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偉祿集團控股有限公司

REALORD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1196)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “Board”) of directors (the “Directors”) of Realord Group Holdings Limited (the Company, together with its subsidiaries, the “Group”) is pleased to present the consolidated results of the Group for the year ended 31 December 2020 (the “FY2020”) together with the comparative figures for the year ended 31 December 2019 (the “FY2019”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	3		
Goods and services		834,364	811,196
Rental income		10,888	10,569
Interest		24,089	7,133
		<u> </u>	<u> </u>
Total revenues		869,341	828,898
Cost of sales		<u>(668,238)</u>	<u>(640,783)</u>
Gross profit		201,103	188,115
Other income	4a	43,317	27,367
Other gains and losses	4b	(343,615)	15,302
(Impairment losses)/Reversal of impairment losses, net		(27,255)	8,591
Gain/(Loss) on fair value changes of investment properties, net		2,463,416	(202,594)
Loss on early redemption of promissory notes		–	(439,781)
Gain on re-measurement of previously held interests in an associate		–	709,402
Selling and distribution expenses		(12,110)	(10,806)
Administrative expenses		(244,504)	(191,015)
Share of result of an associate		–	(1,222)
Finance costs	6	<u>(630,382)</u>	<u>(534,104)</u>
Profit/(Loss) before income tax		1,449,970	(430,745)
Income tax (expense)/credit	7	<u>(557,652)</u>	<u>26,056</u>
Profit/(Loss) for the year	5	<u>892,318</u>	<u>(404,689)</u>
Attributable to:			
Owners of the Company		885,185	(415,529)
Non-controlling interests		<u>7,133</u>	<u>10,840</u>
		<u>892,318</u>	<u>(404,689)</u>
Earnings/(Loss) per share			
Basic (HK cents)	9	<u>61.55</u>	<u>(28.89)</u>
Diluted (HK cents)	9	<u>61.52</u>	<u>(28.89)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit/(Loss) for the year	892,318	(404,689)
Other comprehensive income/(expense)		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gain on property revaluation	1,188	725
Income tax relating to gain on property revaluation	(297)	(181)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations:		
– Subsidiaries	274,776	(119,184)
– An associate	–	135
Other comprehensive income/(expense) for the year, net of income tax	275,667	(118,505)
Total comprehensive income/(expense) for the year	1,167,985	(523,194)
Attributable to:		
Owners of the Company	1,160,554	(534,403)
Non-controlling interests	7,431	11,209
	1,167,985	(523,194)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		447,153	488,433
Prepaid lease payments		4,977	4,842
Investment properties	13	11,839,176	8,863,251
Goodwill		87,390	87,390
Other intangible assets		43,396	46,184
Investment in an associate		—	—
Equity instrument at fair value through other comprehensive income (“FVTOCI”)		8,899	—
Prepayments, deposits and other receivables		14,787	14,562
		<u>12,445,778</u>	<u>9,504,662</u>
CURRENT ASSETS			
Inventories		36,538	67,062
Trade receivables	10	449,409	321,088
Receivables arising from securities broking	10	163,373	89,481
Loan receivables	10	157,053	—
Prepayments, deposits and other receivables		425,961	368,781
Proposed development project		1,634,083	1,622,738
Tax recoverable		4,121	3,661
Financial assets at fair value through profit or loss (“FVTPL”)		15,297	14,130
Cash held on behalf of clients		119,538	6,292
Bank balances and cash		1,268,295	585,052
		<u>4,273,668</u>	<u>3,078,285</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	11	34,819	55,360
Payables arising from securities broking	11	139,642	16,853
Contract liabilities		35,743	5,141
Other payables and accruals		168,699	100,601
Bank borrowings and overdrafts		722,366	524,923
Amounts due to related parties		71,861	69,496
Lease liabilities		33,893	29,794
Tax payable		6,605	17,696
		1,213,628	819,864
NET CURRENT ASSETS			
		3,060,040	2,258,421
TOTAL ASSETS LESS CURRENT LIABILITIES			
		15,505,818	11,763,083
EQUITY			
Share capital	12	143,821	143,821
Reserves		3,361,642	2,201,274
Equity attributable to owners of the Company		3,505,463	2,345,095
Non-controlling interests		906,111	874,195
		4,411,574	3,219,290
NON-CURRENT LIABILITIES			
Deferred tax liabilities		914,565	339,709
Other payables and accruals		44,693	42,353
Loans from ultimate holding company		744,192	687,688
Promissory notes		—	—
Bank borrowings		9,385,657	7,444,069
Lease liabilities		5,137	29,974
		11,094,244	8,543,793
		15,505,818	11,763,083

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), the accounting principles generally accepted in Hong Kong, the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values. The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Continued)

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 amendment ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ⁶
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ³
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 HKFRS Standards 2018-2020 ²
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁵

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective date not yet determined

⁵ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁶ Effective for annual periods beginning on or after 1 June 2020

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group is organised into business units based on their products and services and has six operating segments as follows:

- (i) provision of financial printing, digital printing and other related services (“Commercial Printing Segment”);
- (ii) sales of hangtags, labels, shirt paper boards and plastic bags principally to manufacturers of consumer products (“Hangtag Segment”);
- (iii) distribution and sale of motor vehicle parts (“Motor Vehicle Parts Segment”);
- (iv) provision of corporate finance advisory, asset management, securities brokerage services, margin financing and money lending (“Financial Services Segment”);
- (v) property investment, development and commercial operation (“Property Segment”); and
- (vi) environmental protection industry, mainly dismantling and trading of scrap materials (“Environmental Protection Segment”).

Hangtag Segment does not meet any quantitative thresholds for reportable segment but this segment is separately disclosed as the CODM considers that the information about the segment would be useful to users of the consolidated financial statements.

3. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results

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

	Commercial printing HK\$'000	Hangtag HK\$'000	Motor vehicle parts HK\$'000	Financial services HK\$'000	Property HK\$'000	Environmental protection HK\$'000	Total HK\$'000
Year ended 31 December 2020							
Segment revenue							
Sales to external customers	72,732	223	159,287	82,141	10,888	544,070	869,341
Inter-segment sales	914	–	–	1,034	2,520	–	4,468
	73,646	223	159,287	83,175	13,408	544,070	873,809
Elimination of inter-segment sales							(4,468)
Revenue							<u>869,341</u>
Segment results	442	(207)	6,430	6,058	2,050,788	13,019	2,076,530
Bank interest income							26,531
Other income							1,089
Net foreign exchange loss							(318,632)
Unrealised fair value loss on financial assets at FVTPL							(4,353)
Revaluation deficit on property, plant and equipment							(23,369)
Realised gain on disposal of financial assets at FVTPL							2,797
Compensation for legal case							(13,840)
Corporate expenses							(64,638)
Finance costs							<u>(232,145)</u>
Profit before income tax							<u>1,449,970</u>

3. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

	Commercial printing HK\$'000	Hangtag HK\$'000	Motor vehicle parts HK\$'000	Financial services HK\$'000	Property HK\$'000	Environmental protection HK\$'000	Total HK\$'000
Year ended							
31 December 2019							
Segment revenue							
Sales to external customers	77,878	349	107,013	40,872	10,569	592,217	828,898
Inter-segment sales	607	–	–	13	630	–	1,250
	78,485	349	107,013	40,885	11,199	592,217	830,148
Elimination of inter-segment sales							(1,250)
Revenue							828,898
Segment results	678	(76)	10,052	12,622	73,305	44,735	141,316
Bank interest income							13,481
Other income							4,953
Net foreign exchange gain							104,609
Unrealised fair value gain on financial assets at FVTPL							3,737
Revaluation deficit on property, plant and equipment							(31)
Realised loss on disposal of financial assets at FVTPL							(79,986)
Loss on early redemption of promissory notes							(439,781)
Corporate expenses							(69,529)
Finance costs							(109,514)
Loss before income tax							(430,745)

3. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of bank interest income, certain other income, net foreign exchange gain/loss, unrealised fair value gain/loss on financial assets at FVTPL, revaluation deficit on property, plant and equipment, realised gain/loss on disposal of financial assets at FVTPL, loss on early redemption of promissory notes, corporate expenses and certain finance costs. This is the measurements reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

	Commercial printing HK\$'000	Hangtag HK\$'000	Motor vehicle parts HK\$'000	Financial services HK\$'000	Property HK\$'000	Environmental protection HK\$'000	Total HK\$'000
As at 31 December 2020							
Segment assets	23,133	127	122,295	647,175	13,706,570	528,257	15,027,557
Corporate and unallocated assets							1,691,889
Total assets							16,719,446
Segment liabilities	30,882	25	21,746	155,443	7,232,905	127,289	7,568,290
Corporate and unallocated liabilities							4,739,582
Total liabilities							12,307,872
As at 31 December 2019							
Segment assets	39,061	266	110,481	229,309	10,982,609	439,056	11,800,782
Corporate and unallocated assets							782,165
Total assets							12,582,947
Segment liabilities	41,946	42	9,430	32,221	4,876,898	107,287	5,067,824
Corporate and unallocated liabilities							4,295,833
Total liabilities							9,363,657

3. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

Segment assets exclude equity instrument at FVTOCI, tax recoverable, bank balances and cash, financial assets at FVTPL and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude certain bank borrowings and overdrafts, tax payable, deferred tax liabilities, loans from ultimate holding company and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4a. OTHER INCOME

	2020 HK\$'000	2019 HK\$'000
Bank interest income	26,531	13,481
Dividend income	219	–
Interest income on credit-impaired loan receivables	7,062	5,981
Government grants (<i>note</i>)	6,921	103
Rebate from bank borrowing	–	2,400
Others	2,584	5,402
	<u>43,317</u>	<u>27,367</u>

Note: During the year ended 31 December 2020, the Group received funding support amounting to approximately HK\$6,768,000 from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

4b. OTHER GAINS AND LOSSES

	2020 HK\$'000	2019 HK\$'000
Loss on disposal of property, plant and equipment	(58)	–
Unrealised fair value (loss)/gain on financial assets at FVTPL	(4,353)	3,737
Realised gain/(loss) on disposal of financial assets at FVTPL	2,797	(79,986)
Net foreign exchange (loss)/gain	(318,632)	91,582
Revaluation deficit on property, plant and equipment	(23,369)	(31)
	<u>(343,615)</u>	<u>15,302</u>

5. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is arrived at after charging:

	2020 HK\$'000	2019 HK\$'000
Depreciation		
– Owned assets	25,517	12,669
– Right-of-use assets	33,158	28,191
– Prepaid lease payments	112	122
Amortisation of intangible asset	2,788	–
Direct operating expenses (including repair and maintenance):		
– Arising from leased investment properties	137	1,720
– Arising from vacant investment properties	1,065	994
Short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16 as at 1 January 2019	1,888	2,558
Auditor's remuneration	3,681	4,419
Employee benefits expense (including directors' emoluments)		
– Wages and salaries	109,379	84,669
– Discretionary bonuses	13,110	10,037
– Pension scheme contributions	3,978	3,417
Cost of inventories recognised as expenses	643,159	622,341
Compensation for legal case	13,840	–
	<u>643,159</u>	<u>622,341</u>

6. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest on bank borrowings and overdrafts	541,618	434,514
Interest on loans from ultimate holding company	85,233	55,958
Interest on promissory notes	–	40,375
Finance charges on lease liabilities	1,191	1,753
Imputed interest on deferred consideration	2,340	1,504
	<u>630,382</u>	<u>534,104</u>

7. INCOME TAX EXPENSE/(CREDIT)

Hong Kong

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the years ended 31 December 2020 and 2019.

