for-trading bonds		
– In Hong Kong	653,338	–
Unlisted equity investments		
– In the PRC	521,689	–
	<u>5,858,263</u>	<u>2,200,732</u>

Notes:

- (i) As at 31 December 2020 and 2019, no individual investment in financial assets at FVTPL and its fair value is over 5% of the total assets of the Group.
- (ii) On 1 January 2020, the balance of approximately HK\$289,407,000 was reclassified to financial assets at FVTOCI.

16. FINANCE LEASE RECEIVABLES

The carrying amounts of finance lease receivables are set out below:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	759,072	1,436,872
Later than one year and not later than second year	334,212	890,173
Later than second year and not later than fifth year	213,342	500,762
	<hr/>	<hr/>
Carrying amount of finance lease receivables	1,306,626	2,827,807
	<hr/>	<hr/>
Analysed for reporting purpose as:		
Non-current assets	547,554	1,390,935
Current assets	759,072	1,436,872
	<hr/>	<hr/>
	1,306,626	2,827,807
	<hr/> <hr/>	<hr/> <hr/>

17. LOANS RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loans receivables	3,553,263	2,763,797
<i>Less: allowance for impairment loss</i>	<u>(216,981)</u>	<u>(76,312)</u>
	<u>3,336,282</u>	<u>2,687,485</u>
Analysed for reporting purpose as:		
Non-current assets	132,373	37,474
Current assets	<u>3,203,909</u>	<u>2,650,011</u>
	<u>3,336,282</u>	<u>2,687,485</u>

An aging analysis of loans receivables (net of impairment), determined based on the time to maturity of the loans receivables, as at the end of the reporting period is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
To be due within:		
Within 90 days	723,914	512,686
91 days to 180 days	640,190	–
181 days to 1 year	1,839,805	2,137,325
1 year to 2 years	<u>132,373</u>	<u>37,474</u>
	<u>3,336,282</u>	<u>2,687,485</u>

18. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables arising from the ordinary course of business of:		
– Dealing in securities	403,302	–
– Asset management	53,092	36,227
– Operation of an asset trading platform	4,829	20,227
– Corporate services	–	9,900
– Others	6,136	16,199
	<u>467,359</u>	<u>82,553</u>
<i>Less:</i> allowance for credit losses	<u>(9,266)</u>	<u>(2,426)</u>
	<u>458,093</u>	<u>80,127</u>
Prepayments	48,155	40,021
Deposits	29,966	70,721
Interest receivables	145,634	134,538
Other receivables	251,957	710,926
	<u>475,712</u>	<u>956,206</u>
	<u>933,805</u>	<u>1,036,333</u>

The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date (or date of revenue recognition, if earlier):

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	438,926	48,165
91 days to 180 days	–	3,526
181 days to 1 year	10,186	11,144
Over 1 year	8,981	17,292
	<u>458,093</u>	<u>80,127</u>

The Group has a policy of granting trade customers, except for trade receivable attributable to the dealing in securities transactions with credit of generally within 90 (2019: 90) days.

The settlement terms of trade receivables attributable to the dealing in securities transactions are two days after the trade date, except for the balances with margin clients which are repayable on demand.

19. OTHERS PAYABLES AND ACCRUALS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accrued expenses	30,409	51,189
Guarantee deposits received from finance lease lessees	29,953	19,463
Contract liabilities	136,258	32,082
Amount due to an associate	1,658	1,585
Amounts due to non-controlling interests	59	57
Deposits received from customers in trading platform business	619	2,409
Payable arising from dealing in securities	692	–
Other payables		
– Interest payables	7,810	9,043
– Others	116,475	102,547
	<u>323,933</u>	<u>218,375</u>
Analysed for reporting purpose as:		
Non-current liabilities	21,910	19,480
Current liabilities	302,023	198,895
	<u>323,933</u>	<u>218,375</u>

20. BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank borrowings		
– Repayable within one year	390,592	464,818
– Repayable after one year but within two years	2,046,995	777,756
– Repayable after two years but within five years	493,757	1,583,001
Bonds		
– Repayable within one year	6,618,969	4,816,820
– Repayable after one year but within two years	3,940,427	–
– Repayable after two years but within five years	–	3,973,523
– Repayable after five years	789,224	793,841
Other borrowings		
– Repayable within one year	433,063	154,882
– Repayable after one year but within two years	116,287	–
	<u>14,829,314</u>	<u>12,564,641</u>
Analysed for reporting purpose as:		
Non-current liabilities	7,386,690	7,128,121
Current liabilities	7,442,624	5,436,520
	<u>14,829,314</u>	<u>12,564,641</u>
Analysed as:		
Secured	231,681	146,888
Unsecured	14,597,633	12,417,753
	<u>14,829,314</u>	<u>12,564,641</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

During the year ended 31 December 2020 (the “Reporting Period”), the Group recorded an increase in revenue and a decrease in loss as compared with the year ended 31 December 2019 (the “Previous Period”). During the Reporting Period, the Group recorded the revenue of approximately HK\$1,272,354,000, representing an increase of approximately 42.30% year-over-year. The loss for the year was approximately HK\$18,307,000, representing an improvement of approximately 99.07%, as compared with the loss of approximately HK\$1,961,815,000 for the Previous Period. The improvement was mainly attributable to (i) a significant improvement in fair value change on financial assets at fair value through profit or loss; (ii) the significant increase in interest income from financial assets at fair value through other comprehensive income and fixed-income investment due to the significant enlargement in the investment scale in financial assets and the operation scale in fixed-income investment and (iii) a non-recurring other income of approximately HK\$189 million. The basic loss per share attributable to owners of the Company was approximately HK\$1.17 cents, as compared with the basic loss per share of approximately HK\$8.57 cents for the Previous Period.

As at 31 December 2020, the Group recorded total assets of approximately HK\$24,966,194,000 (2019: HK\$23,198,805,000) and total liabilities of approximately HK\$15,309,446,000 (2019: HK\$12,947,348,000), and therefore net assets of approximately HK\$9,656,748,000 (2019: HK\$10,251,457,000).

In view of the prudent financial and risk management measures taken by the Group, it believes that the COVID-19 pandemic has not given a material adverse effect on the Group’s financial position and operating results during the Reporting Period. The Group will closely monitor the development of the pandemic and will evaluate and actively respond to the financial position and business operations of the Group.

MARKET REVIEW

In early March last year, under the impact of the COVID-19 pandemic, the world fell into a severe crisis of dollar liquidity drying up, triggering panic sell-off of major risk assets by investors. Stocks, bonds and commodity markets all experienced serious declines. Since then, in order to support economic development and avoid a full-blown financial crisis, countries have successively introduced ultra-loose monetary policies and large-scale fiscal stimulus plans. According to the data released by the International Monetary Fund (IMF), global fiscal support in response to the COVID-19 reached nearly US\$14 trillion as at the end of December last year. Under the two-pronged approach of fiscal and monetary policies, the global economy began to gradually recover in the third quarter. In addition, the research and development for the COVID-19 vaccine has achieved positive test results, and subsequently received approval from relevant regulatory agencies to start vaccination, which made investors have optimistic expectations for economic recovery and led to a clear rebound trend in the market. Some markets and financial asset prices even hit historical records.

Confronting the severe impact of the COVID-19 pandemic and the complex and severe domestic and foreign environments, the PRC government has adopted prompt and effective prevention and control measures to quickly control the spread of the pandemic. As such, employment and people's livelihoods were well protected. China took the lead in achieving an economic rebound, and key figures on economic and social development were better than expected. Data from the National Bureau of Statistics of China shows that China's economy has maintained a stable operation and achieved resilient growth in 2020. From the perspective of economic growth, the economy experienced negative growth in the first quarter of last year due to the pandemic, and gradually increased after the second quarter, achieving a medium-to-high growth rate of 6.5% in the fourth quarter and 2.3% for the year. China was the only major economy in the world to achieve positive growth, and its share of the world's economic scale has risen to more than 17%. China has become the main driving force to promote the recovery of the global economy.