The People's Republic of China (the "PRC")

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Japan

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rate for these taxes is 29% for the year (2019: 29%).

	2020 HK\$'000	2019 HK\$'000
Current tax		
Hong Kong		
– Charge for the year	2,850	6,654
– Over provision in prior years	(269)	(345)
The PRC		
– Charge for the year	1	38
– (Over)/Under provision in prior years	(3)	2,173
Japan		
– Charge for the year	1,268	39
	3,847	8,559
Deferred tax		
– Charge/(Credit) for the year	553,805	(34,615)
Income tax expense/(credit)	557,652	(26,056)

8. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS/(LOSS) PER SHARE

The calculations of the basic and diluted earnings/(loss) per share are based on:

	2020 HK\$'000	2019 HK\$'000
Earnings/(Loss)		
Earnings/(Loss) for the purposes of basic and diluted earnings/(loss) per share calculation Profit/(Loss) attributable to owners of the Company	<u>885,185</u>	<u>(415,529)</u>
	Number of shares	
	2020	2019
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings/(loss) per share calculation	1,438,209,880	1,438,209,880
Effect of dilutive potential ordinary shares:		
– Share options	<u>683,171</u>	<u>–</u>
Weighted average number of ordinary shares in issue for the purpose of diluted earnings/(loss) per share calculation	<u>1,438,893,051</u>	<u>1,438,209,880</u>

Diluted loss per share for the year ended 31 December 2019 is same as basic loss per share. The calculation does not assume the exercise of share options granted under the Company's share option scheme as it would have an anti-dilutive effect.

10. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING/LOAN RECEIVABLES

The following is an ageing analysis of trade receivables, net of allowance for credit losses presented based on the invoice dates/date of rendering of services:

	2020	2019
	HK\$'000	HK\$'000
Current to 30 days	196,304	116,691
31 to 60 days	58,342	80,947
61 to 90 days	23,079	7,264
Over 90 days	171,684	116,186
	<u>449,409</u>	<u>321,088</u>
Receivables arising from securities broking conducted in the ordinary course of business:		
– Cash clients accounts receivable	26,871	10,287
– Loans to margin clients	138,458	79,203
Less: allowance for credit losses	<u>(1,956)</u>	<u>(9)</u>
	<u>163,373</u>	<u>89,481</u>
Receivables arising from money lending business:		
– Loan receivables	177,679	–
Less: allowance for credit losses	<u>(20,626)</u>	<u>–</u>
	<u>157,053</u>	<u>–</u>
	<u>769,835</u>	<u>410,569</u>

11. TRADE PAYABLES/PAYABLES ARISING FROM SECURITIES BROKING

The following is an ageing analysis of trade payables based on invoice dates:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	14,684	34,465
31 to 60 days	694	6,301
61 to 90 days	327	945
Over 90 days	19,114	13,649
	<hr/>	<hr/>
	34,819	55,360
Payables arising from securities broking conducted in the ordinary course of business:		
– Cash clients accounts payable	139,642	16,853
	<hr/>	<hr/>
	174,461	72,213
	<hr/> <hr/>	<hr/> <hr/>

12. SHARE CAPITAL

	2020 HK\$'000	2019 HK\$'000
Authorised:		
20,000,000,000 ordinary shares of HK\$0.10 each	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
1,438,209,880 ordinary shares of HK\$0.10 each	<u>143,821</u>	<u>143,821</u>
A summary of movements in the Company's share capital is as follows:		
	Number of ordinary shares in issue	Share capital HK\$'000
As at 1 January 2019	1,435,709,880	143,571
Issue of shares (<i>note</i>)	<u>2,500,000</u>	<u>250</u>
As at 31 December 2019, 1 January 2020 and 31 December 2020	<u>1,438,209,880</u>	<u>143,821</u>

Note: On 10 June 2019, the Company issued 2,500,000 shares at HK\$4.60 per share, for a consideration of HK\$11,498,000. The issuance of shares was pursuant to the terms and conditions under the acquisition agreement for the acquisition of 60% equity interests in Realord Environmental Protection Industrial Company Limited and its subsidiaries in 2017. The new shares rank pari passu with existing shares in all respects.

13. INVESTMENT PROPERTIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
As at 1 January	8,863,251	9,081,879
Additions	–	39
Acquisition of assets through acquisition of subsidiaries	–	513,000
Transfer to property, plant and equipment	–	(335,000)
Gain/(Loss) on fair value changes recognised in profit or loss, net	2,463,416	(202,594)
Exchange realignment	512,509	(194,073)
	<hr/>	<hr/>
As at 31 December	11,839,176	8,863,251
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14. EVENTS AFTER THE REPORTING PERIOD

On 15 May 2020, Realord Asia Pacific Securities Limited, a non wholly-owned subsidiary of the Company, intended to make, on behalf of the Company, a voluntary conditional cash offer (the “Offer”) to acquire all the issued shares of The Sincere Company, Limited (“Sincere”), a listed company in Hong Kong (stock code: 0244). The making of the Offer is still subject to the satisfaction or waiver (as the case may be) of certain pre-conditions (the “Pre-Conditions”). As at the date of this announcement, save for Pre-Condition (ii) in relation to the no-bid confirmation having been obtained, all the Pre-Conditions remain outstanding. In relation to Pre-Condition (i), the applications to the Insurance Authority for the requisite approval of the proposed change of “controllers” (within the meanings of the Insurance Ordinance) were duly made and all necessary submissions and applications for the fulfilment of Pre-Condition (i) on the part of the Company have been made by the Company. On 25 February 2021, a corresponding application with regard to such proposed change of “controllers” was submitted by legal advisor of Sincere to the Insurance Authority.