BUSINESS REVIEW

The Group is an investment holding company and its operating segments during the Reporting Period are as follows:

a) Financial leasing

During the Reporting Period, the financial leasing business of the Group recorded a loss of approximately HK\$990,345,000, an increase of 155.38% from the Previous Period. The loss was mainly due to the impairment loss of approximately HK\$987,074,000 recognised in respect of finance lease receivables and the cautious approach was taken by the Group to the operation of its finance lease business in light of the market conditions, resulting in a decrease in related income compared to the Previous Period. As the comprehensive recovery of the domestic economy and economic growth turns from negative to positive, the overall reduction in the financial leasing business is expected to shrink gradually. With the steady recovery of the domestic economy and the normalisation of monetary policy, the financial leasing business is likely to record growth in the future. Meanwhile, benefiting from the huge investment demand for fixed assets generating from the deepening implementation of guiding policies as dual circulation strategy, the adjustment of industry structure, the upgrading of manufacturing industry, and technology innovation drive a large demand on fixed-asset investments. The financial leasing industry will see good development opportunities by playing an important role in the transformation of industry structure and the course of domestic enterprises “going to the world”.

b) Investment in securities

In the first half of 2020, global stock markets fell sharply and some markets experienced historical declines. After a round of market turmoil, the valuation of the Hong Kong stock market was lower than that of the world’s major developed and emerging markets, creating huge investment opportunities for value investors. With the recovery of economic and market valuations, the Group has made decisive decisions to make arrangements, seized favourable investment opportunities, and increased investments in blue chips, industry leaders and significant undervalued underlying equity assets. During the Reporting Period, the Group increased investments in financial assets and enlarged its operated fixed-income investments, which resulted in a significant increase in the interest income from financial assets at fair value through other comprehensive income and the interest income from the fixed-income investments.

In the Previous Period, the Group recorded unrealised fair value losses on financial assets at fair value through profit or loss due to a significant loss of approximately HK\$1,132,888,000 on the fair value of one of its financial assets. During the Reporting Period, the Group sold part of the shares of this financial asset and realised a gain on financial assets at fair value through profit or loss of approximately HK\$33,509,000. In addition, the Group repurchased all 363,065,565 shares of the Company from Honesta Investment Limited (“Honesta Investment”) at nil consideration during the Reporting Period and recorded a non-recurring other income of approximately HK\$188,794,000.

Benefiting from the above factors, the Group’s investment portfolio recorded unrealised fair value gain and realised gain on financial assets at fair value through profit or loss of approximately HK\$276,931,000 and HK\$525,444,000, respectively, for the Reporting Period as compared with the unrealised fair value loss and realised loss of approximately HK\$1,346,743,000 and HK\$16,313,000 for the Previous Period, indicating a significant improvement in the results. The unrealised fair value changes had no impact on the Group’s cash flow as they were non-cash items.

c) Money lending

In the first half of the Previous Period, due to the impact of the COVID-19 pandemic, the Group’s business team was unable to conduct on-site due diligence on customers and projects, thus restricting the development of the money lending business accordingly. Subsequently, as the COVID-19 pandemic situation stabilised, the Group increased its investment in the money lending business, which significantly expanded the scale of the money lending business. During the Reporting Period, the money lending business recorded a profit of approximately HK\$72,120,000, an increase of 55.70% from approximately HK\$46,319,000 for the Previous Period. With its strong financial strength, extensive channel network and experienced professional team, the Group’s money lending business will continue to develop steadily.

d) Financial technology

The Group proactively responds to national policies and continuously adjusts and optimises its financial technology business strategies to further reduce operational risks. During the Reporting Period, the financial technology business recorded a loss of approximately HK\$194,013,000, as compared with a profit of approximately HK\$171,864,000 in the Previous Period. The loss was mainly attributable to an increase in impairment losses recognised for loans receivables, goodwill and computer software. In the future, the financial technology segment will continue to create synergies with other businesses of the Group, bringing favourable conditions for the Group's development.

FUTURE PROSPECTS

Looking ahead to 2021, the challenges posed by the COVID-19 pandemic remain and the global economy is still clouded with uncertainties, which indicate the pandemic will continue to dominate the global economic landscape. With the COVID-19 vaccine available, coupled with the support of economic stimulus measures by states, the global economy is widely expected to step out of the downturn gradually and achieve positive growth this year, but it may still take years to return to pre-epidemic levels. Governments launched massive fiscal stimulus programs last year, and major central banks such as the U.S. Federal Reserve and the European Central Bank also adopted unprecedented loose monetary policies. The monetary and fiscal policies this year will remain accommodative, however, governments may then gradually reduce fiscal stimulus measures as they try to cover fiscal deficits along the economy recovers steadily. In this context, risk assets in the near term, particularly those in emerging markets, are expected to maintain their upward trend, but there will inevitably be bumps in the road along the way.

China's economy has taken the lead in recovery in the midst of the global economic downturn. With the coordination of the PRC government in preventing and controlling the pandemic and economic and social development, as well as the implementation of policies on the stability on the six fronts (namely, employment, finance, foreign trade, foreign investments, domestic investment, and market expectations) and security in the six areas (means safeguarding employment, people's livelihoods, the development of market entities, food and energy security, the stable operation of industrial and supply chains, and the smooth functioning of society), China's economy has resumed growth since the second quarter of last year. In terms of macro policy, China will continue to adopt a proactive fiscal policy and a more precise and flexible monetary policy this year, to promote the transformation and upgrading of consumption, improve the quality and efficiency of investment and strengthen innovation and industry synergy. This year is the opening year of the PRC's 14th Five-Year Plan and the first step in building a new development pattern in which the domestic economic cycle plays a leading role while the international economic cycle remains its extension and supplement in China. The establishment of the new development pattern will boost domestic market demand, foster the restructuring and upgrading of industries, and provide a strong impetus to China's economic development. The World Bank's Global Economic Prospects released in January this year predicts that benefiting from the confidence of domestic consumer and business and the improvement of the labour market, China's economy will achieve a growth of 7.9% and is expected to become the fastest-growing region in the world. Foreign capital is now pouring into the Chinese market, with stocks, bonds and other financial assets being favoured by capital from overseas markets. It is expected that overseas capital will continue to flow into China this year and provide strong support to the domestic capital market.

The COVID-19 has not affected the operations of the Group. The Group will pay close attention to the potential impact of the pandemic on the market and its business and will continue to take risk prevention and control as the core value and the first priority of its development, and establish a comprehensive internal control system with a comprehensive risk management system, adhere to the bottom line of compliance and promote the steady development of its work. The Group will actively respond to challenges, leverage its strengths, and optimise and consolidate internal and external resources to enhance coordination and synergy across all business lines and explore new opportunities for sustainable growth while strengthening the foundation of its advantageous businesses.

The Group will continue to promote all aspects of business in an orderly and steady manner, and further strengthen its overall investment research and project development capabilities to explore more high-quality projects and investment opportunities. In addition, the Group will strengthen the market positioning of each subsidiary to consolidate the differentiated competitive advantages of each subsidiary. At present, the business of the Group covers the PRC, Hong Kong and Singapore, with diversified operating licenses and business forms. The Group will make full use of the market advantages of each region to deepen the overall synergy among its subsidiaries and cross-border linkage of investment businesses among different places of business. At the same time, the Group also encourages its subsidiaries to fully utilise their endogenous power and strengthen their investment capabilities to maximise the overall benefits of the Group.

In addition, the Group will continue to deepen the internal synergy with the subsidiaries of Shandong Hi-Speed Group, and fully tap the resource advantages of Shandong Hi-Speed Group to seek development on a higher platform and a broader market. As an overseas listed company, the Group will fully leverage its advantages of professional teams to properly carry out ancillary businesses such as asset securitisation, internationalisation, and overseas investment and financing. Meanwhile, based on the resource advantages given to the Group by Shandong Hi-Speed Group, the Group will deeply integrate its own advantages of the market-oriented mechanism to obtain complementary elements of operation and development, so as to achieve a win-win cooperation for both sides.

The Group will continue to seek potential acquisition targets that will create synergy with the Group and enhance its profitability. As at the date of this announcement, the Group does not have any specific acquisition targets.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events that took place after the end of the Reporting Period.

FUNDRAISING ACTIVITIES DURING THE REPORTING PERIOD

On 3 June 2020, Coastal Emerald Limited, an indirect wholly-owned subsidiary of the Company, issued 3.80% guaranteed bonds, which are guaranteed by the Company, due 2021 in an aggregate principal amount of US\$800,000,000 to professional investors to raise funds for refinancing and general corporate purposes.

On 16 September 2020, Coastal Emerald Limited issued 3.80% guaranteed bonds, which are guaranteed by the Company, due 2021 in an aggregate principal amount of US\$50,000,000 to a professional investor to raise funds for refinancing and general corporate purposes.

The Group did not conduct any equity financing activity during the Reporting Period.