For further details, please refer to the joint announcements of the Company and Sincere dated 15 May 2020, 5 June 2020, 17 June 2020, 17 July 2020 and 4 August 2020, 4 September 2020, 6 October 2020, 6 November 2020, 7 December 2020 and 7 January 2021, respectively, and the announcements issued by the Company dated 9 February 2021, 26 February 2021 and 10 March 2021, respectively, and the circular of the Company dated 23 July 2020, in relation to, among other matters, the Offer.

Further announcement(s) setting out the progress and any material developments in relation to the Offer will be made as and when necessary in accordance with the Listing Rules and the Takeovers Code and/or on a monthly basis until the despatch of the offer document of the Offer.

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of the Group during the year under review included property investment and development and commercial operation (the “Property Segment”); financial services, included corporate finance advisory, asset management, securities brokerage services, margin financing and money lending (the “Financial Services Segment”); environmental protection industry, mainly dismantling, processing, trading and sales of scrap materials (the “EP Segment”); distribution and sales of motor vehicle parts (the “MVP Segment”); financial printing, digital printing and other related services (the “Commercial Printing Segment”); and sales of hangtags, labels, shirt paper boards and plastic bags (the “Hangtag Segment”).

Overall Financial Review

During the year under review, the Group recorded a total revenue of approximately HK\$869.3 million, representing an increase of approximately 4.9% as compared to that of the last year of approximately HK\$828.9 million. The Group recorded a profit of approximately HK\$892.3 million for the year as compared to that of a loss of approximately HK\$404.7 million for the last year.

The Group’s revenue during the year under review was mainly contributed by the EP Segment, the MVP Segment and the Financial Services Segment. Revenue contributed by the EP Segment, the MVP Segment and the Financial Services Segment represented approximately 62.6%, 18.3% and 9.4% of the total revenue of the Group, respectively. The remaining revenue of the Group was contributed by the Commercial Printing Segment of approximately 8.4% and the Property Segment of 1.3% respectively. The revenue of the Hangtag Segment was minimal to the Group. The Group’s increase in revenue during the year under review was mainly due to the increase in revenue from the Financial Services Segment by approximately HK\$41.3 million and the MVP Segment by approximately HK\$52.3 million as compared to that of the last year. However, such increase in the overall Group’s revenue was partially offset by the decrease in revenue in the EP Segment by approximately HK\$48.1 million and the Commercial Printing Segment by approximately HK\$5.1 million. Reasons for the changes in the relevant segment revenues are set out in the sections below.

The consolidated net profit after income tax of the Group for FY2020 amounted to approximately HK\$892.3 million, as compared to a net loss after income tax of approximately HK\$404.7 million in FY2019. The significant improvement in the Group's results was mainly attributable to a net gain on fair value changes of the Group's investment properties of approximately HK\$2,463.4 million during FY2020 as compared to a net loss on fair value changes of approximately HK\$202.6 million in FY2019. The significant amount of net gain on fair value changes of the Group's investment properties was mainly attributable to the appreciation in value of the Group's property located in Qiankeng Industrial Zone, Longhua District, Shenzhen, the People's Republic of China (the "Qiankeng Property"), of which the approval in principle in respect of the proposed urban redevelopment plan thereon involving a change in land use from industrial to residential use was granted by the relevant government authority in August 2020. The abovementioned effect on the Group's results for the FY2020 was partially offset by (i) the income tax expense of approximately HK\$557.7 million charged for the FY2020 (FY2019: income tax credit of approximately HK\$26.1 million) mainly as a result of the deferred taxation arising from the net gain on fair value changes of investment properties; and (ii) the net exchange loss of approximately HK\$318.6 million incurred for the FY2020 (FY2019: net exchange gain of approximately HK\$91.6 million) mainly due to the appreciation of Renminbi ("RMB") against Hong Kong dollars ("HK\$") which was arisen from the remeasurement of liabilities of the Group denominated in RMB upon translation to HK\$ at the report date; and (iii) the increase in finance costs by approximately HK\$96.3 million for the FY2020 as compared to the FY2019 mainly resulted from the increase in bank borrowings. The gain on re-measurement of previously held interests in an associate of approximately HK\$709.4 million and the loss on early redemption of promissory notes of approximately HK\$439.8 million as recorded in the Group's consolidated statement of profit or loss for the FY2019 were not recurred in the FY2020.

FINANCIAL REVIEW FOR EACH SEGMENT

The Property Segment

The revenue of the Property Segment was mainly generated from the rental income of the Group's investment properties. In FY2019, the Group generated aggregate rental income of approximately HK\$10.6 million, while in FY2020 the revenue from this segment recorded a gentle increase to approximately HK\$10.9 million, representing a year-on-year increase of 3.0%. During the year under review, the Group offered a rent reduction period to tenants in the PRC following the outbreak of COVID-19. However, the increase in the number of tenants in, and hence the rental income from Realord Villas outweighed the effect of such rent reduction.