DIVIDENDS

The Directors do not recommend the payment of any dividend for the Reporting Period (31 December 2019: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

In order to prevent the potential impacts of the COVID-19 pandemic, the Group proactively strengthened the management of external financing and banking facilities, effectively reduced capital costs and continuously improved debt structure. During the Reporting Period, the Group had sufficient liquidity and working capital to maintain normal business operations. As at 31 December 2020, the total amount of cash and cash equivalents of the Group was approximately HK\$5,045,748,000 (2019: HK\$8,214,075,000), total assets were approximately HK\$24,966,194,000 (2019: HK\$23,198,805,000) and total borrowings were approximately HK\$14,829,314,000 (2019: HK\$12,564,641,000).

As at 31 December 2020, the outstanding borrowings of the Group were comprised of bank borrowings, bonds and other borrowings which were approximately HK\$2,931,344,000 (2019: HK\$2,825,575,000), HK\$11,348,620,000 (2019: HK\$9,584,184,000) and HK\$549,350,000 (2019: HK\$154,882,000), respectively. Details of the outstanding bank borrowings and other borrowings of the Group are disclosed in note 20 to the consolidated financial statements. As at 31 December 2020, the outstanding bonds of the Group included two secured bonds with coupon rates of 3.80% per annum (the aggregate outstanding amount: approximately HK\$6,608,698,000), a secured bond with a coupon rate of 3.95% per annum (the outstanding amount: approximately HK\$3,940,427,000), a secured bond with a coupon rate of 4.30% per annum (the outstanding amount: approximately HK\$789,224,000) and an unsecured bond for a term of seven years with coupon rates of 5% per annum (the outstanding amount: approximately HK\$10,271,000). The above-stated bonds and other borrowings were denominated in US dollars and Hong Kong dollars, and the exchange rate of US dollars against Hong Kong dollars was relatively stable, thus the Company was not subject to the risks in relation to exchange rate fluctuations.

As at 31 December 2020, the gearing ratio (total outstanding borrowings divided by total assets) of the Group was approximately 59.40% (2019: 54.16%). The increase in gearing ratio was mainly due to the increase in the Company's borrowings during the Reporting Period.

As at 31 December 2020, the Company had a total of 24,089,384,437 issued shares with a par value of HK\$0.00025 each, and the total equity attributable to the owners of the Company was approximately HK\$2,393,777,000, representing a decrease of approximately 19.12% as compared with HK\$2,959,705,000 as at 31 December 2019.

PLEDGE OF ASSETS

As at 31 December 2020, the Group's finance lease receivables with a carrying amount of approximately HK\$67,940,000 (2019: HK\$282,102,000) and financial asset at FVTOCI with carrying amount of approximately HK\$152,109,000 (2019: HK\$ nil) have been pledged to secure bank loan facilities of the Group.

CURRENCY RISK MANAGEMENT

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group is mainly exposed to foreign exchange risk with respect to Renminbi which may affect the Group's performance. The Group will pay attention to the possible exchange rate exposure due to the continuing fluctuation of Renminbi, closely monitor its impact on the performance of the Group and consider adopting appropriate hedging measures when necessary. In addition, the Group also pays attention to the impact of the U.S. interest rate fluctuations on its U.S. dollar-denominated assets from time to time, and takes appropriate response measures.

During the Reporting Period, the Group's foreign exchange exposure was manageable and therefore the Group has neither held any financial instruments for hedging purposes, nor any currency borrowings or other hedging instruments to hedge against its net foreign currency investments.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group did not have any significant contingent liabilities and capital commitment during the Reporting Period.

SIGNIFICANT INVESTMENTS

As at 31 December 2020, the Group did not have any individual investment with a fair value of 5% or more of the total assets of the Group. Save as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss disclosed in notes 14 and 15 to the consolidated financial statements, the Group did not have any other significant investments during the Reporting Period.

Save as disclosed in the section headed "FUTURE PROSPECTS" on pages 32 to 34 in this announcement, the Group did not have any specific plans for significant investment or capital assets acquisition during the Reporting Period.

MATERIAL ACQUISITION AND DISPOSAL

During the Reporting Period, the Group has conducted the following material acquisition and disposal:

Acquisition of 75% equity interest in Top Wish Holdings Limited (“Top Wish”)

On 12 June 2020, the Group acquired the remaining 75% equity interest in Top Wish pursuant to a sale and purchase agreement dated 12 June 2020 at a total consideration of approximately HK\$25,300,000. The consideration was settled by cash. Upon and after completion of the acquisition, the Group holds 100% equity interest in Top Wish, which became a wholly-owned subsidiary of the Group. Top Wish is an investment holding company and its subsidiaries are principally engaged in the securities brokerage business. The goodwill of approximately HK\$47,003,000 arising from the acquisition of the remaining 75% equity interest in Top Wish was recognised during the Reporting Period. None of the goodwill recognised is expected to be deductible for income tax purposes. A gain on remeasurement of pre-existing interest in an associate of approximately HK\$6,148,000 was recognised in the consolidated statement of comprehensive income during the Reporting Period.

Disposal of the entire interest in Eternal Billion Holding Group Limited (“Eternal Billion”)

On 12 June 2020, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire interest in Eternal Billion, for an aggregate cash consideration of HK\$300,000. Eternal Billion is an investment holding company and its subsidiaries are principally engaged in advisory on securities and asset management activities. The transaction was completed on 12 June 2020 and has resulted in recognition of an aggregate gain of approximately HK\$300,000 in the consolidated income statement for the year ended 31 December 2020.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries or associates of the Group during the Reporting Period.

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

During the Reporting Period, the Company bought back all the 363,065,565 Consideration Shares from Honesta Investment Limited at nil consideration on 3 August 2020. The buy-back Shares were subsequently cancelled on 6 August 2020. Further details are set out in the announcements of the Company dated 29 December 2017, 26 March 2018 and 3 August 2020.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities subsequent to the Reporting Period and up to the date of this announcement.

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 December 2020, there were 512 employees (including the directors of the Group and directors of the Company's subsidiaries) (2019: 562 employees), of which 420, 83 and 9 were stationed in the PRC, Hong Kong and Singapore, respectively. During the Reporting Period, the Group's employee costs (including Directors' remuneration) incurred and credited to profit or loss were approximately HK\$187,018,000, an increase of 15.51% over the Previous Period, mainly due to the increase in salaries, allowances and benefits-in-kind of Directors and employees.

The Group actively attracts outstanding talents and builds a strong team to maintain the overall business growth of the Group. In order to retain and motivate employees, the Group has formulated an internal remuneration policy. When selecting and promoting employees, the Group will make a decision with reference to their qualification, experience and suitability for the position offered. The performance of employees will also be used as the basis for reviewing remuneration package during the annual review. Meanwhile, competitive remuneration packages are offered to employees by reference to the prevailing market level and individual merits.

In addition, the Group also provides employees with a series of welfare policies to enhance their sense of belonging and work enthusiasm, and jointly promote the sustainable development of the enterprise. In order to motivate employees to work hard, the Group will distribute bonuses and rewards to outstanding performance employees. The Group determines the working hours of employees in accordance with relevant laws and regulations, and provides transportation reimbursement and compensatory leave for employees who work overtime. In addition, the Group provides employees with social insurance, employee dormitories, housing provident fund and mandatory provident fund and other benefits. In addition to statutory holidays and fixed paid annual leave, employees are also entitled to additional leave benefits such as sick leave, marriage leave, maternity leave, paternity leave and compassionate leave.

Employees are the essential driving force to the sustainable development of the Group. Adhering to the people-oriented talent management model, the Group continues to invest resources to attract and retain talents. Employees are provided with competitive remuneration and benefit packages and equal opportunities, as well as a wide range of training and development opportunities. The Group optimises its human resources management system continuously with a view to providing employees with a friendly and healthy workplace and ensuring that employees may utilise their strengths and realise their potentials.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As an investment holding enterprise, the Group's emissions and resource consumption during business operations mainly come from office premises. Although there are no material impacts caused by its business activities on the environment and natural resources, the Group is committed to introducing green elements into our business operations and makes every effort to support sustainable development and minimise the potential impacts of operations on the environment.

The Group actively advocates a sustainable green office policy and adheres to low-carbon travel without hindering the efficient operations of the Group. Employees shall strictly comply with the Group's specifications of travel allowance claim under the daily expense standards and choose means of transportation based on the principles of efficiency and conservation. The Group encourages employees to use video conferencing facilities whenever possible to avoid unnecessary business trips. The Group requires employees to take public transport and avoid using private cars to reduce both carbon emissions and vehicle exhausts.