The Property Segment recognised a significant growth in segment profit by approximately 28 times on a year-on-year basis, whereby a segment profit of approximately HK\$2,050.8 million was generated in FY2020 as compared to that of approximately HK\$73.3 million recorded in FY2019. The increase was mainly due to the overall revaluation gain of the Group's investment properties of approximately HK\$2,463.4 million during FY2020 (FY2019: revaluation loss of approximately HK\$202.6 million). The net increase in the fair value of investment properties of approximately HK\$2,463.4 million for FY2020 was mainly attributable to an appreciation in value of the Qiankeng Property of which the approval in principle in respect of the proposed urban redevelopment plan thereon involving a change in land use from industrial to residential use was granted by the relevant government authority in August 2020. Apart from that, the property market in the PRC was relatively stable following the recovery of economy of the PRC from the COVID-19 pandemic whereas the property market in Hong Kong experienced a slight decline as affected by the prevailing COVID-19 pandemic during FY2020. The gain on re-measurement of previously held interests in an associate of approximately HK\$709.4 million as recorded were not recurred in the FY2020.

The Financial Services Segment

The revenue from the Financial Services Segment reached approximately HK\$82.1 million in FY2020, which was doubled from that of approximately HK\$40.9 million in FY2019. The significant growth was mainly attributable to (i) the consolidation of full year results of Optima Capital Limited ("Optima Capital") in FY2020 as compared to that of eight-month results in FY2019 since the completion of the acquisition of 60% issued share capital thereof in April 2019; and (ii) the Group's provision of more comprehensive services to its customers, such as placing agent, underwriting services as joint bookrunner of certain initial public offering ("IPO") projects as well as margin financing services and money lending. The segment recorded an operating profit of approximately HK\$6.1 million for FY2020 as compared to that of approximately HK\$12.6 million in FY2019. The decrease in profit was mainly due to the provision for expected credit loss of approximately HK\$22.5 million in FY2020 as compared to that of reversal of provision for expected credit loss of approximately HK\$3.4 million in FY2019. The significant increase in the provision was mainly attributable to the commencement in provision of money lending services to individuals in FY2020.

The Group, together with 5 other independent third parties, had also applied for the approval from the China Securities Regulatory Commission ("CSRC") of the establishment of a security company in Guangzhou Pilot Free Trade Zone, which is currently under review of CSRC. The Company will update the shareholders with the progress of the application when and as appropriate.

The EP Segment

Since tightening control policy implemented by the PRC government continued in FY2020 in relation to imports of scrap materials, the Group persisted its strategy to establish its solid scrap material sourcing and processing operations overseas, including Malaysia and Japan. During FY2020, revenue from the EP segment reduced by approximately 8.1% to approximately HK\$544.1 million (FY2019: approximately HK\$592.2 million). It was mainly attributable to an overall drop in copper price throughout the year and lockdown of cities in the PRC, Malaysia and Japan following the outbreak of COVID-19, which limited the sales activities of the Group in FY2020. The operating profit for the EP Segment for the year also reduced by approximately 70.9% to HK\$13.0 million from that of approximately HK\$44.7 million recorded in the previous year, which was mainly attributable to the high startup and production cost incurred by Realord Environmental Protection Japan Co. Limited (“Realord EP Japan”) and the decline in copper price during the year under review.

The MVP Segment

Despite the outbreak of COVID-19 pandemic, the MVP Segment maintained a stable supply to its customers, which was benefited by the Group’s efforts on securing its motor vehicle parts supply since late FY2019. As a result, the revenue of MVP Segment raised by approximately 48.8% in FY2020 to HK\$159.3 million (FY2019: HK\$107.0 million). Notwithstanding the increase in revenue, the profit was decreased from approximately HK\$10.1 million in FY2019 to approximately HK\$6.4 million in FY2020. It was mainly due to the reversal of provision of expected credit loss of HK\$7.0 million in FY2019 resulting from better credit control exercised on receivables collection in FY2019, of which the effect was not recurred in FY2020.

The Commercial Printing Segment

The uncertain business environment caused by the outbreak of COVID-19 pandemic in FY2020 has adversely affected the capital market sentiment, and hence reduced the demand for our services, which hindered the business development efforts of the Group to improve its profitability. As such, the revenue from the Commercial Printing Segment decreased by approximately 6.6% to approximately HK\$72.7 million in FY2020 (FY2019: HK\$77.9 million). The Group maintained a marginal operating profit of approximately HK\$0.4 million in FY2020 (FY2019: HK\$0.7 million).

The Hangtag Segment

The revenue contribution of the Hangtag Segment to the Group was relatively minimal at approximately HK\$0.2 million in FY2020 (FY2019: HK\$0.3 million). The operating loss derived from this segment was relatively minimal during both years of FY2019 and FY2020.

Others

The Group invests in listed securities in Hong Kong for trading purpose and other club and school debentures in Hong Kong. As at 31 December 2020, the financial assets at fair value through profit or loss amounted to approximately HK\$15.3 million. The total net realised gain on the disposal of financial assets at fair value through profit and loss amounted to approximately HK\$2.8 million for FY2020.

Liquidity, Financial Resources and Capital Structure

The Group generally finances its operations with internally generated cash flow, cash reserve, banking facilities and facility provided by the ultimate holding company. The Group is financially sound with healthy cash position. Its cash and bank balances as at 31 December 2020 amounted to approximately HK\$1,268.3 million (31 December 2019: HK\$585.1 million) which were mainly denominated in HK\$ and RMB (31 December 2019: HK\$ and RMB).

The gearing ratio of the Group as at 31 December 2020 was approximately 309.6% (31 December 2019: 369.1%), based on the interest-bearing borrowings denominated in HK\$ and RMB (31 December 2019: HK\$ and RMB) of approximately HK\$10,852.2 million (31 December 2019: HK\$8,656.7 million) and divided by the equity attributable to the owners of the Company of approximately HK\$3,505.5 million as at 31 December 2020 (31 December 2019: HK\$2,345.1 million). The interest-bearing bank borrowings carried interest rate ranging from 2.15% to 7.60% per annum (31 December 2019: 2.15% to 7.60% per annum) with maturity ranging from within 1 year to 30 years (31 December 2019: within 1 year to 30 years).