The Group concerns about global climate change, and commits to reducing carbon emissions in business operations by implementing various measures. The Group has installed energy-efficient LED lights to replace traditional light tubes in offices and encourages employees to reduce the use of lights when natural light is abundant. Energy-saving labels are posted in easily visible places in offices to enhance employees' awareness of energy conservation. Besides, the Group uses sockets with independent switches and turns off electrical appliances, such as lights, computers and air conditioners in offices after normal office hours. The Group has installed solar film on windows to lower indoor temperature, and maintained a reasonable temperature level of air-conditioners by controlling the central air-conditioning system to minimise energy consumption related to air-conditioners. For office equipment procurement, models with better energy efficiency are prioritised in order to further reduce energy consumption in the office.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws or regulations by the Group that has a material adverse impact on the business and operation of the Group.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has complied with the code provisions (the “Code Provisions”) as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange, except for the deviations disclosed below:

Code Provision A.2.1 – The roles of chairman and chief executive should be separate and should not be performed by the same individual.

Pursuant to Code Provision A.2.1 of the CG Code, the roles of the Chairman and the Chief Executive Officer (the “CEO”) should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Wang Xiaodong is the Chairman of the Board and Mr. Mei Weiyi has resigned from the position of CEO on 14 January 2020.

Since Mr. Mei Weiyi’s resignation as CEO, the Company has been actively identifying suitable candidate to fill the vacancy of CEO. Meanwhile, the day-to-day operations of the Group have been delegated to other executive Directors and the management of the Group responsible for different aspects of the Group’s business. Decisions of the Company have been made collectively by the executive Directors who execute strategies set by the Board, and senior management of the Company have been responsible for the day-to-day operations of the Group under the supervision of the Board and the executive committee of the Company. The Company’s deviation from Code Provision A.2.1 of the CG Code will be temporary and will cease when a suitable candidate is appointed as our CEO. The Board will review this structure from time to time and will make announcement in accordance with the applicable Listing Rules when a new CEO is appointed by the Group.

Code Provision C.1.2 – Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer’s performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

Code Provision C.1.2 of the CG Code requires the management to provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties. During the Reporting Period, the management provided monthly updates to the Board since June 2020. All executive Directors are involved in the daily operation of the Group and are fully aware of the performance, position and prospects of the Company. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board. Therefore, the Company considers that all members of the Board have been given a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient details.

AUDIT COMMITTEE

The audit committee of the Board (the “Audit Committee”) was established in accordance with the requirements of the Code for the purposes of, among others, reviewing and providing supervision over the Group’s financial reporting processes and internal controls. The Audit Committee comprises two non-executive Directors and three independent non-executive Directors. The Group’s consolidated results for the year ended 31 December 2020 have been reviewed by the Audit Committee.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Company's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code throughout the Reporting Period.

RELATIONSHIPS WITH STAKEHOLDERS

The Group believes that the people-oriented talent management model is crucial to the long-term development of the Group. The Group attaches great importance to team building and talent introduction, and has always adhered to the principles of openness, equality, competition and selection to hire excellent talents. The Group's employee management focuses on recruiting and developing talents. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group's corporate strategy. The Group also understands that maintaining a good long-term relationship with business partners is one of its primary objectives. Accordingly, the management has used its best endeavours to maintain good communications, promptly exchanged ideas and shared business updates with them when appropriate. During the Reporting Period, there was no material or significant dispute between the Group and its business partners.

During the Reporting Period and up to the publication of this announcement, the Company's constitutional documents have not been amended.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained sufficient public float as required under the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.csfg.com.hk). The annual report for the year ended 31 December 2020 will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.csfg.com.hk) and also be dispatched to the shareholders of the Company in due course.

By Order of the Board
China Shandong Hi-Speed Financial Group Limited
Wang Xiaodong
Chairman

Hong Kong, 23 March 2021

As at the date of this announcement, the Company has five executive directors, namely Mr. Wang Xiaodong, Mr. Liu Han, Mr. Liu Honghui, Mr. Liu Zhijie and Mr. Liu Yao; three non-executive directors, namely Mr. Liang Zhanhai, Mr. Chen Di and Mr. Gao Guicheng; and four independent non-executive directors, namely Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Tan Yuexin and Mr. Jonathan Jun Yan.

* *for identification purpose only*