The Directors consider that the Group's cash holding, liquid assets, future revenue, available banking facilities and the facility provided by the ultimate holding company will be sufficient to fulfill the present working capital requirements of the Group.

Foreign Exchange

Most of the transactions of the Group were denominated in Hong Kong dollars, US dollars, Euro, Japanese Yen and Renminbi; while the Group held cash of approximately RMB516.5 million reserved for operating and treasury purpose as at 31 December 2020.

The Group is exposed to foreign exchange risk arising from exposure in the US dollars, Euro, Japanese Yen and Renminbi against Hong Kong dollars. The management has continuously monitored the level of exchange rate exposure and used foreign currency forward contracts for hedging purpose during the year ended 31 December 2020. The Group did not use any financial instruments for hedging purpose as at 31 December 2020.

Financial Guarantees and Charges on Assets

As at 31 December 2020, corporate guarantees amounting to approximately HK\$9,860.2 million (31 December 2019: HK\$7,720.1 million) were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries. Among which corporate guarantees amounting to approximately HK\$9,655.0 million (31 December 2019: HK\$7,430.4 million) were given to banks in the PRC by the Company for the provision of general banking facilities granted to its PRC subsidiaries. Besides, the general banking facilities granted by the banks to the subsidiaries of the Company were secured by legal charges on certain investment properties and leasehold land and buildings owned by the Group with a total net book value of approximately HK\$11,839.2 million (31 December 2019: HK\$8,024.8 million) and approximately HK\$398.9 million (31 December 2019: HK\$354.4 million).

BUSINESS REVIEW AND OUTLOOK

The outbreak of COVID-19 started from early 2020 and the prevail of the pandemic throughout the year has proved to cast unprecedented impacts and disruptions on business sentiments and financial markets worldwide. Although there were signs showing that the global economy has been slowly emerging from the collapse triggered by COVID-19 pandemic, the recovery in 2021 is likely to be prolonged and subdued given the arise of variants of the epidemic and pandemic control may pose uncertainties. Moreover, the stance on China-US relations under the new United States administration is yet to be indicated after the completion of the United States presidential election in late 2020.

The Group believes that the relatively volatile business environment due to the prolonged pandemic will continue to affect the Group's businesses to certain extent in 2021. Nonetheless, the Group remains cautiously optimistic towards the post-pandemic rebound as a result of new and stronger initiatives to combat the COVID-19 pandemic, such as the emergence of vaccines and more stringent controlling measures carried out in different countries. Amidst the potential uncertainties due to the global pandemic and China-US tensions, the Group is optimistic that there are still ample development opportunities for its various business segments in 2021. The Group will continue to adopt a prudent approach in achieving steady business development while exploring suitable strategic investment opportunities with an aim to maximise the returns to its Shareholders.

Set out below is the review and outlook of each segment of the Group's business.

The Property Segment

Short-term rent concessions had been given by the Group to certain tenants of the Group's investment properties in view of the COVID-19 pandemic, particularly during the first half of 2020 when there was prevail lockdown in a number of PRC cities.

The Group holds certain investment properties in Shenzhen, the PRC, including but not limited to that located in Realord Villas in Longhua District and that located in Realord Technology Park, Guangming District during the reporting period. Both investment properties are located in administrative districts which had been designated for speedy economic development by the local PRC government. The development of these properties is expected to be further bolstered by the PRC government's development plan for the districts in the years to come.

- ***Realord Villas Project***

The Group holds commercial properties in Realord Villas Project, comprising a business apartment building, a shopping mall known as “Realord Mall”, retail shops, car parking spaces and other related facilities. Following the operation commencement of the northern extension (Qinghu Station - Niuhe Station) of Shenzhen Metro Line 4 in October 2020, it is expected that the accessibility of Realord Villas Project would be further enhanced given it is conveniently situated less than 100 meters away from the High-tech Zone East Station of Shenzhen Tram which is connected to Shenzhen Metro Line 4. Moreover, accessibility of the Project may be further optimized in the future, given that Guanhu Station of the proposed Shenzhen Urban Rail Line 22, as suggested by the “Detailed Traffic Plan of Shenzhen Urban Rail Line 22” compiled by the Shenzhen Municipal Bureau of Planning and Natural Resources in April 2020, will be situated adjacent to “Realord Mall”.

The renovation works of the business apartment building and shopping mall, which were initially scheduled to commence in June 2020, were delayed during the year as a result of the COVID-19 outbreak and are targeted to complete in the third quarter of 2021. Leasing of the investment properties is underway. Signed tenants included renowned supermarket, chained convenience store, restaurants, pharmacy store and laundry shop. Potential tenants such as big catering groups are also in talks.

- ***Realord Technology Park***

Realord Technology Park is positioned to become an integrated venture capital platform in incubating innovative enterprises. According to the outline plan (《深圳市人民政府關於支持光明科學城打造世界一流科學城的若干意見》) drafted by the Shenzhen Municipal Planning and Natural Resources Bureau and Guangming District Government in April 2020, the Shenzhen Municipal People's Government supports to build a “Guangming Science City” in Guangming District. By 2025, the 99-square-kilometer science city is expected to take shape as a world-class science city gathering a number of world-class scientific facilities and innovative enterprises, and is projected to be a core functional area of the Guangdong-Hong Kong-Macao Greater Bay Area international innovation and technology hub. Located at Guangming District and proximate to the Fenghuang Town Station of Shenzhen Metro Line 6 inaugurated in August 2020, Realord Technology Park would be well-positioned to seize potential development opportunities arise in that area.

The Group has submitted the application of land extension of Phase II of the Realord Technology Park to the related government authorities. Phase I of the Realord Technology Park, which comprises office buildings, is planned to develop along with Phase II when the government approval is granted.

- ***Urban Renewal Projects***

1. **Qiankeng Property (Guan Zhang Electrical Electronic Factory) – Urban Renewal Project**

The Qiankeng Property was acquired by the Group in June 2016. With the application submitted to Shenzhen Longhua District Urban Renewal Bureau on the change of land use from industrial to commercial and residential for redevelopment purpose in May 2017, the Group obtained the agreement in principle from relevant government authorities in respect of the Qiankeng Property in early 2020 that such redevelopment would be changed from indemnificatory housing to affordable commodity housing. The redevelopment plan of Qiankeng Property, which is regarded as a major renewal project of Longhua District, was principally agreed by the Urban Renewal Bureau in August 2020. The Group has been approved as the authorised developer of the project by the related government authorities in January 2021. Selection of design and construction proposals has been carrying out by the Group in the first quarter of 2021. Demolition of the existing factory and infrastructures has commenced in the first quarter of 2021.

2. **Laiying Garden - Urban Renewal Project**

The Group was selected by relevant stakeholders as the market developer of the redevelopment of Laiying Garden located in Nanshan District, Shenzhen. Demolition of the existing factory and infrastructures will be commenced in the second half of 2021.

3. **Zhangkengjing Property**

The Group acquired the Zhangkengjing property in September 2015, and applied to change its land use from industrial to commercial and residential for redevelopment purpose in February 2017. The application is being reviewed by the relevant government authorities as at the reporting date. Property units are currently used for rental purpose.

The Financial Services Segment

With its development strategy of building a one-stop financial services platform with competitive advantage on branding and market positioning at the Greater Bay Area, the Group has committed to provide diversified financial services, included Hong Kong securities brokerage and margin financing, IPO bookrunner and underwriting, shares placing, asset and wealth management, money lending and etc. during the reporting period. Corporate finance advisory services are also provided mainly by Optima Capital which is a 60%-owned subsidiary since April 2019.

During the reporting period, the financial services segment has been the major revenue growth driver among other business segments, and operation of such business saw a well-rounded improvement. Realord Asia Pacific Securities Limited took an active role in the primary market in 2020, and participated in 10 IPO projects as joint bookrunner and underwriter and 9 international placing projects. In regard of its secondary market business, there was a significant growth in securities transaction volume, which has led to a favourable year-on-year growth in brokerage fees. A fourfold increase in the number of newly opened securities accounts was also recorded. Meanwhile, strengthened margin financing services has resulted in higher interest income during the reporting period. For the asset management arm, a new investment fund was launched in the first half of 2020.

Stock market performance in Hong Kong during the year has shown strong resilience despite challenges brought by the COVID-19 outbreak. Driven by financial measures adopted in different places worldwide to stimulate economic recovery such as quantitative easing and expansionary fiscal policy, coupled with the market sentiment towards the China-US economic tensions which potentially drives US-listed Chinese companies to get listed in Hong Kong, the Group remains positive about the Hong Kong financial and IPO markets in 2021. The Group will continue its efforts to expand its footprint in the Hong Kong primary and secondary markets, and to enhance the variety of investment products and geographical markets in achieving a more comprehensive portfolio in the year to come. Meanwhile, with an aim to further improve user experience and raise brand awareness, the Group is in the course of optimizing its software systems in relation to securities transaction while expanding its sales and marketing force.

The EP Segment

The EP segment remained to be the Group's major revenue contributor during the year. Sales revenue recorded a slight drop due to more stringent environment protection policy implemented in the PRC, and lower procurement and sales volume of scrap materials achieved by the Group as affected by the COVID-19 pandemic. The PRC government has adopted a new legislation concerning the "Prevention and Control of Solid Waste Pollution in China" (《中華人民共和國固體廢物污染環境防治法》) since September 2020, whereby all solid waste including waste metals, amongst others, are prohibited from importation into China in order to achieve zero import of solid waste by the end of 2020. Consequently, the permit for importation of "Type 6 scrap copper materials" to China was no longer available. In response to the implementation of the PRC government policy, metal scrap materials processing of the Group has been relocated to our processing plant in Japan since FY2019, and as a result the operational costs of our EP segment surged as compared to that being carried out in the PRC in previous years. Meanwhile, processing and sales volume were lower due to country lockdown and suspension of labour force in Malaysia during the pandemic. Net profit recorded a significant year-on-year drop due to higher operational costs and a slide in copper price.

In facilitating the growth of its EP business and expanding overseas EP network, the Group has set up Realord EP Japan in Osaka, Japan in 2019, with operation of dismantling, processing, trading and sales of scrap materials commenced. To expedite its operation scale, Realord EP Japan has entered into a service agreement, a lease agreement and a purchase agreement respectively with Tsugawa Metal Co., Ltd. (“Tsugawa Metal”) in May 2020 in providing processing and dismantling services by 41 workers and related technical and logistics support, leasing 3 pieces of land with an aggregate GFA of approximately 16,000 square meters and buildings and infrastructure erected thereon (collectively, the “Leased Assets”), and purchasing fixed assets comprising 33 machinery items. Due to the change of Assets’ ownership of Tsugawa Metal to Japan Ulan Holdings Limited (“Japan Ulan”), Realord EP Japan has entered into a termination agreement with Tsugawa Metal to terminate the relevant lease agreement, and entered into a new lease agreement with Japan Ulan in relation to the continued lease of the Leased Assets, and the lease of additional site area (amounted to a total GFA of 19,609 square meters with the original 3 land parcels as stipulated in the relevant lease agreement) and infrastructure on the same land parcels in connection with the existing production site in November 2020. With such initiative that follows its development strategy of expanding the scale of EP operation in Japan, the Group believes that production and processing capabilities of the operation plant in Japan would be largely enhanced with additional site area and infrastructures in place.

Looking into 2021, the Group endeavors to broaden its sourcing network, while increase the varieties and markets of its clientele. The Group is exploring opportunities to conduct business with certain state-owned enterprises in the PRC, and investigating the potential of markets such as Indonesia and the Philippines. Meanwhile, with the operation of its processing plant in Japan on track, the Group expects that higher and more stable sourcing and processing capacity, and greater variety of product offerings could be further achieved. The Group will also look into alternatives particularly when the pandemic recovery takes place, such as deploying additional operation points in Kyushu in Japan, and seeking suitable venue options to develop a processing plant for smelting scrap materials with an aim to further lessen operational costs and improve profitability while sustain growth of the EP business.

The MVP Segment

Demand of such motor vehicle parts remained stable as more consumers inclined to have repair initiatives to their vehicles in lieu of purchasing new ones during the year. The MVP Segment saw a moderate growth in revenue yet a drop in segment profit during the reporting period. With countries underwent lockdown, borders and ports closed, and more COVID-19 precautionary measures for imported goods in place and quarantine measures implemented (particularly to the motor vehicle parts importing from the European countries) under the COVID-19 outbreak, containers supply has become tight with shipments delayed, hence a timely product supply has become more challenging. Following its development strategy to expand the scale of its MVP business, the Group was able to secure sufficient product supplies before the COVID-19 outbreak, hence it succeeded to maintain a stable product supply to retaining old customers while attracting new customers despite the pandemic. A growth in sales revenue was achieved thereby for the MVP segment. As the Group closely monitored the account receivables turnover, a quicker turnover rate was achieved during the COVID-19 pandemic. However, such measure resulted in lower net profit margin.

In 2021, the Group will continue its efforts on increasing MVP sales while maintaining the stability of its procurement network amid the challenges brought by COVID-19 pandemic.

The Commercial Printing Segment

Fundraising activities of small and medium-sized corporates in the capital market were affected and delayed during the COVID-19 pandemic. Number of IPO customers for the Group's Commercial Printing Segment dropped slightly which has cast certain impacts to the segment revenue and profit during the reporting period. Increasing cost control pressure from customers has also led to slimmer profit for the Commercial Printing Segment.

The Group sees potential threats, particularly rising operation costs, for the commercial printing industry in the mid- to long-run. Moreover, capital market uncertainties and the recovery of business activities from the COVID-19 pandemic in 2021 may also cast unforeseeable impacts to the commercial printing business. The Group will continue to evaluate the business segment and implement cost-controlling measures whenever necessary.

The Hangtag Segment

In view of the sluggish market demand and dim outlook of the Hangtag Segment, the Group will continue to assess the continuity of the business operation in the year to come.

CONTINGENT LIABILITIES

The Group has no significant contingent liabilities as at 31 December 2020.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2020, the Group had a total workforce of 273, of whom 149, 99 and 25 were based in Hong Kong, the PRC and Japan. Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

EVENTS AFTER REPORTING PERIOD

On 15 May 2020, Realord Asia Pacific Securities Limited, a non wholly-owned subsidiary of the Company, intended to make, on behalf of the Company, a voluntary conditional cash offer (the “Offer”) to acquire all the issued shares of The Sincere Company, Limited (“Sincere”), a listed company in Hong Kong (stock code: 0244). The making of the Offer is still subject to the satisfaction or waiver (as the case may be) of certain pre-conditions (the “Pre-Conditions”). As at the date of this announcement, save for Pre-Condition (ii) in relation to the no-bid confirmation having been obtained, all the Pre-Conditions remain outstanding. In relation to Pre-Condition (i), the applications to the Insurance Authority for the requisite approval of the proposed change of “controllers” (within the meanings of the Insurance Ordinance) were duly made and all necessary submissions and applications for the fulfilment of Pre-Condition (i) on the part of the Company have been made by the Company. On 25 February 2021, a corresponding application with regard to such proposed change of “controllers” was submitted by legal advisor of Sincere to the Insurance Authority.

For further details, please refer to the joint announcements of the Company and Sincere dated 15 May 2020, 5 June 2020, 17 June 2020, 17 July 2020 and 4 August 2020, 4 September 2020, 6 October 2020, 6 November 2020, 7 December 2020 and 7 January 2021, respectively, and the announcements issued by the Company dated 9 February 2021, 26 February 2021 and 10 March 2021, respectively, and the circular of the Company dated 23 July 2020, in relation to, among other matters, the Offer.

Further announcement(s) setting out the progress and any material developments in relation to the Offer will be made as and when necessary in accordance with the Listing Rules and the Takeovers Code and/or on a monthly basis until the despatch of the offer document of the Offer.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance practices. In the opinion of the Directors, the Company has complied all code provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2020.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited. The work performed by the Company's auditors in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on the preliminary announcement.

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three members, namely Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue, who are all independent non-executive Directors. The Audit Committee has reviewed with the management about the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control system and financial reporting matters of the Group. The Audit Committee has also reviewed the consolidated financial statements of the Group for the year ended 31 December 2020.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (<http://www.realord.com.hk>) and the Stock Exchange's website (<http://www.hkexnews.hk>).

The annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the abovementioned websites in due course.

By Order of the Board
Realord Group Holdings Limited
Lin Xiaohui
Chairman

Hong Kong, 22 March 2021

As at the date of this announcement, the executive Directors are Dr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong and the independent non-executive Directors are Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue.