GLOBAL MASTERMIND
環 球 大 通

GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8063

ANNUAL REPORT
2021

*For identification purposes only

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Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Kwok Wai, Elton *(Chairman)*
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan *(Managing Director)*
Mr. Tse Ke Li *(resigned on 15 January 2021)*

Independent Non-Executive Directors

Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching
Mr. Lai Hok Lim

COMPLIANCE OFFICER

Mr. Mung Bun Man, Alan

COMPANY SECRETARY

Ms. Chu Man Ting

AUDIT COMMITTEE

Mr. Law Kwok Ho, Kenward *(Committee Chairman)*
Mr. Fung Wai Ching
Mr. Lai Hok Lim

REMUNERATION COMMITTEE

Mr. Lai Hok Lim *(Committee Chairman)*
Mr. Mung Bun Man, Alan
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching

NOMINATION COMMITTEE

Mr. Fung Wai Ching *(Committee Chairman)*
Mr. Mung Bun Man, Alan
Mr. Lai Hok Lim

CORPORATE GOVERNANCE COMMITTEE

Mr. Mung Bun Man, Alan *(Committee Chairman)*
Mr. Fung Wai Ching
Ms. Chu Man Ting

AUTHORISED REPRESENTATIVES

Mr. Mung Bun Man, Alan
Ms. Chu Man Ting

AUDITOR

HLB Hodgson Impey Cheng Limited
(appointed on 10 December 2021)
Moore Stephens CPA Limited
(resigned on 10 December 2021)

REGISTERED OFFICE

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Cayman Islands

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STOCK CODE

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Five-Year Financial Summary

RESULTS

For the year ended 31 December

	2021 HK$'000	(Note) 2020 HK$'000	(Note) 2019 HK$'000	(Note) 2018 HK$'000	(Note) 2017 HK$'000
Revenue	**53,676**	33,629	49,621	33,583	18,932
Loss from operations	**(164,238)**	(154,561)	(30,204)	(33,797)	(13,260)
Finance costs	**(9,677)**	(16,450)	(14,038)	(1,130)	–
Loss before tax	**(173,915)**	(171,011)	(44,242)	(34,927)	(13,260)
Income tax (expense)/credit	**(1,721)**	9,769	1,080	844	(1,412)
Loss for the year from continuing operations	**(175,636)**	(161,242)	(43,162)	(34,083)	(14,672)
Loss for the year from discontinued operation	**(7,462)**	(105,842)	(11,431)	(30,573)	(13,777)
Loss for the year	**(183,098)**	(267,084)	(54,593)	(64,656)	(28,449)
Attributable to:					
Owners of the Company	**(183,091)**	(267,084)	(54,593)	(64,656)	(28,449)
Non-controlling interests	**(7)**	–	–	–	–
	(183,098)	(267,084)	(54,593)	(64,656)	(28,449)
Dividends	**–**	–	–	–	–

Note: As a result of changes in presentation format of the consolidated statement of profit or loss and other comprehensive income, the figures in prior years have been reclassified to conform to the current year's presentation.

ASSETS AND LIABILITIES

As at 31 December

	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Assets and liabilities					
Total assets	**478,459**	600,973	918,540	831,759	732,568
Total liabilities	**(136,488)**	(251,353)	(301,646)	(161,454)	(64,512)
Net assets	**341,971**	349,620	616,894	670,305	668,056
Capital and reserves					
Equity attributable to owners of the Company	**341,978**	349,620	616,894	670,305	668,056
Non– controlling interests	**(7)**	–	–	–	–
	341,971	349,620	616,894	670,305	668,056

Chairman's Statement

Dear shareholders

During the year ended 31 December 2021, we reported a loss attributable to owners of the Company of HK$183.09 million, representing a 31% improvement as compared to last year. This improvement was mainly attributable to (i) a HK$85.69 million decrease in allowance for expected credit losses ("**ECL**") on trade receivables, (ii) the absence of the previous year's one-off loss of assets of HK$58.77 million arising from the incidents (the "**SA Incidents**") relating to our former subsidiary, Solution Apex Investments Limited ("**Solution Apex**" or "**SA**") as disclosed in our announcement dated 29 December 2020, (iii) the recognition of HK$14.39 million net realised and unrealised gains on securities investment in 2021, in contrast to HK$15.87 million net realised and unrealised losses on securities investment last year, (iv) the recognition of a HK$3.90 million gain on fair value changes of investment properties in 2021, in contrast to a HK$17.80 million loss on fair value changes of investment properties last year, and (v) a HK$20.51 million decrease in staff costs, which were partially offset by (i) the recognition of a HK$96.34 million loss on fair value changes of convertible bonds in 2021, and (ii) a HK$16.99 million increase in allowance for ECL on loan receivables.

Our travel business suffered sustained losses in recent years due to severe market competition and the outbreak of the COVID-19 pandemic. In the year ended 31 December 2020 and the first half of 2021, our travel business posted a segment loss of HK$105.84 million and HK$7.55 million, respectively. The substantial losses resulted from the adverse impact of the COVID-19 pandemic and the substantial allowance for ECL on trade receivables. Furthermore, with the ongoing situation of new COVID-19 variants worldwide, we expected that the travel restrictions would remain tight, and the travel business would continue to suffer from substantial loss in the foreseeable future. Therefore, we decided to reduce the Group's continual exposure to further loss and financial commitments by disposing of our 49% interest in Safe2Travel Pte Ltd and 100% interest in Harvest Well International Limited (in turn holding 51% interest in Safe2Travel Pte Ltd) in 2021. In the future, we intend to develop our travel business in Hong Kong, focusing on inbound travel from Mainland China and/or outbound short-haul trips to the Guangdong-Hong Kong-Macao Greater Bay Area, when the border restrictions are lifted.

The segment loss of our money lending business increased from HK$35.92 million in 2020 to HK$60.08 million in 2021. The increase was mainly due to the increase in allowance for ECL on loan receivables of HK$16.99 million. In view of the severe outbreak of Omicron variants of COVID-19 in Hong Kong in the beginning of 2022, we will slow down our pace in business expansion and closely monitor our loan portfolio's performance.

We recorded a segment profit of HK$14.38 million for our treasury management business in 2021, in contrast to a segment loss of HK$15.88 million last year. The turnaround was due to a net realised gain of HK$5.39 million from the disposal of Hong Kong-listed securities and a net unrealised gain of HK$9.00 million arising on changes in fair values of securities investments. We will closely monitor and adjust our listed securities portfolio from time to time.

The segment loss of our financial services business increased from HK$1.31 million in 2020 to HK$2.58 million in 2021. The increase was due to the recognition of an allowance for ECL on account receivable from a margin client of HK$7.15 million, which was partially offset by an increase in commission income from securities brokerage and an increase in advisory fee income from corporate finance.

Chairman's Statement

To combat the severe outbreak of Omicron cases in Hong Kong, a raft of anti-virus measures including the social-distancing measures were implemented, and the expected lift of travel restrictions and the reopening with Mainland China were delayed. The ongoing epidemic and the resulted measures are expected to impact negatively on the economy of Hong Kong. We will remain watchful about the development of the COVID-19 pandemic and its impact in 2022, continue to monitor the business environment with caution and strengthen our business foundation by focusing on our existing businesses. Meanwhile, we will continue to maintain a proactive and prudent approach in our cost control and financial strategy to strengthen our financial position.

On behalf of the Board, I would like to close by thanking our shareholders and customers for their continued confidence and support, our board of directors, the management team, and every dedicated staff member for their hard work and significant contribution to us in the past years.

Cheung Kwok Wai Elton
Chairman

Hong Kong, 25 March 2022

Management Discussion and Analysis

FINANCIAL REVIEW

Given that the travel business in Singapore suffered sustained losses in recent years due to severe market competition and the outbreak of the COVID-19 pandemic, Global Mastermind Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") ceased its travel business in Singapore by disposing of its entire issued share capital of Harvest Well International Limited ("**Harvest Well**" or "**HW**") on 30 August 2021. The principal subsidiary of Harvest Well was Safe2Travel Pte Ltd ("**Safe2Travel**"), which was engaged in the travel business in Singapore. Accordingly, the results of Safe2Travel were presented separately as discontinued operation for financial reporting purposes.

Loss for the year attributable to owners of the Company for the year ended 31 December 2021 amounted to HK$183,091,000, a 31% decrease from HK$267,084,000 for the previous year. The decrease in the loss attributable to owners of the Company was due to a HK$98,380,000 decrease in loss for the year from discontinued operation, which were partially offset by the increase in loss for the year from continuing operations of HK$14,387,000. Details of which are discussed below.

RESULTS OF CONTINUING OPERATIONS

The Group recorded a loss of HK$175,629,000 for the year ended 31 December 2021 (2020: HK$161,242,000) from continuing operations. The increase in the loss for the year from continuing operations was mainly due to (i) the recognition of a HK$96,338,000 loss on fair value changes of convertible bonds in 2021, and (ii) a HK$16,994,000 increase in allowance for ECL on loan receivables, which were partially offset by (i) the absence of the previous year's one-off loss of assets of HK$58,765,000 arising from the SA Incidents, (ii) the recognition of HK$14,388,000 net realised and unrealised gains on securities investment in 2021, in contrast to HK$15,873,000 net realised and unrealised losses on securities investment last year, and (iii) the recognition of a HK$3,900,000 gain on fair value changes of investment properties in 2021, in contrast to a HK$17,800,000 loss on fair value changes of investment properties last year.

Revenue and profitability

An analysis of the Group's revenue for the years ended 31 December 2021 and 2020 is as follows:

	2021 **HK$'000**	2020 HK$'000
Interest income from money lending business	**27,885**	29,636
Net realised gain (loss) on securities investment	**5,389**	(11,637)
Revenue derived from financial services business	**20,402**	15,630
	53,676	33,629

For the year ended 31 December 2021, the revenue of the Group amounted to HK$53,676,000, which was comprised of (i) interest income from money lending business of HK$27,885,000 (2020: HK$29,636,000), (ii) net realised gain on securities investment of HK$5,389,000 (2020: net realised loss of HK$11,637,000), and (iii) revenue derived from financial services business of HK$20,402,000 (2020: HK$15,630,000). Revenue derived from financial services business includes commission income from securities brokerage, interest income from margin financing and initial public offering ("**IPO**") financing, handling and settlement income arising from securities brokerage, asset management fee income, and advisory fee income from corporate finance.

The Group reported an increase of 60% in its revenue for the year ended 31 December 2021 as compared to HK$33,629,000 for the year ended 31 December 2020. This increase was mainly attributable to the recognition of the net realised gain of HK$5,389,000 on securities investment for the year ended 31 December 2021, in contrast to a net realised loss of HK$11,637,000 last year.

Management Discussion and Analysis

Other income, other gains and losses

Other income, other gains and losses for the year ended 31 December 2021 amounted to a net loss of HK$3,763,000, in contrast to a net income of HK$7,640,000 for the year ended 31 December 2020. The recognition of net loss for other income, other gains and losses was mainly due to (i) the recognition of a loss on financial guarantee contract of HK$6,168,000 relating to the payments made by the Company to a bank in Singapore in fulfilling its obligation as a financial guarantor in respect of the banking facilities granted to Safe2Travel, and (ii) the recognition of a loss on disposal of a joint venture of HK$3,177,000 through the disposal of the entire issued share capital of Jade Emperor International Limited. Details of the disposal were set out in note 21 to the consolidated financial statements.

Staff costs, depreciation and amortisation expenses, and other expenses

For the year ended 31 December 2021, staff costs amounted to HK$17,311,000 (2020: HK$25,877,000). Depreciation and amortisation expenses amounted to HK$2,031,000 (2020: HK$6,411,000). Other expenses amounted to HK$20,698,000 (2020: HK$17,583,000).

The decrease in staff costs was mainly due to two executive directors of the Company not taking any directors' emoluments since 1 June 2021.

The decrease in depreciation and amortisation expenses was mainly attributable to the majority of the Group's right-of-use assets being fully depreciated upon the expiry of the related lease contracts.

The increase in other expenses was mainly due to a HK$3,458,000 increase in legal and professional fees resulted from the SA Incidents.

Gain on fair value changes of investment properties

At the end of the reporting period, the Group remeasured its investment properties in Hong Kong at fair value based on a valuation prepared by an independent qualified valuer, and recognised a gain of HK$3,900,000 (2020: a loss of HK$17,800,000) on the fair value changes of investment properties. The recognition of the gain on fair value changes of investment properties was due to the better performance of property market in Hong Kong in 2021 as compared with last year.

Allowance for ECL on financial guarantee contract

On the disposal of Harvest Well, the Group de-recognised the bank borrowings of Safe2Travel but recognised a financial guarantee contract of SG$2,313,000 (equivalent to HK$13,394,000) as a liability. The financial guarantee contract was pre-existing commitment arising from the parent company guarantee given by the Company in favour of the bank in Singapore for securing the banking facilities granted to Safe2Travel when it used to be a wholly-owned subsidiary of the Group. During the year ended 31 December 2021, the Group paid SG$1,067,000 (equivalent to HK$6,168,000) to the bank in discharging its financial guarantee, which was expensed to profit or loss by way of a loss on financial guarantee contract. The remaining outstanding balance of SG$1,246,000 (equivalent to HK$7,209,000) to be paid in the year ending 31 December 2022 was expensed to profit or loss by way of an allowance for ECL on financial guarantee contract.

Allowance for ECL on loan receivables

At the end of the reporting period, the directors performed an impairment assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. Having performed the impairment assessment, the directors concluded that an allowance for ECL on loan receivables of HK$76,314,000 (2020: HK$59,320,000) was required for the year ended 31 December 2021. The allowance for ECL on loan receivables of HK$76,314,000 was made against (i) the reclassification of a loan receivable from stage 1 (initial recognition) to stage 3 (credit-impaired) as the customer failed to settle the principal and interest on a loan granted by another licensed money lender on the due date subsequent to the end of the reporting period, and (ii) the reclassification of a loan receivable from stage 2 (significant increase in credit risk) to stage 3 (credit-impaired) as a customer failed to pay interests for more than six months.

Management Discussion and Analysis

Allowance for ECL on account receivable from a margin client

At the end of the reporting period, the directors performed an impairment assessment on a loan to a securities margin client with reference to a valuation prepared by the independent professional valuer. Having performed the impairment assessment, the directors concluded that an allowance for ECL on account receivable from a margin client of HK$7,149,000 (2020: Nil) was required for the year ended 31 December 2021. The allowance for ECL on the margin loan of HK$7,149,000 was made against the reclassification of the margin loan from stage 1 (initial recognition) to stage 3 (credit-impaired) as the client failed to repay or provide additional collateral when the eligible margin value of the securities fell below the outstanding amount of the margin loan.

Loss on fair value changes of convertible bonds

On 7 May 2021, the Company received the conversion notices from the holder of the convertible bonds for the exercise of its conversion rights to convert the entire outstanding principal amount of HK$60,000,000 into 84,507,042 ordinary shares of HK$0.10 each of the Company at the adjusted conversion price of HK$0.71 per share.

The Group remeasured the convertible bonds at fair value based on a valuation prepared by an independent qualified valuer, and recognised a loss of HK$96,338,000 (2020: Nil) on the fair value changes of convertible bonds at the date of conversion. This fair value loss is non-cash in nature and did not have any impact on the Group's cash flows. In addition, it had no net impact on the net asset value of the Company as a corresponding amount equivalent to the loss was credited to the share premium account of the Company at the time when the convertible bonds were fully converted into the Company's shares during the year.

Finance costs

For the year ended 31 December 2021, the finance costs amounted to HK$9,677,000 (2020: HK$16,450,000), of which (i) HK$8,000,000 (2020: HK$8,000,000) was related to the interest expense on other borrowing, (ii) HK$1,657,000 (2020: HK$8,141,000) was related to the interest expense on convertible bonds, and (iii) HK$20,000 (2020: HK$309,000) was related to the interest expenses on lease liabilities. The decrease in finance costs in 2021 was mainly due to (i) the partial redemption of HK$20,000,000 of the convertible bonds issued in 2018 on 12 November 2020, and (ii) the conversion of the entire convertible bonds with the principal amount of HK$60,000,000 issued in 2020 into ordinary shares of the Company on 12 May 2021.

RESULTS OF DISCONTINUED OPERATION

Loss for the year from discontinued operation amounted to HK$7,462,000 (2020: HK$105,842,000), which represents the results of Safe2Travel for the period from 1 January 2021 to the date of disposal of Harvest Well. The decrease in loss for the year from discontinued operation was mainly due to (i) a HK$92,844,000 decrease in allowance for ECL on trade receivables and (ii) a HK$11,939,000 decrease in staff costs.

For the year ended 31 December 2021, the allowance for ECL on trade receivables from the travel business of HK$870,000 (2020: HK$93,714,000) was recognised. No further allowance was recognised in the second half of 2021 as the Group disposed of its entire shareholding interests in Harvest Well in August 2021.

The decrease in staff costs was due to (i) the taking of more unpaid leaves as well as furlough leaves by the staff of Safe2Travel in the six months ended 30 June 2021 as compared with the corresponding period last year, and (ii) the deconsolidation of Safe2Travel due to the disposal of the Group's shareholding interest in Harvest Well in August 2021.

Management Discussion and Analysis

BUSINESS REVIEW

Money lending business

During the year ended 31 December 2021, the Group's money lending business generated interest income on loans of HK$27,885,000, representing a 6% decrease from HK$29,636,000 for the previous year, and reported a segment loss of HK$60,075,000, representing a 67% deterioration from the segment loss of HK$35,919,000 for the previous year.

The decrease in interest income was contributed by the change in interest income recognition method of three loans classified as stage 3 (credit-impaired). Interest income from these three loans is calculated based on effective interest rate on their net carrying amounts (after deducting their respective accumulated loss allowance for ECL), rather than their gross loan receivables. Other than the decrease in interest income, the deterioration in segment results was attributable to a HK$16,994,000 increase in allowance for ECL as discussed below.

During the year ended 31 December 2021, the Group did not grant any new loan, but extended the final repayment date of two loans in the aggregate outstanding principal amount of HK$75,300,000. The Group's customers did not make any drawing from the existing loans and repaid HK$17,351,000 to the Group.

As at 31 December 2021, eight loans remained outstanding, in which (i) two loan receivables with the aggregate gross balance of HK$90,535,000 were classified under stage 1 (initial recognition), (ii) a loan receivable with the gross balance of HK$35,300,000 was classified under stage 2 (significant increase in credit risk), and (iii) five loan receivables with the aggregate gross balance of HK$196,186,000 were classified under stage 3 (credit-impaired). During the year ended 31 December 2021, a loan receivable with a gross balance of HK$62,738,000 was transferred from stage 1 (initial recognition) to stage 3 (credit-impaired) as the customer failed to settle the principal and interest on a loan granted by another licensed money lender on the due date subsequent to the end of the reporting period. A loan receivable with a gross balance of HK$61,208,000 was transferred from stage 2 (significant increase in credit risk) to stage 3 (credit-impaired) as the customer failed to pay interest for more than six months.

At the end of the reporting period, the directors performed an impairment assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. Based on the valuation, a total of HK$76,314,000 allowance for ECL on loan receivables was made in 2021, representing a HK$16,994,000 increase as compared to that for the year ended 31 December 2020. Of the total allowance for ECL, a reversal of allowance for ECL of HK$2,611,000 (2020: allowance for ECL of HK$3,832,000) was recognised for loan receivables classified under stage 1 (initial recognition), HK$1,991,000 (2020: HK$14,373,000) was recognised for loan receivables classified under stage 2 (significant increase in credit risk), and HK$76,934,000 (2020: HK$41,115,000) was recognised for loan receivables classified under stage 3 (credit-impaired).

The reversal of allowance for ECL of HK$2,611,000 under stage 1 (initial recognition) has arisen from the decrease in the probability of default resulting from the global economy's recovery in 2021.

The aggregate accumulated allowance for ECL on the loan receivables classified under stage 2 (significant increase in credit risk) and stage 3 (credit-impaired) increased from HK$78,587,000 in the year ended 31 December 2020 to HK$160,439,000 in the year ended 31 December 2021. The increase was attributable to (i) further allowance of HK$59,811,000 and HK$11,972,000 being provided as a result of the reclassification of a loan from stage 1 (initial recognition) to stage 3 (credit-impaired) and from stage 2 (significate increase in credit risk) to stage 3 (credit-impaired) respectively and (ii) a further allowance of HK$7,706,000 being provided on a loan receivable classified as stage 3 (credit-impaired) as the management believe the recovery of the loan receivable is remote.

Management Discussion and Analysis

Since the financial year of 2020, the Group has recorded a substantial increase in the allowance for ECL on its loan receivables. The Group believes that such a substantial increase was primarily attributable to the outbreak of the COVID-19 pandemic starting early 2020, which has an adverse impact on the financial condition and cash flow of several customers. Before the COVID-19 pandemic outbreak in 2020, the money lending business contributed positively to the Group's results. The Group will continue to monitor the performance of its loan portfolio closely, including the repayment behaviour and financial condition of each customer.

As at 31 December 2021, the Group's loan receivables together with accrued interest receivables (before accumulated loss allowance for ECL) amounted to HK$322,021,000 (31 December 2020: HK$331,366,000).

Information on the business model and the internal control systems of the Group's money lending business, the major terms of loans, and the largest customer and the five largest customers are disclosed in note 43(b) to the consolidated financial statements.

Treasury management business

During the year ended 31 December 2021, the Group did not acquire any securities investment (2020: Nil). The Group disposed of a securities investment at a consideration of HK$18,557,000 (2020: HK$23,949,000) on the open market, with a carrying amount plus transaction costs of HK$13,183,000 (2020: HK$35,606,000). Taking into account of the dividend income of HK$15,000 (2020: HK$20,000) from its securities investment in the year ended 31 December 2021, the Group recorded a net realised gain of HK$5,389,000 (2020: a net realised loss of HK$11,637,000). As at 31 December 2021, the Group remeasured its securities investment at fair value and recorded a net unrealised gain of HK$8,999,000 arising on changes in fair values of securities investment (2020: a net unrealised loss of HK$4,236,000).

Financial services business

During the year ended 31 December 2021, the revenue of the Group's financial services business increased by 31% to HK$20,402,000 (2020: HK$15,630,000).

Commission income from securities brokerage for the year ended 31 December 2021 increased by 59% to HK$4,636,000 (2020: HK$2,918,000). This increase was due to increased transaction volumes of securities dealings by the Group's customers resulted from the Hong Kong equity market recovery.

Interest income from margin financing and IPO financing for the year ended 31 December 2021 decreased by 4% to HK$6,197,000 (2020: HK$6,464,000). The total outstanding loans to securities margin clients, net of accumulated allowance for ECL as at 31 December 2021, amounted to HK$61,128,000 (2020: HK$58,515,000). After performing an impairment assessment, the directors concluded that the allowance for ECL on account receivable from a margin client of HK$7,149,000 was required for the year ended 31 December 2021 (2020: Nil).

The handling and settlement income arising from securities brokerage for the year ended 31 December 2021 increased by 30% to HK$6,991,000 (2020: HK$5,359,000), as the transaction volumes of securities dealings by the Group's customers increased.

The asset management fee income for the year ended 31 December 2021 decreased by 51% to HK$74,000 (2020: HK$151,000). The decrease was due to a decline in the assets under management by the Group.

The advisory fee income from corporate finance for the year ended 31 December 2021 increased by 239% to HK$2,504,000 (2020: HK$738,000) as the Group had obtained more financial advisory services engagements in the year ended 31 December 2021.

Management Discussion and Analysis

Discontinued operation – travel business

Safe2Travel suffered a substantial loss due to severe market competition, global economic instability and allowance for ECL on trade receivables in 2019, and continued to suffer a substantial loss due to the adverse impact of the COVID-19 pandemic in 2020. To reduce the Group's exposure to further loss and further capital requirements of Safe2Travel, the Group disposed of 49% interest in Safe2Travel to a company wholly owned by Mr. Fung Chung Yuen Steve ("**Mr. Fung**"), a director and the chief executive officer of Safe2Travel, at a consideration of SG$108,000 (equivalent to HK$626,000) on 2 July 2021.

With the increased cases of new COVID-19 variants, it was expected that travel restrictions would remain tight in 2021 and the Group's Singapore travel business would continue to suffer from substantial loss in the foreseeable future. To reduce its continual exposure to further loss and capital requirement, the Group disposed of the entire issued share capital of Harvest Well to Mr. Lee Yuk Tong ("**Mr. Lee**"), an independent third party, at a consideration of HK$1, subject to the Outcome Sharing Adjustment (as defined below), on 30 August 2021.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, and borrowings. Equity attributable to owners of the Company decreased from HK$349,620,000 at 31 December 2020 to HK$341,978,000 at 31 December 2021. This decrease was due to the loss incurred by the Group for the year ended 31 December 2021, which was partially offset by the conversion of the entire convertible bonds with the principal amount of HK$60,000,000 into ordinary shares of the Company on 12 May 2021.

On 12 November 2020, the Company issued the convertible bonds in an aggregate principal amount of HK$60,000,000. The convertible bonds were interest-bearing at 8% per annum, secured by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, and maturing on 11 November 2022. The gross proceeds from the issue of the convertible bonds with the principal amount of HK$60,000,000 were utilised to offset against the remaining outstanding principal amount of the convertible bonds issued in November 2018. On 12 May 2021, the holder converted the entire convertible bonds with the principal amount of HK$60,000,000 into 84,507,042 ordinary shares of HK$0.10 each at the adjusted conversion price of HK$0.71 per share. As at 31 December 2021, there were no outstanding convertible bonds in issue.

As at 31 December 2021, the bank balances and cash of the Group amounted to HK$33,657,000 (2020: HK$28,721,000).

As at 31 December 2021, the Group had outstanding borrowings of HK$100,000,000 (2020: HK$190,233,000), representing a loan of HK$100,000,000 granted by a finance company, which is interest-bearing at 8% per annum, secured by (i) the post-dated cheques drawn in favour of the finance company for payment of the principal and the interests stipulated under the loan agreement, and (ii) a personal guarantee given by Mr. Cheung Kwok Wai, Elton, and maturing on 11 November 2022.

The decrease in the Group's outstanding borrowings was mainly attributable to the (i) the conversion of the entire convertible bonds with the principal amount of HK$60,000,000 into ordinary shares of the Company on 12 May 2021; and (ii) the de-recognition of the bank borrowings with an outstanding balance of HK$30,233,000 at 31 December 2020 through the disposal of Harvest Well in August 2021.

Management Discussion and Analysis

Gearing ratio

As at 31 December 2021, the Group's gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 29% (2020: 54%).

Net current assets and current ratio

As at 31 December 2021, the Group's net current assets and current ratio were HK$161,563,000 (2020: HK$32,355,000) and 2.2 times (2020: 1.1 times) respectively. The increase in net current assets and current ratio was mainly attributable to (i) the reclassification of loan receivables of HK$136,405,000 (net of accumulated allowance for ECL) from non-current assets to current assets during the year ended 31 December 2021, and (ii) the conversion of the entire convertible bonds with the principal amount of HK$60,000,000 into ordinary shares of the Company on 12 May 2021.

CAPITAL STRUCTURE

On 12 March 2021, the Board proposed to implement the share consolidation (the "**Share Consolidation**") by consolidating every ten existing issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company into one ordinary share of HK$0.10 each. The Share Consolidation was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 12 April 2021 and all conditions precedent of the Share Consolidation have been fulfilled on 12 April 2021. The total number of issued shares became 426,286,705 upon the Share Consolidation became effective on 14 April 2021. Please refer to the announcements of the Company dated 12 March 2021 and 12 April 2021 and the circular of the Company dated 23 March 2021 for details.

On 12 May 2021, the Company allotted and issued 84,507,042 ordinary shares of HK$0.10 each to the holder of convertible bonds with the principal amount of HK$60,000,000 at the adjusted conversion price of HK$0.71 per share pursuant to the conversion notices given by the holder.

Save as disclosed above, there was no change in the Company's capital structure during the year ended 31 December 2021.

EXCHANGE RATE RISK

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period were recognised in the profit or loss. In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement to suppliers or payment from customers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, and forward contracts would be entered for hedging the risks if considered necessary.

PLEDGE OF ASSETS

On 1 March 2021, the Company entered into a settlement agreement with a bank in Singapore pursuant to which the Company agreed to repay the outstanding bank borrowings and the accrued interest payable of Safe2Travel, a then wholly-owned subsidiary of the Company, in discharge of the Company's pre-existing obligations under a parent company guarantee given to the bank to fortify the borrowings of Safe2Travel. The repayment is secured by a first legal mortgage over the Group's investment properties in Hong Kong at carrying amount as at 31 December 2021 of HK$167,200,000 and the assignment of rental proceeds from the Group's investment properties to the bank.

Management Discussion and Analysis

CONTINGENT LIABILITIES

During the year ended 31 December 2021, a deed of indemnity for an indemnified amount up to SG$1,000,000 (equivalent to HK$5,760,000) was given by the Company to an insurance company, which provides financial guarantee in favour of Safe2Travel's customers of the travel business for the due performance and observance of the Safe2Travel's obligations under the contracts entered into between Safe2Travel and its customers. If Safe2Travel fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the insurance company to pay them the sum stipulated in such demand. The Company will become liable to indemnify the insurance company accordingly. Subsequent to the disposal of Safe2Travel through the disposal of Harvest Well, the indemnity remains in full force and effect.

As at 31 December 2021, the directors did not consider it was probable that a claim would be made against the Group.

MATERIAL COMMITMENTS

As at 31 December 2021, the Group had no material commitments.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) On 26 March 2021, the Group entered into a sale and purchase agreement with Universal Advisory Pte Ltd ("**Universal Advisory**"), pursuant to which the Group agreed to sell and Universal Advisory agreed to purchase 49% of the issued share capital of Safe2Travel for a cash consideration of SG$108,000 (equivalent to HK$626,000).

Universal Advisory is a company incorporated in Singapore with limited liability and wholly owned by Mr. Fung. Mr. Fung is a director and the chief executive officer of Safe2Travel, and is therefore a connected person of the Company at the subsidiary level. The disposal constituted a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. The Company has complied with the relevant connected transaction requirements in Chapter 20 of the GEM Listing Rules.

The completion of the disposal took place on 2 July 2021.

Please refer to the Company's announcements dated 26 March 2021 and 25 May 2021 for more details.

(b) On 30 August 2021, the Group entered into a sale and purchase agreement with Mr. Lee, pursuant to which the Group agreed to sell and Mr. Lee agreed to purchase (i) the entire issued share capital of Harvest Well, and (ii) the inter-company accounts owned by Harvest Well and its subsidiaries to the Group as at 30 August 2021, for the total consideration of HK$1, as adjusted by the mechanisms of Outcome Sharing Adjustment (as defined below), if any. Harvest Well is an investment holding company without active business operations, with its principal asset being its investment in 51% shareholding in Safe2Travel.

Pursuant to the sale and purchase agreement, if Mr. Lee successfully recovers any value in the assets of Harvest Well and its subsidiaries subsequent to the completion of the disposal, any proceeds recovered shall be distributed between the Group and Mr. Lee in the proportions of 70% to 30% (the "**Outcome Sharing Adjustment**"). Under the Outcome Sharing Adjustment, the distribution to the Group is limited to the net amount in the inter-company accounts of HK$12,707,000, and any proceeds recovered above such amount shall be fully distributed to Mr. Lee.

Management Discussion and Analysis

The disposal constituted a disclosable transaction for the Company under Chapter 19 of the GEM Listing Rules. The Company has complied with the relevant disclosable transaction requirements in Chapter 19 of the GEM Listing Rules.

The disposal was completed on 30 August 2021.

Please refer to the Company's announcement dated 30 August 2021 for more details.

Other than disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint venture during the year ended 31 December 2021.

ENVIRONMENTAL POLICIES

The Group is committed to acting in an environmentally responsible manner in our business operations and promoting green measures towards environmental protection to our employees. Our Group adheres to the principle of Recycling, Reducing and Reusing. Doubled-sided printing and copying, use of recycled paper and the reduction of energy consumption by switching off idle lightings and electrical appliance are encouraged for implementation by the Group. In order to enhance environmental sustainability, our Group will review its environmental practices from time to time and will consider implementing other eco-friendly measures and practices in the Group's business operation if and when appropriate.

COMPLIANCE WITH REGULATIONS

The Group recognises the importance of compliance with regulatory requirements. Risks of non-compliance with the relevant requirements could lead to adverse impact on business operation and financial position of the Group. The Board as a whole is responsible to ensure the Group is in compliance with relevant laws and regulations that have a significant impact on the Company.

During the year ended 31 December 2021, the Group complied with applicable laws and regulations such as the Money Lenders Ordinance and the Money Lenders Regulations for its money lending business in Hong Kong, the Securities and Futures Ordinance for its financial services business in Hong Kong, the GEM Listing Rules, the Hong Kong Companies Ordinance (Cap. 622), and other applicable laws and regulations in which the Group operates.

During the year ended 31 December 2021, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

EMPLOYEES INFORMATION

As at 31 December 2021, the total number of employees of the Group was 25 (2020: 93). Staff costs (including directors' emoluments) for the year ended 31 December 2021 from continuing operations amounted to HK$17,311,000 (2020: HK$25,877,000). The decrease in staff costs was due to two executive directors of the Company not taking any directors' emoluments since 1 June 2021.

Management Discussion and Analysis

OUTLOOK

As the spread of the highly transmissible Omicron variants increase stress on the global economy, the directors will continue to closely monitor the repayment and financial condition of the Group's money lending customers in 2022 to ensure speedy actions on any early signs of loan recovery issues. As a matter of prudent measure, the directors intend to maintain the size of the Group's loan portfolio rather than to expand it further in 2022.

In view of the worries over the uncertainties around the government regulations in the People's Republic of China (the "**PRC**") and the threats of the spread of the COVID-19 variant, the outlook of the Hong Kong equity market remains volatile. The directors will closely monitor and adjust the Group's securities investment from time to time and realise the securities investment into cash as and when appropriate in 2022.

The directors are hopeful for an improvement in the performance of the Group's financial services business in 2022 as compared to 2021, as it is believed that the economies of Hong Kong and the PRC will react positively to the PRC Government's policies to emphasis on economic growth. In addition, the new dual-primary-listing and secondary-listing requirements have been adjusted to facilitate listings on the Stock Exchange and enhance attractiveness of the Hong Kong market.

Before the outbreak of the COVID-19 pandemic in the first quarter of 2020, the Group's travel business was principally carried out in Singapore and focused on air travel and flight ticketing. However, with the persistent effect of the COVID-19 pandemic on worldwide air travel industry, the Group cut loss on its Singapore travel operations by disposing of 49% interest in Safe2Travel and 100% interest in Harvest Well. Such disposals were targeted to reduce the Group's exposure to further loss and capital requirements of, and further financial commitments to, its Singapore travel operations. Looking forward to 2022, the directors will continue to leverage on the Group's experience in the travel industry and formulate business plans to develop its travel business in Hong Kong, focusing on inbound travel from the PRC and/or outbound short-haul trips to the Guangdong-Hong Kong-Macao Greater Bay Area, which are believed to be less capital intensive and can recover more quickly when the PRC lifts border restrictions.

The highly transmissible Omicron variants have spread rapidly in Hong Kong since the beginning of 2022. New measures and restrictions to contain the epidemic and avoid social gathering have been introduced. The directors will be watchful over the development of the COVID-19 pandemic. The directors commit to lead the Group to weather the challenges and continue to monitor the business environment and strengthen the Group's business foundation by focusing on its existing businesses. In addition to focusing on the Group's existing businesses, the directors will continue to identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 31 December 2021 and up to the date of this report.

THE INVESTIGATION ON THE SA INCIDENTS

Reference is made to the Company's announcement dated 29 December 2020 (the "**SA Incidents Announcement**") in relation to, among other things, the SA Incidents regarding the Purported Investments and the Unexplained Cash Withdrawals, the Impairments on the Group's investment in Solution Apex and the discloseable transaction arising from the Disposal by the Group of Solution Apex. Unless the context otherwise requires, capitalised terms in this section shall have the same meanings as defined in the SA Incidents Announcement.

As disclosed in the SA Incidents Announcement, the Board has on 29 December 2020 resolved to establish the Investigation Team to investigate on the Purported Investments, the Unexplained Cash Withdrawals and the SA Incidents, and to oversee the progress of the Recovery Actions. Subsequent to the SA Incidents Announcement, the Investigation Team has carried out various works including the collecting of information, perusing documents, issuing enquiry letters to suspected Investigatees and business counterparties, engaging an independent risk advisory firm, instructing legal advisers and reviewing the control policies of the Group, which were already summarised on pages 17 to 18 of the Company's Annual Report 2020.

The Investigation Team has reported its findings to the Audit Committee of the Board, which was delegated by the Board to oversee the works and findings of the Investigation Team. To the best of the directors' knowledge, information and belief and after making all reasonable enquiries, none of the members of the Investigation Team and the Audit Committee has any relationship with the Investigatees, nor did they have any involvement or knowledge of the Purported Investments and the Unexplained Cash Withdrawals at the time of their occurrence. Based on the findings of the Investigation Team, the SA Incidents are believed to be caused by the personal conduct of certain Investigatee(s) who is/are believed to have caused the Purported Investments and the Unexplained Cash Withdrawals, resulting in the suffering of loss and damages by the Group. The Investigation Team has instructed legal advisers to pursue after the relevant individuals and seek to recoup and/or minimise loss and damages. In addition, the Board has resolved to adopt the new internal control measures as described above to reinforce management efficacy and internal control. Shortly after the revelation of the SA Incidents, all the Investigatees have resigned or been removed or suspended by the Company. Further details of the findings of the Investigation were already summarised in the Company's announcement dated 10 May 2021.

Based on the information available to the Company, save and except the loss of assets arising from the SA Incidents of HK$58,765,000 (the "**Loss**", which is approximately at the same amount as the expected sum of the Impairments as referred to in the SA Incidents Announcement) recognised in the consolidated statement of profit or loss of the Group for the year ended 31 December 2020, which was equivalent to the bank balances and cash as stated in the unaudited management accounts of Solution Apex as at 30 June 2020, the SA Incidents do not appear to have any other further material adverse effect on the Group as Solution Apex did not have any assets, other than the bank balances and cash of HK$58,765,000, and was disposed of on 29 December 2020. Further disclosure relating to the SA Incidents, an update of the Investigation and its effect on the comparative figures on the Group's financial statements are set out in the section headed "Additional Information Regarding the Disclaimer of Audit Opinion" below.

Management Discussion and Analysis

ADDITIONAL INFORMATION REGARDING THE DISCLAIMER OF AUDIT OPINION

As disclosed in the paragraph headed "Basis for Disclaimer of Opinion" in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2021 (the "**Independent Auditor's Report**"), the auditor of the Company (the "**Auditor**"), HLB Hodgson Impey Cheng Limited, does not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2021. The bases for the disclaimer of opinion (the "**Bases of Modification**") are more particularly set out in the Independent Auditor's Report and essentially relate to: (a) the unavailability of accounting books and records of a former subsidiary of the Group, Safe2Travel, subsequent to the disposal (the "**HW Disposal**") of Harvest Well (the "**First Basis of Modification**"); and (b) the comparative figures in relation to Solution Apex (the "**Second Basis of Modification**").

As disclosed in the independent auditor's report (the "**Independent Auditor's Report 2020**") on the consolidated financial statements of the Group for the year ended 31 December 2020, the previous year's disclaimer of opinion was caused by the SA Incidents involving three purported payments by Solution Apex to three purported parties in the amount of HK$47,534,000 in or around July 2020 (the "**Purported Payments to the Purported Three Parties**") and the unauthorised cash withdrawals of HK$11,231,000 in August 2020 (the "**Purportedly Unauthorised Cash Withdrawals**"), which relate to the matters disclosed in the SA Incidents Announcement.

In view of the disclaimer of opinion, the Board would like to provide the following additional information:

(a) Unavailability of accounting books and records of Safe2Travel subsequent to the HW Disposal

As disclosed in the Company's announcement dated 30 August 2021, the Group entered into a sale and purchase agreement dated 30 August 2021 to dispose of (the "**HW Disposal**") its entire equity interests in Harvest Well to Mr. Lee. The principal subsidiary of Harvest Well was Safe2Travel, which was engaged in travel business in Singapore. After the HW Disposal, the accounting books and records of Safe2Travel were maintained at Safe2Travel's office in Singapore, and part of accounting books and records relating to Safe2Travel which were retained by the Group that were made available to the Auditor were not sufficient for the purposes of the audit of the consolidated financial statements of the Group. The directors of the Company have taken all reasonable steps and used their best endeavours to request Mr. Lee to provide assistance in the Company's audit procedures, but Mr. Lee has failed to procure the cooperation of the directors of Safe2Travel in the provision of documents and access to information despite repeated demands, as a result of which the Auditor was unable to obtain sufficient appropriate audit evidence to satisfy itself as to whether (i) the financial performance and cash flows of Safe2Travel for the period from 1 January 2021 to the disposal date as disclosed in note 12 to the consolidated financial statements; (ii) the carrying amounts of assets and liabilities of Safe2Travel as at the disposal date as disclosed in note 39 to the consolidated financial statements; (iii) the gain on disposal of Harvest Well as disclosed in note 39 to the consolidated financial statements; and (iv) the elements making up and disclosures relating to Safe2Travel included in the consolidated financial statements of the Group, were free from material misstatements.

For the same reasons as above, the Auditor was unable to obtain sufficient appropriate audit evidence to satisfy itself as to whether the financial performance, cash flows and account balances of Safe2Travel included in the consolidated financial statements of the Group for the year ended 31 December 2020 were free from material misstatements. Any adjustments found necessary might also have possible consequential effects on the opening balances as at 1 January 2021, the financial performance of Safe2Travel for the period from 1 January 2021 to the disposal date, and the carrying amounts of its assets and liabilities as at the disposal date.

Management Discussion and Analysis

There were no alternative audit procedures that could be performed by the Auditor to satisfy itself in relation to the abovementioned matters. Any adjustments found to be necessary to the abovementioned financial performance, cash flows and account balances might have consequential significant impacts on the loss and other comprehensive loss and cash flows of the Group for the years ended 31 December 2021 and 2020, the net assets of the Group as at 31 December 2020 and the elements making up, and related disclosures in, the consolidated financial statements.

The Board's views on the First Basis of Modification

The management of the Company (the "**Management**") and the Board concur with the Auditor regarding the First Basis of Modification for the reasons set out above and the Independent Auditor's Report. After the HW Disposal, the accounting books and records of Safe2Travel were maintained at Safe2Travel's office in Singapore, and part of accounting books and records relating to Safe2Travel which were retained by the Group that were made available to the Auditor were not sufficient for the purposes of the audit of the consolidated financial statements of the Group.

When entering into the HW Disposal, the Management has insisted on a term in the sale and purchase agreement of the HW Disposal requiring Mr. Lee to provide all documents and cooperation to enable the Company to conduct its audit on HW and its subsidiaries. Pursuant to such contractual term, the Company requested Mr. Lee's assistance, who in turn tried to seek the cooperation of the directors of Safe2Travel. Based on the explanation given by Mr. Lee to the Management, the failure to cooperate was not due to Mr. Lee's own fault but was rather due to the lack of cooperation of the directors of Safe2Travel. The Company will continue to gather information from Mr. Lee and consult its legal adviser as to any appropriate further action.

The Board noticed that all areas of uncertainties for which the possibility of adjustment cannot be ruled out as stipulated above essentially relate to points in time before 31 December 2021. As explained in the Company's announcement dated 30 August 2021 in relation to the HW Disposal, Safe2Travel has suffered losses due to market competition, global economic instability, the adverse impact by COVID-19 and impairment loss on trade receivables. Since the Company has already disposed of Harvest Well in August 2021, all losses after the HW Disposal shall have no negative impact on the Group any further. Therefore, the Board is of the view that the unavailability of accounting books and records of Safe2Travel subsequent to the HW Disposal should not have any impact on the Group's consolidated financial position as at 31 December 2021 and should not have any carried forward effect on the Group's consolidated financial statements for the year ending 31 December 2022, and that any modified opinion in the forthcoming year should only relate to the comparability of 2021 figures in the consolidated financial statements for the year ending 31 December 2022.

(b) Comparative figures in relation to Solution Apex

The predecessor auditor of the Company issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2020, on the basis of the matters set out in Independent Auditor's Report 2020 on pages 51 to 53 of the Company's Annual Report 2020 which relate to the SA Incidents relating to Solution Apex regarding the Purported Payments to the Purported Three Parties with the aggregate amount of HK$47,534,000 in July 2020 and the Purportedly Unauthorised Cash Withdrawals of the remaining bank balance of Solution Apex of approximately HK$11,231,000 entirely in August 2020, details of which are set out in note 38 to the consolidated financial statements of the Group for the year ended 31 December 2020 on pages 121 to 122 of the Company's Annual Report 2020.

Management Discussion and Analysis

As disclosed in note 41 to the consolidated financial statements, the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals were carried out without the authorisation from the directors of the Company. Further, Mr. Allan Yap ("**Mr. Yap**") had been the sole director of Solution Apex since 19 December 2014 and until 1 December 2020, the Company had not received any notice from Mr. Yap about his bankruptcy effective on 3 August 2020, was not aware of the purported resignation of Mr. Yap as of 1 December 2020 and did not know the identity and background of the purported successor of directorship in Solution Apex ("**Mr. X**"). On 29 December 2020, the directors of the Company had resolved to (a) remove Mr. X as the director of Solution Apex and Durable Gold Investments Limited ("**Durable Gold**") (the immediate holding company of Solution Apex prior to the SA Disposal) with immediate effect and replace him with the Company's designated persons; (b) instruct external legal advisers to commence legal proceedings to seek to recoup the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals and/or to seek damages and other remedies from individuals and entities against whom the Group may have causes of action as a result of the SA Incidents (the "**Recovery Actions**"); (c) establish an internal investigation working team (the "**Internal Investigation Working Team**") to investigate the SA Incidents and to oversee the progress of the actions to be carried out by the external legal advisers; (d) recognise a loss in respect of the SA Incidents of approximately HK$58,765,000 in the consolidated profit or loss of the Group for the year ended 31 December 2020; and (e) enter into a sale and purchase agreement (the "**SA Disposal Agreement**") with a purchaser (the "**SA Purchaser**") to dispose of (the "**SA Disposal**") the Company's entire shareholdings in Solution Apex at a cash consideration of HK$1, together with an outcome sharing mechanism enabling the Company to retain 99% of the value or proceeds recovered from the realisation of the assets of Solution Apex and/or the actions to be taken by the SA Purchaser against Mr. Yap, the Purported Three Parties or other individuals and entities involved in the SA Incidents, details of which are set out in the SA Incidents Announcement. The SA Disposal took place on 29 December 2020 and Solution Apex has ceased to be a subsidiary of the Group since then.

Following the publication of the SA Incidents Announcement, the Internal Investigation Working Team recommended the Audit Committee to engage an independent professional firm (the "**Investigator**") to investigate the SA Incidents (the "**Investigation**"), including the circumstances and causes surrounding the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals. The detailed findings of the Investigation were disclosed in the Company's announcement dated 10 May 2021, including the following findings of the Investigation, among other things: (i) there was a lack of replies with substance from the ex-officers of Durable Gold and Solution Apex who were believed to have knowledge of and/or involvement in the SA Incidents (the "**Ex-officers under Investigation**"); (ii) the copy of bank statements provided by some Ex-officers under Investigation did not show the recipients of funding withdrawals; (iii) no supporting documents were located during the Investigation showing the reasons for or approval of these funding withdrawals; (iv) during the time of occurrence of the SA Incidents, Mr. Yap was assisted by his team of management, comprising the Ex-officers under Investigation, regarding the finance and accounting works of Solution Apex but all of them have resigned/been removed after the revelation of the SA Incidents; (v) after considering the documents relating to three purported investments in the PRC (the "**Purported Investments**") (which were the reasons provided by the Ex-officers under Investigation in seeking to explain the Purported Payments to the Purported Three Parties before their resignations/removal) and the conduct of the Ex-officers under Investigation, the directors of the Company are of the view that the value of the Purported Investments and the genuineness of the Purportedly Unauthorised Cash Withdrawals were highly dubious and accordingly, the ability for the Company to recover its investment in Solution Apex was decided to be remote; and (vi) there was no indication that any present management of the Company was involved in the Purportedly Unauthorised Cash Withdrawals, the Purported Investments, the SA Incidents and the preparation of financial statements of Solution Apex.

Management Discussion and Analysis

After considering the findings and status of the Investigation during the year, in December 2021, the Internal Investigation Working Team reported to the Audit Committee that due to the lack of cooperation of the Ex-officers under Investigation, the Company has exhausted its means in conducting internal investigation and passed the matter to the continual follow-up of all appropriate legal actions by Solution Apex and its legal advisers. The Company will continue to oversee the progress of the Recovery Actions. That having said, in the light of the findings of the Investigation so far revealed, the outcome of the Recovery Actions and the ability for the Company to recover any amount from the outcome sharing proportion were concluded by the directors of the Company to be remote, and no amount has been recovered by the Company through the outcome sharing proportion under the SA Disposal Agreement up to the date of this report.

As stated in the Independent Auditor's Report 2020, the predecessor auditors of the Company had not obtained sufficient explanations from the directors of the Company and the Investigator to satisfy themselves about the commercial substance, nature and causes of the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals, nor were they able to contact Mr. X, Mr. Yap and the Purported Three Parties. Accordingly, the predecessor auditors of the Company were unable to obtain sufficient appropriate audit evidence to satisfy themselves regarding the causes of the SA Incidents, and commercial substance and nature of the Purported Payments to the Purported Three Parties and Purportedly Unauthorised Cash Withdrawals. The predecessor auditors of the Company were also unable to determine whether any adjustments that might have been found necessary to the amount of the loss of HK$58,765,000 being recognised in the consolidated profit or loss and consequentially to the related elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and the related presentation and disclosures in the consolidated financial statements for the year ended 31 December 2020. Furthermore, the predecessor auditors of the Company were unable to obtain sufficient appropriate audit evidence as to how the cash outflow of HK$58,765,000 should be presented in the consolidated financial statements as they were unable to obtain sufficient appropriate audit evidence about the causes of the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals. No alternative procedures could be performed by the predecessor auditors on the abovementioned aspects.

The Auditor's disclaimer of opinion on the current year's consolidated financial statements is also modified because of the possible effects of the matters described above on the comparability of the current year's figures and the corresponding figures.

The Board's views on the Second Basis of Modification

The Management and the Board concur with the Auditor regarding the Second Basis of Modification for the reasons set out above and the Independent Auditor's Report. At the time of preparation of the Group's consolidated financial statements for the year ended 31 December 2020, the Company also did not have the benefit of any evidence or cooperation of the Ex-officers under Investigation notwithstanding the commencement of the Investigation. The findings of the Investigation were set out in the Annual Report 2020 and the Company's announcement dated 10 May 2021.

In December 2021, the Internal Investigation Working Team reported to the Audit Committee that due to the lack of cooperation of the Ex-officers under Investigation, the Company has exhausted its means in conducting internal investigation and passed the matter to the continual follow-up of all appropriate legal actions by Solution Apex and its legal advisers. The Company will continue to oversee the progress of the Recovery Actions, but the outcome of the Recovery Actions and the ability for the Company to recover any amount from the outcome sharing proportion were decided by the Directors to be remote.

Management Discussion and Analysis

As disclosed in the Company's Annual Report 2020 and the Company's announcement dated 10 May 2021, the SA Incidents are believed to have been caused by the personal conduct of certain Ex-officer(s) under Investigation who is/are believed to have caused the Purported Investments and the Purportedly Unauthorised Cash Withdrawals, resulting in the suffering of loss and damages by the Group. To alleviate such individual people's risks, the Company has adopted the new internal control policies as disclosed in the Company's announcement dated 10 May 2021 and the results of the internal control review are set out in the section headed "Risk Management and Internal Control" of this report.

The Board noticed that all areas of uncertainties for which the possibility of adjustment cannot be ruled out as stipulated in the Independent Auditor's Report 2020 essentially relate to points in time before 31 December 2020. As explained in the SA Incidents Announcement, the Board has already written down the entire assets side of Solution Apex to zero to fully reflect the extent of loss suffered by the Group. In addition, the Company has already disposed of Solution Apex in December 2020, and all losses after the SA Disposal shall have no negative impact on the Group any further. Therefore, the Board is of the view that the SA Incidents should not have any impact on the Group's consolidated financial position as at 31 December 2020 and should not have any carried forward effect on the Group's consolidated financial statements for the year ended 31 December 2021, and that the basis of modified opinion in the current year in relation to Solution Apex only relate to the comparability of 2020 figures in the consolidated financial statements for the year ended 31 December 2021.

The audit committee's views on the Bases of Modification

The Audit Committee is aware of the enquires and investigation efforts made by the Management on the First Basis of Modification and the lack of substantive response from the Ex-officers under Investigation, and the precautionary and follow-up efforts made by the Management on the Second Basis of Modification and the lack of cooperation of the directors of Safe2Travel. The Audit Committee concurs with the Management, the Board and the Auditor that the Bases of Modification are caused by the lack of substantive response or cooperation of external parties, for which the Company has no control nor fault, rather than any differences in views between the Management, the Board, the Audit Committee and/or the Auditor on major judgmental areas. Due to the lack of substantive response or cooperation of external parties, the Audit Committee also lacks evidence to satisfy itself regarding the underlying subject matters of the two Bases of Modification.

The Audit Committee concurs with the views of the Board and the Auditor that both Bases of Modification should not have any continuing effect on the Group's consolidated financial statements in the coming financial year end and that any modified opinion in the forthcoming year should only relate to the comparability of 2021 figures in the consolidated financial statements for the year ending 31 December 2022 as a result of the First Basis of Modification.

No further impact in forthcoming year

The Board has obtained the understanding with the Auditor that the possibility of adjustment as referred to in the disclaimer of opinion in the Independent Auditor's Report on the consolidated financial statements of the Group for the year ended 31 December 2021 is merely the possibility which inherently flows from uncertainties out of the lack of audit evidence. After making enquiries with the Auditor, the Management, the Board and the Audit Committee are not currently aware of any factual circumstances calling for the definite need of further adjustment, save and except the following impacts (the "**Recognised Impacts**"), namely: (a) the full impairment of the bank balances and cash of Solution Apex of HK$58,765,000 and the completion of the SA Disposal, in each case occurring before the reporting date of 31 December 2020 and were already reflected in the Group's consolidated financial statements as at 31 December 2020; and (b) the loss incurred by Harvest Well and Safe2Travel prior to the HW Disposal and the recognition of disposal gain on the completion of the HW Disposal, in each case occurring before the reporting date of 31 December 2021 and were already reflected in the Group's consolidated financial statements as at 31 December 2021. Based on the information currently available and facts currently known by the Management and the Board, save and except the Recognised Impacts, the matters underlying the Bases of Modification should not have any further or other impact on the Group's consolidated financial position as at 31 December 2021.

The Board has obtained the understanding with the Auditor that the Company considers itself to have addressed the issues giving rise to the disclaimer of opinion in the consolidated financial statement for the year ended 31 December 2021 and barring unforeseen circumstances, a disclaimer of opinion in respect of the same issues should no longer be required to be included in the consolidated financial statements for the year ending 31 December 2022.

Management Discussion and Analysis

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces the following key risks and uncertainties. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Investors are advised to make their own judgment or consult their own investment advisers before making any investment in the shares.

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in customers' preference and price driven competition faced by the travel business and brokerage business which could impact the Group's performance.	• Continuous review of market trends and maintaining a competitive position by recruiting and retaining experienced staff to provide flexible and comprehensive support services to the customers.
Economic risk	Economic risk is the risk that any downturn in economic conditions, including those arisen from any political unrest with large-scale protests and COVID-19, which could impact the Group's performance.	• Regularly tracking and closely monitoring the trends of macro economy and investment and equities markets. • Periodical review of investment portfolio on a timely basis, including the review of trading positions and activities, unrealised gain or loss, risk exposure, etc. • Limiting the investment loss by setting up the investment cap for each individual investment. • Establishing and implementing business contingency plans if business is disrupted by non-controllable events.
Credit risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.	• Full understanding of customers and the carrying out of credit quality assessment on customers before granting new loans. • Regularly monitoring loan receivables and assessing the recoverability of loan receivables on an ongoing basis.

Management Discussion and Analysis

Principal risks	Description	Mitigating actions
		• Making of margin calls when the outstanding balances due from margin customers exceed their respective limits with consideration of the credibility of the customers and quality and liquidity of the stocks held by the customers. • Failure or delay to meet margin calls may result in prohibition of further purchases of securities or liquidation of the customer's position.
Liquidity risk	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due or failure to satisfy the capital requirements to carry out the Group's financial services business in the ordinary course.	• Regular monitoring of liquidity and financial position of the Group. • Maintenance of appropriate liquidity to cover its commitments. • Maintenance of adequate liquid capital to comply with the Securities and Futures (Financial Resources) Rules. • Limiting liquidity risk exposure on treasury management business by investing in securities listed on stock markets. • Ensuring acceptable and appropriate finance in place before committing to investment projects. • Maintenance of revolving loan facilities and bank overdraft facilities etc. to meet any contingency in operations.

Management Discussion and Analysis

Principal risks	Description	Mitigating actions
Price risk	Price risk is the risk of fluctuations of fair value on financial assets and investment properties which will affect the Group's income and the value of its holdings of equities.	• Frequent review and monitoring of investment portfolio to ensure prompt actions being taken and the loss arising from the changes in the fair values being capped within an acceptable range. • Spread price risk exposure by investing in different equities.
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates which will affect the Group's income and the value of its holdings of assets.	• Continuous monitoring of the exchange rate trend, the Group's statement of financial position and cash flow and the adoption of financial instruments when appropriate, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge exchange risk.
People risk	People risk is the risk that loss of the services of any directors, senior management and other key personnel, and the deviating from their expected behaviour in a way which could have a material adverse effect on the Group's business operations and financial performance.	• Providing attractive and competitive reward and benefit packages to retain experienced, qualified and competent employees. • Providing the right working environment to its staff to optimise their work standard and maximise their work satisfaction. • Ensuring all transactions of the Group involving cash withdrawals/investment for the amount of over HK$5,000,000 can only be conducted with the written approval by at least two executive directors.

Management Discussion and Analysis

Principal risks	Description	Mitigating actions
		• Ensuring that at least one executive director is appointed to every active and/or asset-holding subsidiaries of the Company, or alternative measures are adopted in special circumstances. • Ensuring that at least one executive director is added as bank signatory of every bank accounts of the Company and its subsidiaries in Hong Kong. For bank accounts in countries outside Hong Kong without any residing executive director, a regional head of management is designated by the Board to be responsible for payment approvals and local bank signatories, who shall regularly report to at least one executive director.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings and reputational damage.	• Close monitoring of changes and developments in the regulatory environment and ensuring that sufficient resources being made available to implement any required changes timely. • Seeking legal or other specialist advice as appropriate.

Management Discussion and Analysis

Principal risks	Description	Mitigating actions
Information technology risk	Information technology risk is the risk on failure of the information technology ("**IT**") system, operation errors of the IT system, virus and hacker attack and customer data loss and exposure, resulting in business disruption, legal proceedings from customers and/ or credit card companies, loss of clients, reputation damage and regulatory issues.	• Continuous strengthening of the security of the Group's IT system by upgrade of firewall and anti-virus software to prevent potential cyber-attacks. • Regular backup of the Group's data to reduce the impact of data loss. • Maintenance of awareness and caution of possible cyber-attacks and identification and implementation of measures to mitigate the occurrence of possible attacks. • Establishing business contingency plan to ensure business continuity in the event of disruption caused by IT hazards.

Corporate Governance Report

The Company is committed to maintain good corporate governance standard in management, internal control and risk management procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the value of the shareholders of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 15 of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited as its own code of corporate governance. Continuous efforts are made to review and enhance the risk management and internal control systems in light of changes in regulations and developments in best practices.

During the year ended 31 December 2021, the Company was in compliance with the code provisions set out in the Code except for the deviations as explained below:

(a) Code provision A.2.1 of the Code provides that the roles and responsibilities of the chairman and the chief executive officer should be divided. The Company has not appointed a Chief Executive Officer, and the roles and functions of the Chief Executive Officer are performed by the executive directors collectively.

(b) Code provision A.4.1 of the Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive directors are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the memorandum and articles of association of the Company (the "**Articles**").

(c) Code provision D.1.4 of the Code provides that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for directors (except Mr. Mung Kin Keung). However, the directors shall be subject to retirement by rotation in accordance with the Articles. In any event, all directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring directors, Shareholders are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant directors. In addition, the directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (where applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors. The directors are also required to comply with the requirements under statue and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as those mentioned above, in the opinion of the directors, the Company has met the code provisions set out in the Code during the year ended 31 December 2021.

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the directors have confirmed that they had complied with the required standards as set out in the GEM Listing Rules during the year ended 31 December 2021.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering the Group's strategies, major acquisitions and disposals, annual budgets, quarterly, interim and annual results, recommendations on directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The Executive Board (as defined below) and senior management were delegated with the authorities and responsibilities by the Board for the day-to-day operations of the Group while reserving certain key matters for the approval of the Board. In addition, the Board has also delegated various responsibilities to the board committees. Further details of these committees are set out in this report.

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

Executive directors

Mr. Cheung Kwok Wai, Elton *(Chairman)*
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan *(Managing Director)*
Mr. Tse Ke Li *(resigned on 15 January 2021)*

Independent non-executive directors

Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching
Mr. Lai Hok Lim

Mr. Mung Kin Keung is the father of Mr. Mung Bun Man, Alan. Save as disclosed above, there are no relationship (including financial, business, family or other material/relevant relationships) among members of the Board. A balanced board composition is formed to ensure the existence of strong independence across the Board. The composition of the Board reflects the necessity of balanced skills and experience for effective leadership. The biographical information of the directors are set out on pages 51 to 52 of this annual report.

Corporate Governance Report

Independent Non-executive Directors

The independent non-executive directors are persons of high calibre, with academic and professional qualifications in the fields of law, accounting and appropriate expertise. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive director gives an annual confirmation of his independence to the Company, and the Company considers these directors are independent under Rule 5.09 of the GEM Listing Rules.

The independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation at least once every three years at the annual general meeting in accordance with the Articles.

Chairman and Chief Executive Officer

The Board has appointed Mr. Cheung Kwok Wai, Elton as the Chairman of the Board and an executive director on 16 December 2016. The Company has not appointed a Chief Executive Officer, and the roles and functions of the Chief Executive Officer are performed by the executive directors collectively.

The Board believes that the balance of power and authority for the present arrangement is not impaired by the lack of Chief Executive Officer and should be adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number of independent non-executive directors.

Board Diversity Policy

On 14 August 2013, the Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board. The Company recognises that a diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

The Board delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Nomination Committee will regularly review the composition of the Board and take into account the Board Diversity Policy during this process. After assessing the suitability of the directors' skills and experience by reference to the Company's business, the Nomination Committee considered that the existing Board was appropriately structured.

Directors' Training

According to the code provision A.6.5 of the Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

All directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 December 2021 to the Company. The Company has also continuously updated the directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

Corporate Governance Report

The individual training record of each director received for the year ended 31 December 2021 is set out below:

Name of director	Reading professional journals and updates and/or attending seminar(s) relating to the economy, industries and regulatory, director's duties and responsibility etc.
Mr. Cheung Kwok Wai, Elton	✓
Mr. Mung Kin Keung	✓
Mr. Mung Bun Man, Alan	✓
Mr. Law Kwok Ho, Kenward	✓
Mr. Fung Wai Ching	✓
Mr. Lai Hok Lim	✓

Board Meetings

The Board has four scheduled meetings a year at quarterly interval and additional meetings are held as and when required. The four scheduled Board meetings for a year are planned in advance. During regular meetings of the Board, the directors review the operation and financial performances, and review and approve the annual, interim and quarterly results.

During the year ended 31 December 2021, the Board held 22 meetings. All directors are given the opportunity to include any matter in the agenda for regular Board meetings and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance. The attendance is as follows:

Name of director	Number of meetings attended
Executive directors:	
Mr. Cheung Kwok Wai, Elton	22/22
Mr. Mung Kin Keung	21/22
Mr. Mung Bun Man, Alan	22/22
Independent non-executive directors:	
Mr. Fung Wai Ching	22/22
Mr. Law Kwok Ho, Kenward	22/22
Mr. Lai Hok Lim	22/22

Corporate Governance Report

Apart from formal meetings, matters requiring Board's approval were arranged by means of circulation of written resolutions.

Board minutes are kept by the company secretary of the Company (the "**Company Secretary**") and are open for inspection by the directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advices and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

General Meeting

During the year ended 31 December 2021, two general meetings of the Company were held. The annual general meeting of the Company was held on 24 June 2021 (the "**2021 AGM**"). The attendance is as follows:

Name of director	Number of attendance
Executive directors:	
Mr. Cheung Kwok Wai, Elton	2/2
Mr. Mung Kin Keung	2/2
Mr. Mung Bun Man, Alan	2/2
Independent non-executive directors:	
Mr. Fung Wai Ching	2/2
Mr. Law Kwok Ho, Kenward	2/2
Mr. Lai Hok Lim	2/2

The Board is responsible for maintaining an on-going dialogue with its shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourages participation by the shareholders. Mr. Law Kwok Ho, Kenward (the chairman of the Audit Committee), Mr. Lai Hok Lim (the chairman of the Remuneration Committee) and Mr. Fung Wai Ching (the chairman of the Nomination Committee) attended the 2021 AGM with the view to answering questions and collecting views of the shareholders.

EXECUTIVE BOARD

The Company established an Executive Board on 20 January 2006 which consists of the executive directors. As at the date of this report, the members of Executive Board are Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan. The Executive Board is delegated with authority to handle and/or monitor the management functions and operation of the day-to-day business of the Group. During the year ended 31 December 2021, the Executive Board held four meetings mainly handling the operation of the day-to-day business of the Group.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 5 January 2012 which currently consists of two independent non-executive directors, namely Mr. Fung Wai Ching (as chairman) and Mr. Lai Hok Lim, and an executive director, namely Mr. Mung Bun Man, Alan, with written terms of reference in compliance with the GEM Listing Rules.

The terms of reference of the Nomination Committee is currently made available on the GEM website and the Company's website.

The functions of the Nomination Committee are to review the structure, size and diversity of the Board and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive directors; and to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors.

When making recommendations regarding the appointment of any proposed candidate to the Board or reappointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation to the following in assessing the suitability of the proposed candidate:

(a) reputation for integrity;

(b) accomplishment, experience and reputation in the business and other relevant sectors related to the Company and/or its subsidiaries;

(c) commitment in respect of sufficient time and attention to the Company's business;

(d) diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;

(e) the ability to assist and support management and make significant contributions to the Company's success;

(f) compliance with the criteria of independence as prescribed under Rule 5.09 of the GEM Listing Rules for the appointment of an independent non-executive director; and

(g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

Corporate Governance Report

During the year ended 31 December 2021, the Nomination Committee held a meeting mainly reviewing the size, structure and composition as well as the diversity of the Board, assessing the independence of the independent non-executive directors, the directors to be re-elected at the 2021 AGM before putting forth for discussion and approval by the Board. The attendance is as follows:

Name of member	Number of meeting attended
Mr. Fung Wai Ching *(Committee Chairman)*	1/1
Mr. Mung Bun Man, Alan	1/1
Mr. Lai Hok Lim	1/1

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 20 January 2006 which currently consists of three independent non-executive directors, namely Mr. Lai Hok Lim (as chairman), Mr. Law Kwok Ho, Kenward and Mr. Fung Wai Ching, and an executive director, namely Mr. Mung Bun Man, Alan with written terms of reference in compliance with the GEM Listing Rules.

The terms of reference of the Remuneration Committee is currently made available on the GEM website and the Company's website.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, and to make recommendations to the Board on the remuneration of independent non-executive directors.

During the year ended 31 December 2021, the Remuneration Committee held two meetings for reviewing the remuneration packages of the directors for making recommendations to the Board for approval. The attendance is as follows:

Name of member	Number of meetings attended
Mr. Lai Hok Lim *(Committee Chairman)*	2/2
Mr. Law Kwok Ho, Kenward	2/2
Mr. Fung Wai Ching	2/2
Mr. Mung Bun Man, Alan	2/2

The emoluments payable to the directors and senior management will depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendations of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of the directors are set out in notes 13 and 14 to the consolidated financial statements.

AUDIT COMMITTEE

The Company established the Audit Committee on 19 October 2000 which currently consists of three independent non-executive directors, namely Mr. Law Kwok Ho, Kenward (as chairman), Mr. Fung Wai Ching and Mr. Lai Hoi Lim, with written terms of reference in compliance with the GEM Listing Rules.

The terms of reference of the Audit Committee is currently made available on the GEM website and the Company's website.

The Audit Committee shall meet not less than four times a year. The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the quarterly, interim and annual reports and financial statements of the Group; and overseeing the Group's financial reporting system, risk management and internal control systems.

During the year ended 31 December 2021, the Audit Committee held 11 meetings for (i) reviewing the quarterly, interim, and annual results of the Group, (ii) monitoring the findings and progress of the investigation on the purported investments and the unexplained cash withdrawals carried by a then subsidiary of the Company as disclosed in the Company's announcement dated 29 December 2020, (iii) formulating improvements on the Group's risk management and internal control systems, and (iv) the appointment of the external auditor The Audit Committee was in the opinion that the preparation of the quarterly, interim and annual results is in compliance with the applicable accounting standards, the GEM Listing Rules and any other applicable laws and has been adequately disclosed. The Audit Committee also reviews the risk management and internal control systems of the Group from time to time. The attendance is as follows:

Name of member	Number of meetings attended
Mr. Law Kwok Ho, Kenward *(Committee Chairman)*	11/11
Mr. Fung Wai Ching	11/11
Mr. Lai Hok Lim	11/11

INDEPENDENT AUDITOR'S REMUNERATION

During the year, HLB Hodgson Impey Cheng Limited was appointed as auditor of the Company on 10 December 2021 after the resignation of Moore Stephens CPA Limited.

The total fee paid/payable in respect of audit services and non-audit services to HLB Hodgson Impey Cheng Limited and its network firms were HK$600,000 and HK$250,000 respectively. The total fee paid in respect of non-audit services to Moore Stephens CPA Limited was HK$300,000. The non-audit services consist of reviewing the Group's quarterly and interim financial statements. The Company also engaged an audit firm to perform audit services for certain subsidiaries and incurred audit services fees of HK$85,000.

Corporate Governance Report

CORPORATE GOVERNANCE COMMITTEE

The Company established the corporate governance committee (the "**CG Committee**"), with written terms of reference in compliance with the GEM Listing Rules, on 21 March 2012. Currently, the CG Committee comprises an executive director, namely Mr. Mung Bun Man, Alan (as chairman), an independent non-executive director, namely Mr. Fung Wai Ching and the Company Secretary, Ms. Chu Man Ting.

The functions of the CG Committee are to develop and review the Company's policies and practices on corporate governance to comply with the Code and other legal or regulatory requirements and make recommendations to the Board; to oversee the Company's orientation program for new director; to review and monitor the training and continuous professional development of directors and senior management; to develop, review and monitor the compliance manual applicable to employees and directors, and to review the Company's disclosure in the Corporate Governance Report.

During the year ended 31 December 2021, the CG Committee held a meeting to review the training and continuous professional development of directors and to review the Company's compliance with the Code. The attendance is as follows:

Name of member	Number of meeting attended
Mr. Mung Bun Man, Alan *(Committee Chairman)*	1/1
Mr. Fung Wai Ching	1/1
Ms. Chu Man Ting	1/1

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance and the implementation of the Code. Ms. Chu Man Ting has been the Company Secretary of the Company since May 2020. She is a member of Hong Kong Institute of Certified Public Accountants. She is an employee of the Company and has day-to-day knowledge of the Group affairs. During the year, Ms. Chu undertook no less than 15 hours of relevant professional training.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of good communications with all shareholders. The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The chairman of the 2021 AGM proposed separate resolutions for each issue to be considered. The chairmen of the Audit Committee, Remuneration Committee and Nomination Committee and the external auditor also attended the 2021 AGM to answer questions from the shareholders. The annual report together with the annual general meeting circular are distributed to all the shareholders at least 20 clear business days before the annual general meeting held.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company is held each year at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, is called an extraordinary general meeting.

Procedures for Shareholders to Convene an Extraordinary General Meeting

Shareholders may convene an extraordinary general meeting of the Company according to the provisions as set out in the Articles and the Companies Law of the Cayman Islands. Pursuant to Article 58 of the Articles, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist himself may do so in the same manner, and all reasonable expenses incurred by the requisitionist as a result of the failure of the Board shall be reimbursed to the requisitionist by the Company.

Putting Enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's head office and principal place of business in Hong Kong.

Procedures for Putting Forward Proposals by Shareholders at Shareholders' Meeting

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law, However, shareholders may request the Company to convene an extraordinary general meeting following the procedures under Article 58 of the Articles as set out above.

Pursuant to Article 88 of the Articles, no person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election as a director at any general meeting unless there shall have been lodged at the registered office or at the head office a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected provided that the minimum length of the period, during which such notices are given, shall be at least seven days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notices shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

If a shareholder wishes to propose a person for election as a director at a general meeting, he/she shall deposit a written notice at the Company's head office and principal place of business in Hong Kong in compliance with Article 88 and containing all details as required by Rule 17.50(2) of the GEM Listing Rules.

Corporate Governance Report

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions set out in the notice of the forthcoming annual general meeting will be voted by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to the shareholders. Information of the Company is disseminated to the shareholders in the following manner:

- delivery of the quarterly, interim and annual reports to all shareholders;
- publication of announcements on the quarterly, interim and annual results on the GEM website and the Company's website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the GEM Listing Rules; and
- communication between the Board and the shareholders at the general meeting of the Company.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness annually. The risk management and internal control systems of the Group are designed to manage and mitigate rather than eliminate risks of failures to achieve Group's objectives, and provide reasonable but not absolute assurance against material misstatement or loss.

The internal control system of the Group covers its major business aspects such as revenue management, expenditure management, human resources and payroll, cash and treasury management, financial reporting, compliance and information technology. The internal control systems are supervised by management team including executive directors and senior management of the Company. In the course of conducting its business, the Group is exposed to various types of risks, including business risks, economic risks, credit risks, financial risks, people risks, legal and compliance risks, operational and other risks. The Board is ultimately responsible for the risk management of the Group.

Corporate Governance Report

The management team is responsible for identifying risks and internal control deficiencies, evaluating the risk management and internal control system of the Group from time to time and implementing additional control measures, if necessary, to improve their effectiveness. To ensure the effectiveness of the Group's risk management and internal control systems, the Group tracked and documented identified risks annually, assessed and evaluated the identified risks by the likelihood of occurrence and the significance of the impact of the risk event, the implementation of mitigating measures, and testing of procedures implemented. A risk matrix is adopted to determine risk rating and the prioritisation of carrying out of corrective actions. The identified risks and the relevant measures have been disclosed in the Management Discussion and Analysis on pages 23 to 27 of this annual report.

The Company does not have internal audit department and in view of the Group's business and scale of operations and for the purpose of cost-control, the Company engages independent professionals as internal control adviser to conduct a review of the effectiveness of the Group's risk management and internal control systems at least once a year. Each year, the internal control adviser conducted internal control reviews of the adequacy and effectiveness of certain aspects of the Company's risk management and internal control systems of various cycles under rotation basis, such as financial control, operational control, compliance control and risk management function of the Group.

As disclosed in the Company's announcements dated 29 December 2020 and 10 May 2021, Solution Apex Investments Limited ("**Solution Apex**") made three purported investments for HK$47,534,000 and certain unauthorised cash withdrawals of HK$11,231,000. Based on the preliminary findings of the Investigation Team, the three purported investments and the unauthorised cash withdrawals are believed to have been caused by the person conduct of certain ex-officers of the Group, resulting in suffering of loss and damages by the Group. To alleviate such individual people's risks, the Company has adopted new internal control policies (the "**New Internal Control Policies**") which include requirements of (a) all transactions of the Group involving cash withdrawals/investment for the amount of over HK$5,000,000 being conducted with the written approval by at least two executive directors on the listed issuer's level; (b) at least one executive director on listed issuer's level being appointed to every active and/or asset-holding subsidiaries of the Company, with alternative measures being adopted in special circumstances; (c) at least one executive director on the listed issuer's level being added as bank signatory of every bank accounts of the Company and its subsidiaries in Hong Kong; and (d) for bank accounts in countries outside Hong Kong without any residing executive director of the Company, a regional head of management being designated by the Board to be responsible for payment approvals and local bank signatories, who shall regularly report to at least one executive director on the listed issuer's level.

The Company has engaged the internal control adviser to walk through cycles on transaction approvals to test the effectiveness of the New Internal Control Policies for the year ended 31 December 2021. After performing the review procedures, no issues on the New Internal Control Policies were identified by the internal control adviser.

No material issues on the Group's risk management and internal control systems were identified and reported to the Audit Committee during the year which required significant rectification measures.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group is aware of its obligations under, and conducts its affairs with close regard to, the Securities and Futures Ordinance, the GEM Listing Rules and the other applicable laws, regulations and principles. The Group limits the handling and internal circulation of inside information to directors, management, staff and external professional parties on a strictly as-needed basis to ensure the confidentiality of inside information before public disclosure. As and when an event materialise to such extent that disclosure of inside information becomes appropriate, the Group will promptly prepare the required form of disclosure and promptly obtain the necessary internal approval for the dissemination of such information. Other related measures adopted by the Group include the imposition of pre-clearance requirements on dealing in the securities of the Company by designated members of the management, and notification of blackout period and securities dealing restrictions to directors and selected employees of the Group.

Corporate Governance Report

DIVIDEND POLICY

On 31 December 2018, the Company announced that the Board had approved and adopted a dividend policy (the "**Dividend Policy**").

Under the Dividend Policy, the Company does not have any pre-determined dividend payout ratio. The declaration, payment and amount of dividends are subject to the Board's discretion having regard to the following factors:

(a) the earnings, financial condition, capital requirements and future plans of the Group;

(b) the shareholders' interests;

(c) the economic outlook;

(d) the contractual restrictions on the payment of dividends by the Company to the shareholders;

(e) the statutory and regulatory restrictions on the payment of dividends by the Company; and

(f) any other factors the Board may consider relevant.

The Board shall review the Dividend Policy from time to time and may take any amendments that it deems necessary or desirable.

CONSTITUTIONAL DOCUMENTS

There was no change to the Articles during the year. The Articles is available on the GEM website and the Company's website.

Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 46 to the consolidated financial statements. There were no significant changes to the Group's principal activities during the year.

BUSINESS REVIEW

A fair review of the Group's business, comprising a description of the principal risks and uncertainties facing by the Group, particulars of important events affecting the Group that have occurred since the end of the financial year, if any, and an indication of likely future developments in the Group's business can be found in the Management Discussion and Analysis on pages 23 to 27 of the annual report. The discussion forms part of this directors' report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2021 and the Group's financial position at that date are set out in the Group's consolidated financial statements on pages 58 to 62 of the annual report.

The directors do not recommend the payment of a dividend for the year ended 31 December 2021.

PROPERTY, PLANT AND EQUIPMENT

Details of movements the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 4 of the annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 36 to the consolidated financial statements.

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

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

Directors' Report

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the shareholders of the Company as at 31 December 2021 were as follows:

	2021 HK$'000	2020 HK$'000
Share premium	**1,068,425**	920,537
Capital reserve	**32,589**	32,589
Accumulated losses	**(859,307)**	(758,037)
	241,707	195,089

Under The Companies Law (2013 Revision) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and the Articles (the "**Articles**") of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company.

DIRECTORS

The directors of the Company during the year and up to the date of this directors' report were:

Executive directors:

Mr. Cheung Kwok Wai, Elton *(Chairman)*
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan *(Managing Director)*
Mr. Tse Ke Li *(resigned on 15 January 2021)*

Independent non-executive directors:

Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching
Mr. Lai Hok Lim

In accordance with the Article 87(1) of the Articles, Mr. Cheung Kwok Wai, Elton and Mr. Fung Wai Ching will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

There is no specific length of the terms of office for each of the independent non-executive directors but they are subject to retirement by rotation at least once every three years in accordance with the Articles.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company considers all of the independent non-executive directors are independent.

Directors' Report

During the year and up to the date of this report, Mr. Cheung Kwok Wai, Elton and Mr. Mung Bun Man, Alan are also directors in certain subsidiaries of the Company. Other directors of the Company's subsidiaries during the year and up to the date of this report include Mr. Fung Chung Yuen Steve (removed on 29 December 2021), Mr. Ho Ken Hon, Mr. Kelvin Keung, Mr. Lee Hung Choi, Chris, Mr. Wong Chi Chiu, Ms. Wong Shuet Chun (resigned in July 2021), Ms. Wan Yui (appointed on 21 May 2021), Ms. Law Lylian (appointed on 1 July 2021 and ceased on 30 August 2021) and Mr. Yip Sau Hoi and Ms. Yung Fung Ping (appointed on 21 May 2021).

Biographical information of the directors of the Company are set out on pages 51 to 52 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2021, none of the directors and the chief executive and their associates had any interests in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

SHARE OPTIONS

Particulars of the share option scheme are set out in note 37 to the consolidated financial statements.

During the year, no share options were outstanding and granted under the Company's share option scheme.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in the section headed "Share Options", at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company as disclosed in the section headed "Share Options" above, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

Directors' Report

DISCLOSURE PURSUANT TO RULE 17.22 OF THE GEM LISTING RULES

As at 31 December 2021, the outstanding principal amount of the loan made by the Group to Mr. Yuen Hoi Po, an independent third party customer, amounted to HK$62,247,000 (before accumulated allowance for expected credit loss), which exceeds 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules. The loan is interest-bearing at 9.00% per annum, unsecured, and repayable in one lump sum on 10 November 2022. The loan granted to Mr. Yuen Hoi Po was in the ordinary course of the Group's money lending business. Details of the grant of the loan were disclosed in the Company's announcements dated 28 November 2018 and 11 November 2020.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

(a) On 19 May 2019, Mr. Cheung Kwok Wai, Elton executed a personal guarantee as guarantor to secure the Company's payment obligations under a loan of HK$100,000,000 granted by a finance company. No consideration was paid by the Company to Mr. Cheung Kwok Wai, Elton for providing the personal guarantee. No security over the assets of the Group was provided for the personal guarantee given by Mr. Cheung Kwok Wai, Elton.

As at 31 December 2021, the provision of the personal guarantee by Mr. Cheung Kwok Wai, Elton remained in full force and effect.

(b) On 12 November 2020, Mr. Cheung Kwok Wai, Elton executed a personal guarantee as guarantor to secure the Company's payment obligations under the convertible bonds in an aggregate principal amount of HK$60,000,000 (the "**2020 CB**") in favour of the bondholder(s). No consideration was paid by the Company to Mr. Cheung Kwok Wai, Elton for providing the personal guarantee. No security over the assets of the Group was provided for the personal guarantee given by Mr. Cheung Kwok Wai, Elton.

On 12 May 2021, the bondholder converted the entire 2020 CB into 84,507,042 ordinary shares of HK$0.10 each. Accordingly, the provision of the personal guarantee by Mr. Cheung Kwok Wai, Elton was released on that date.

(c) On 12 October 2017, Famous Flamingo Limited ("**Famous Flamingo**") and Hope Master Investments Limited ("**Hope Master**"), two wholly-owned subsidiaries of the Company, as landlords, entered into two tenancy agreements with Global Mastermind Capital Limited ("**GMCL**"), a company 74.99% owned by Mr. Mung Bun Man, Alan, as tenant, for a term of three years with a monthly rental of HK$112,000 and HK$198,480, respectively, from 15 October 2018 to 14 October 2021.

The two tenancy agreements were expired on 14 October 2021.

(d) On 24 September 2021, Famous Flamingo and Hope Master, as landlords, entered into two tenancy agreements with GMCL, as tenant, for a term of one year with a monthly rental of HK$78,400 and HK$138,936, respectively, from 15 October 2021 to 14 October 2022.

As at 31 December 2021, the two tenancy agreements remained in full force and effect.

Other than as disclosed above, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

During the year, the Group had the following connected and continuing connected transactions.

(a) Brokerage services, margin loan financing and corporate advisory services

Name of connected person	Brokerage commission income and/or other service charges paid to the Group HK$	Corporate advisory services income paid to the Group HK$	Margin loan interest paid to the Group for the year HK$	Maximum amount of margin loan for the year HK$
Executive director				
Mr. Cheung Kwok Wai, Elton	429	–	–	–
Mr. Mung Bun Man, Alan and his associate	244,604	–	–	–
Directors of a subsidiary of the Group				
Mr. Ho Ken Hon	354,605	–	7,608	3,136,289
Mr. Wong Chi Chiu	29,068	–	19,129	2,090,859
Substantial shareholder				
Eternity Finance Group Limited and its associates *(Note)*	52,829	770,000	–	–

Note:

Eternity Finance Group Limited is a substantial shareholder of the Company and thus is a connected person of the Company. Eternity Finance Group Limited is a wholly-owned subsidiary of Eternity Investment Limited ("**Eternity**") (stock code: 764), a company listed on the Main Board of the Stock Exchange. Victory Peace Holdings Limited is a wholly-owned subsidiary of Eternity. During the year ended 31 December 2021, the brokerage commission income and other service charges of HK$24,998 and HK$27,831 were paid by Eternity Finance Group Limited and Victory Peace Holdings Limited to the Group respectively and the corporate advisory service income of HK$770,000 was paid by Eternity to the Group.

The directors (including the independent non-executive directors) were of the opinion that the above transactions were on normal commercial terms. As all of the applicable percentage ratios (other than the profits ratio) on an annual basis calculated under the GEM Listing Rules were (i) less than 1% and the transactions were connected transactions only because they involved connected persons at the subsidiary level; or (ii) less than 5% and the annual consideration was less than HK$3,000,000, the above transactions were fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 20.74(1)(b) or Rule 20.74(1)(c) of the GEM Listing Rules.

Directors' Report

(b) Tenancy agreement with VeloX Express Co., Limited

On 25 February 2020, Famous Flamingo, as landlord, entered into a tenancy agreement with VeloX Express Co., Limited (now known as Eurus Express Limited), as tenant, for a term of two years with a monthly rental of HK$108,320 from 1 January 2020 to 31 December 2021. During the year ended 31 December 2021, Famous Flamingo received rental income in an aggregate amount of HK$1,300,000 from VeloX Express Co., Limited (31 December 2020: HK$1,300,000).

VeloX Express Co., Limited is beneficially owned by Mr. Mung Hon Ting, Jackie, who is the son, and the brother of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan respectively and, both of them are executive directors of the Company. Mr. Mung Hon Ting, Jackie is a connected person of the Company. The entering into the tenancy agreement thus constituted a continuing connected transaction under Chapter 20 of the GEM Listing Rules. The directors (including the independent non-executive directors) were of the opinion that the terms of the tenancy agreement were fair and reasonable, the transaction contemplated thereunder was on normal commercial terms and in the interests of the Company and its shareholders as a whole.

As all of the applicable percentage ratios (other than the profits ratio) on an annual basis calculated under the GEM Listing Rules were less than 5% and the annual consideration was less than HK$3,000,000, the transaction was exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval requirement pursuant to Rule 20.74(1)(c) of the GEM Listing Rules.

(c) Tenancy agreements with GMCL

On 12 October 2018, Famous Flamingo and Hope Master, as landlords, entered into two tenancy agreements with GMCL, as tenant, for a term of three years with a monthly rental of HK$112,000 and HK$198,480, respectively, from 15 October 2018 to 14 October 2021.

On 24 September 2021, Famous Flamingo and Hope Master, as landlords, entered into the two new tenancy agreements with GMCL, as tenant, for a term of one year with a monthly rental of HK$78,400 and HK$138,936, respectively, from 15 October 2021 to 14 October 2022.

During the year ended 31 December 2021, Famous Flamingo and Hope Master received rental income in the aggregate amounts of HK$1,258,000 and HK$2,230,000 respectively from GMCL (31 December 2020: HK$1,344,000 and HK$2,382,000 respectively).

As Mr. Mung Bun Man, Alan, an executive director of the Company, owns 74.99% interest in GMCL, the entering into the tenancy agreements constituted continuing connected transactions under Chapter 20 of the GEM Listing Rules. The directors (including the independent non-executive directors) were of the opinion that the terms of the tenancy agreements were fair and reasonable, the transactions contemplated thereunder were on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Announcement in respect of the tenancy agreements dated 12 October 2018 was published on 23 March 2021 in accordance with Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) on an annual basis calculated under the GEM Listing Rules in respect of the tenancy agreements dated 24 September 2021 when aggregated were less than 5% and the annual consideration was less than HK$3,000,000, the transactions under the tenancy agreements dated 24 September 2021 were fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 20.74(1)(c) of the GEM Listing Rules.

(d) Tenancy agreement with Max Winner Investments Limited

On 20 April 2018, Global Mastermind Financial Services Limited, a wholly-owned subsidiary of the Company, as tenant, entered into a tenancy agreement with Max Winner Investments Limited, is a wholly-owned subsidiary of Eternity, as landlord, for a term of three years with a monthly rental of HK$248,600 from 23 April 2018 to 22 April 2021. On 22 March 2021, Global Mastermind Financial Services Limited, as tenant, entered into a new tenancy agreement with Max Winner Investments Limited, as landlord, for a term of one year with a monthly rental of HK$243,000 from 23 April 2021 to 22 April 2022. During the year ended 31 December 2021, Global Mastermind Financial Services Limited paid rental expense of HK$2,937,000 to Max Winner Investments Limited (31 December 2020: HK$2,983,000).

Eternity is a substantial shareholder of the Company, the entering into the tenancy agreement thus constituted a continuing connected transaction under Chapter 20 of the GEM Listing Rules. The directors (including the independent non-executive directors) were of the opinion that the terms of the tenancy agreement were fair and reasonable, the transaction contemplated thereunder was on normal commercial terms and in the interest of the Company and its shareholders as a whole.

As all of the applicable percentage ratios (other than the profits ratio) on an annual basis calculated under the GEM Listing Rules were less than 5% and the annual consideration was less than HK$3,000,000, the transactions were fully exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval requirement pursuant to Rule 20.74(1)(c) of the GEM Listing Rules.

(e) Disposal of 49% of the issued share capital of Safe2Travel Pte. Ltd. ("Safe2Travel")

On 26 March 2021, the Group entered into a sale and purchase agreement with Universal Advisory Pte Ltd ("**Universal Advisory**"), a company incorporated in Singapore with limited liability and wholly owned by Mr. Fung Chung Yuen Steve who is a director and the chief executive officer of Safe2Travel, which was the principal operating company of the travel business of the Group. Pursuant to the sale and purchase agreement, the Group agreed to sell and Universal Advisory agreed to purchase 49% of the issued share capital of Safe2Travel for a cash consideration of SG$108,000 (equivalent to HK$626,000). The completion of the disposal took place on 2 July 2021. Universal Advisory is wholly owned by Mr. Fung Chung Yuen Steve, and is therefore a connected person of the Company at the subsidiary level. The disposal constituted a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. Announcements were published on 26 March 2021 and 25 May 2021 in accordance with Chapter 20 of the GEM Listing Rules.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

a. Ordinary shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of shares of the Company held	Percentage of the issued share capital of the Company
Heng Tai Finance Limited *(Note 1)*	Beneficial owner	84,507,042	16.54%
Heng Tai Consumables Group Limited *(Note 1)*	Interest of controlled corporation	84,507,042	16.54%
Eternity *(Note 2)*	Interest of controlled corporation	64,730,000	12.67%

Notes:

1. Heng Tai Finance Limited is a wholly-owned subsidiary of Heng Tai Consumables Group Limited (stock code: 197), a company listed on the Main Board of the Stock Exchange. Heng Tai Finance Limited is interested in 84,507,042 ordinary shares of the Company. Heng Tai Consumables Group Limited is deemed to be interested in such 84,507,042 ordinary shares by virtue of the Securities and Futures Ordinance.

2. Eternity Finance Group Limited is a wholly-owned subsidiary of Eternity. Eternity Finance Group Limited is interested in 64,730,000 ordinary shares of the Company. Eternity is deemed to be interested in such 64,730,000 ordinary shares by virtue of the Securities and Futures Ordinance.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following directors have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group:

(a) Mr. Cheung Kwok Wai, Elton has an indirect interest of 15.29% in the issued shares of and is an executive director of Eternity. The subsidiaries of Eternity also engage in money lending and sale of financial assets businesses.

(b) Mr. Cheung Kwok Wai, Elton is the vice-chairman of the board of directors and an executive director of China Healthwise Holdings Limited (stock code: 348), a company listed on the Main Board of the Stock Exchange. The subsidiaries of China Healthwise Holdings Limited also engage in money lending and investment in financial instruments businesses.

As the board of directors of the Company is independent of the boards of directors of the above entities, the Group is capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme are set out in note 38 to the consolidated financial statements.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is based on their individual performance, qualifications and competence.

The emoluments of the directors of the Company are approved by the Board on the recommendations of the Remuneration Committee with reference to their duties and responsibilities in the Company.

The Company has adopted a share option scheme as an incentive to directors and eligible persons. Details of the share option scheme are set out in note 37 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the latest practicable date prior to the issue of the annual report, the Company has maintained the prescribed public float under the GEM Listing Rules.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

In 2021, the Group's largest customer and five largest customers accounted for 11% (2020: 16%) and 43% (2020: 66%) of its revenue respectively.

Purchases from the five largest suppliers accounted for less than 30% of the total purchases for both years.

At no time during the year did a director, a close associate of a director or a shareholder of the Company (which to the knowledge of the directors of the Company owns more than 5% of the number of issued shares of Company) have an interest in any of the Group's five largest customers or suppliers.

CHARITABLE DONATIONS

During the year, the Group did not make any charitable donations (2020: Nil).

AUDITORS

Moore Stephens CPA Limited has resigned as the auditors of the Company with effect from 10 December 2021. HLB Hodgson Impey Cheng Limited has been appointed as the auditor of the Company with effect from 10 December 2021 to fill the casual vacancy.

HLB Hodgson Impey Cheng Limited shall retire in the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-appointment. A resolution will be submitted to the annual general meeting to re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

This report was approved by the Board on 25 March 2022 and signed on its behalf by:

Cheung Kwok Wai, Elton
Chairman

Biographies of Directors

EXECUTIVE DIRECTORS

Mr. Cheung Kwok Wai, Elton, aged 56, was appointed as the Chairman of the Board and an executive director of the Company on 16 December 2016. He is also a director of certain subsidiaries of the Company. He has over 30 years of experience in the area of corporate finance and securities industries. He holds a Master Degree in Accounting and Finance from the University of Lancaster in the United Kingdom. Mr. Cheung has been appointed as an executive director of Eternity Investment Limited ("**Eternity**"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 764) since 1 February 2011. On 28 October 2019, Mr. Cheung has been appointed as an executive director and the vice-chairman of China Healthwise Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 348). Mr. Cheung was an executive director of Man Sang International Limited, a company listed on the Main Board of the Stock Exchange (stock code: 938), during the period from 26 June 2015 to 3 April 2018.

As at the date of this annual report, Mr. Cheung was indirectly interested in 583,832,803 shares of Eternity, representing approximately 15.29% of the issued share capital of Eternity, which in turn held 64,730,000 shares of the Company, representing approximately 12.67% of the issued share capital of the Company.

Mr. Mung Kin Keung, aged 61, was appointed as an executive director of the Company on 19 June 2014. He holds a Conferment of Honorary Doctoral Degree from Sinte Gleska University of California. In November 2007, he was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has extensive experience in areas of business management, strategic planning and development. He has been appointed as an executive director of Global Mastermind Capital Limited ("**GMC**"), a company listed on the Main Board of the Stock Exchange, (stock code: 905), since 9 March 2007. From 20 February 2019 to 28 June 2019, Mr. Mung was re-appointed as an executive director and the co-chairman of CWT International Limited ("**CWT International**", stock code: 521), a company listed on the Main Board of the Stock Exchange. Mr. Mung was an executive director of CWT International from 16 February 2009 to 3 June 2015, during which he was redesignated as a vice-chairman on 10 May 2010 and re-designated as a co-chairman on 24 October 2013, until his resignation on 3 June 2015. From 1 February 2018 to 3 August 2018, Mr. Mung was appointed as the vice-chairman and an executive director of Hong Kong International Construction Investment Management Group Co., Limited (now known as Tysan Holdings Limited, stock code: 687), a company listed on the Main Board of the Stock Exchange.

Mr. Mung is the father of Mr. Mung Bun Man, Alan, the Managing Director and an executive director of the Company.

Biographies of Directors

Mr. Mung Bun Man, Alan, aged 35, was appointed as an executive director of the Company on 24 March 2014 and the Managing Director of the Company on 16 December 2016. He is also the compliance officer, a director of certain subsidiaries of the Company, a member of each of the Remuneration Committee and the Nomination Committee of the Board. He holds a Bachelor of Arts Degree in Business Economics from University of California-Santa Barbara and a Master Degree in Finance from Peking University. He has extensive working experience in investment and asset management. Mr. Mung was appointed as an executive director of GMC from 12 November 2010 to 3 April 2013 and has been re-appointed as executive director of GMC since 31 March 2014. From 5 September 2017 to 25 November 2019, Mr. Mung was re-appointed as a non-executive director of CWT International. From 24 October 2013 to 6 February 2015, Mr. Mung was an executive director of CWT International.

Mr. Mung is the son of Mr. Mung Kin Keung, an executive director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Kwok Ho, Kenward, aged 49, has been appointed as an independent non-executive director of the Company on 11 December 2015. He is also the chairman of the Audit Committee of the Board and a member of the Remuneration Committee of the Board. Mr. Law graduated from the University of New South Wales, Australia with a Bachelor of Commerce in Accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. Law has experiences in auditing, taxation and finance for over 20 years. Mr. Law is presently the general manager of a consultancy company in Hong Kong.

Mr. Fung Wai Ching, aged 52, has been appointed as an independent non-executive director of the Company on 23 June 2014. He is also the chairman of Nomination Committee of the Board and a member of each of the Audit Committee and Remuneration Committee of the Board. Mr. Fung is presently an owner of a printing company in Hong Kong. He has over 20 years' experience in managing paper, packaging and printing industries in both China and Hong Kong markets. Mr. Fung has been appointed as an independent non-executive director of GMC, since 10 October 2014.

Mr. Lai Hok Lim, aged 63, has been appointed as an independent non-executive director of the Company on 24 July 2020. He is also the chairman of Remuneration Committee of the Board and a member of each of the Audit Committee and Nomination Committee of the Board. Mr. Lai is a practising solicitor in Hong Kong since 1989. He graduated from the University of Hong Kong with a Bachelor of Arts Degree and holds a Bachelor of Arts (Law) Degree from the University of Sussex in the United Kingdom and a Bachelor of Law Degree from Beijing University in the People's Republic of China. Mr. Lai is currently an independent non-executive director of China Healthwise Holdings Limited. Mr. Lai was an independent non-executive director of Man Sang International Limited during the period from 1 December 2016 to 5 November 2018.

Independent Auditors' Report

HLB 國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF GLOBAL MASTERMIND HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Global Mastermind Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 58 to 170, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(a) Unavailability of accounting books and records of Safe2Travel Pte Ltd subsequent to the disposal of Harvest Well International Limited

As disclosed in the "Basis of preparation of consolidated financial statements" section in note 3 and note 39 to the consolidated financial statements, the Group entered into a sale and purchase agreement to dispose of (the "**HW Disposal**") its entire equity interests in Harvest Well International Limited ("**Harvest Well**" or "**HW**") to a purchaser (the "**HW Purchaser**"). The principal subsidiary of Harvest Well was Safe2Travel Pte Ltd ("**Safe2Travel**"), which was engaged in travel business in Singapore. We were given to understand by the directors of the Company that, after the HW Disposal, the accounting books and records of Safe2Travel were maintained at Safe2Travel's office in Singapore, and part of accounting books and records relating to Safe2Travel which were retained by the Group that were made available to us were not sufficient for the purposes of our audit of the consolidated financial statements of the Group. According to the directors of the Company, they have taken all reasonable steps and used their best endeavours to request the HW Purchaser to provide assistance in the Company's audit procedures, but was given to understand that the HW Purchaser has failed to procure the cooperation of the directors of Safe2Travel in the provision of documents and access to information despite repeated demands, as a result of which we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether (i) the financial performance and cash flows of Safe2Travel for the period from 1 January 2021 to the disposal date as disclosed in note 12 to the consolidated financial statements; (ii) the carrying amounts of assets and liabilities of Safe2Travel as at the disposal date as disclosed in note 39 to the consolidated financial statements; (iii) the gain on disposal of Harvest Well as disclosed in note 39 to the consolidated financial statements; and (iv) the elements making up and disclosures relating to Safe2Travel included in the consolidated financial statements of the Group, were free from material misstatements.

Independent Auditors' Report

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(a) Unavailability of accounting books and records of Safe2Travel Pte Ltd subsequent to the disposal of Harvest Well International Limited *(Continued)*

For the same reasons as above, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the financial performance, cash flows and account balances of Safe2Travel included in the consolidated financial statements of the Group for the year ended 31 December 2020 were free from material misstatements. Any adjustments found necessary might also have possible consequential effects on the opening balances as at 1 January 2021, the financial performance of Safe2Travel for the period from 1 January 2021 to the disposal date, and the carrying amounts of its assets and liabilities as at the disposal date.

There were no alternative audit procedures that could be performed by us to satisfy ourselves in relation to the abovementioned matters. Any adjustments found to be necessary to the abovementioned financial performance, cash flows and account balances might have consequential significant impacts on the loss and other comprehensive loss and cash flows of the Group for the years ended 31 December 2021 and 2020, the net assets of the Group as at 31 December 2020 and the elements making up, and related disclosures in, the consolidated financial statements.

(b) Comparative figures in relation to Solution Apex Investments Limited

The predecessor auditor of the Company issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2020, on the basis of the matters set out in the independent auditor's report (the "**Independent Auditor's Report 2020**") on pages 51 to 53 of the Company's Annual Report 2020 which relate to the incidents (the "**SA Incidents**") relating to Solution Apex Investments Limited ("**Solution Apex**" or "**SA**") regarding three purported payments (the "**Purported Payments**") to three purported parties (the "**Purported Three Parties**") with the aggregate amount of HK$47,534,000 in July 2020 and the purported withdrawal of the remaining bank balance of Solution Apex of approximately HK$11,231,000 entirely in August 2020 (the "**Purportedly Unauthorised Cash Withdrawals**"), details of which are set out in note 38 to the consolidated financial statements of the Group for the year ended 31 December 2020 on pages 121 to 122 of the Company's Annual Report 2020.

As represented by the directors of the Company to the predecessor auditor and as disclosed in note 41 to the consolidated financial statements, the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals were carried out without the authorisation from the directors of the Company. Further, we were given to understand by the directors of Company that Mr. Allan Yap ("**Mr. Yap**") had been the sole director of Solution Apex since 19 December 2014 and until 1 December 2020, the Company had not received any notice from Mr. Yap about his bankruptcy effective on 3 August 2020, was not aware of the purported resignation of Mr. Yap as of 1 December 2020 and did not know the identity and background of the purported successor of directorship in Solution Apex ("**Mr. X**"). On 29 December 2020, the directors of the Company had resolved to (a) remove Mr. X as the director of Solution Apex and Durable Gold Investments Limited ("**Durable Gold**") (the immediate holding company of Solution Apex prior to the SA Disposal) with immediate effect and replace him with the Company's designated persons; (b) instruct external legal advisers to commence legal proceedings to seek to recoup the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals and/or to seek damages and other remedies from individuals and entities against whom the Group may have causes of action as a result of the SA Incidents (the "**Recovery Actions**"); (c) establish an internal investigation working team (the "**Internal Investigation Working Team**") to investigate the SA Incidents and to oversee the progress of the actions to be carried out by the external legal advisers; (d) recognise a loss in respect of the SA Incidents of approximately HK$58,765,000 in the consolidated profit or loss of the Group for the year ended 31 December 2020; and (e) enter into a sale and purchase agreement (the "**SA Disposal Agreement**") with a purchaser (the "**SA Purchaser**") to dispose of (the "**SA Disposal**") the Company's entire shareholdings in Solution Apex at a cash consideration of HK$1, together with an outcome sharing mechanism enabling the Company to retain 99% of the value or proceeds recovered from the realisation of the assets of Solution Apex and/or the actions to be taken by the SA Purchaser against Mr. Yap, the Purported Three Parties or other individuals and entities involved in the SA Incidents, details of which are set out in the Company's announcement dated 29 December 2020 (the "**SA Incidents Announcement**"). The SA Disposal took place on 29 December 2020 and Solution Apex has ceased to be a subsidiary of the Group since then.

Independent Auditors' Report

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(b) Comparative figures in relation to Solution Apex Investments Limited *(Continued)*

Following the publication of the SA Incidents Announcement, the Internal Investigation Working Team recommended the audit committee of the Company (the "**Audit Committee**") to engage an independent professional firm (the "**Investigator**") to investigate the SA Incidents (the "**Investigation**"), including the circumstances and causes surrounding the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals. The detailed findings of the Investigation were disclosed in the Company's announcement dated 10 May 2021, including the following findings of the Investigation, among other things: (i) there was a lack of replies with substance from the ex-officers of Durable Gold and Solution Apex who were believed to have knowledge of and/or involvement in the SA Incidents (the "**Ex-officers under Investigation**"); (ii) the copy of bank statements provided by some Ex-officers under Investigation did not show the recipients of funding withdrawals; (iii) no supporting documents were located during the Investigation showing the reasons for or approval of these funding withdrawals; (iv) during the time of occurrence of the SA Incidents, Mr. Yap was assisted by his team of management, comprising the Ex-officers under Investigation, regarding the finance and accounting works of Solution Apex but all of them have resigned/been removed after the revelation of the SA Incidents; (v) after considering the documents relating to three purported investments in the People's Republic of China (the "**Purported Investments**") (which were the reasons provided by the Ex-officers under Investigation in seeking to explain the Purported Payments to the Purported Three Parties before their resignations/removal) and the conduct of the Ex-officers under Investigation, the directors of the Company are of the view that the value of the Purported Investments and the genuineness of the Purportedly Unauthorised Cash Withdrawals were highly dubious and accordingly, the ability for the Company to recover its investment in Solution Apex was decided to be remote; and (vi) there was no indication that any present management of the Company was involved in the Purportedly Unauthorised Cash Withdrawals, the Purported Investments, the SA Incidents and the preparation of financial statements of Solution Apex.

After considering the findings and status of the Investigation during the year, in December 2021, the Internal Investigation Working Team reported to the Audit Committee that due to the lack of cooperation of the Ex-officers under Investigation, the Company has exhausted its means in conducting internal investigation and passed the matter to the continual follow-up of all appropriate legal actions by Solution Apex and its legal advisers. The Company has a vested interest in the outcome sharing proportion under the SA Disposal Agreement and will continue to oversee the progress of the Recovery Actions. That having said, in the light of the findings of the Investigation so far revealed, the outcome of the Recovery Actions and the ability for the Company to recover any amount from the outcome sharing proportion were concluded by the directors of the Company to be remote, and no amount has been recovered by the Company through the outcome sharing proportion under the SA Disposal Agreement up to the date of this report.

Independent Auditors' Report

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(b) Comparative figures in relation to Solution Apex Investments Limited *(Continued)*

As stated in the Independent Auditor's Report 2020, the predecessor auditors of the Company had not obtained sufficient explanations from the directors of the Company and the Investigator to satisfy themselves about the commercial substance, nature and causes of the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals, nor were they able to contact Mr. X, Mr. Yap and the Purported Three Parties. Accordingly, the predecessor auditors of the Company were unable to obtain sufficient appropriate audit evidence to satisfy themselves regarding the causes of the SA Incidents, and commercial substance and nature of the Purported Payments to the Purported Three Parties and Purportedly Unauthorised Cash Withdrawals. The predecessor auditors of the Company were also unable to determine whether any adjustments that might have been found necessary to the amount of the loss of HK$58,765,000 being recognised in the consolidated profit or loss and consequentially to the related elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and the related presentation and disclosures in the consolidated financial statements for the year ended 31 December 2020. Furthermore, the predecessor auditors of the Company were unable to obtain sufficient appropriate audit evidence as to how the cash outflow of HK$58,765,000 should be presented in the consolidated financial statements as they were unable to obtain sufficient appropriate audit evidence about the causes of the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals. No alternative procedures could be performed by the predecessor auditors on the abovementioned aspects.

Our disclaimer of opinion on the current year's consolidated financial statements is also modified because of the possible effects of the matters described above on the comparability of the current year's figures and the corresponding figures.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditors who expressed a disclaimer of opinion on 29 March 2021.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Independent Auditors' Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditors' report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the items stated under Basis for Disclaimer of Opinion section for the year ended 31 December 2021,

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

- we were unable to determine whether proper books of account had been kept for the year ended 31 December 2021.

The engagement director on the audit resulting in this independent auditors' report is Ng Ka Wah.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Ng Ka Wah
Practising Certificate Number: P06417

Hong Kong, 25 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations			
Interest income from money lending business		**27,885**	29,636
Commission income from securities brokerage		**4,636**	2,918
Interest income from margin financing		**6,137**	6,404
Interest income from initial public offering financing		**60**	60
Handling and settlement income arising from securities brokerage		**6,991**	5,359
Asset management fee income		**74**	151
Advisory fee income from corporate finance		**2,504**	738
Net realised gain/(loss) on securities investment	5	**5,389**	(11,637)
Net unrealised gain/(loss) on securities investment	5	**8,999**	(4,236)
Other income, other gains and losses	7	**(3,763)**	7,640
Staff costs		**(17,311)**	(25,877)
Depreciation and amortisation expenses		**(2,031)**	(6,411)
Gain/(loss) on fair value changes of investment properties	19	**3,900**	(17,800)
Impairment loss on interest in a joint venture	21	**–**	(3,248)
Allowance for expected credit loss on financial guarantee contract	32	**(7,209)**	–
Allowance for expected credit loss on loan receivables	22	**(76,314)**	(59,320)
Allowance for expected credit loss on account receivable from a margin client	24	**(7,149)**	–
Loss on fair value changes of convertible bonds	35	**(96,338)**	–
Loss of assets arising from the incidents	41	**–**	(58,765)
Other expenses	8	**(20,698)**	(17,583)
Finance costs	9	**(9,677)**	(16,450)
Share of loss of a joint venture	21	**–**	(2,590)
Loss before tax		**(173,915)**	(171,011)
Income tax (expense)/credit	10	**(1,721)**	9,769
Loss for the year from continuing operations	11	**(175,636)**	(161,242)
Discontinued operation			
Loss for the year from discontinued operation	12	**(7,462)**	(105,842)
Loss for the year		**(183,098)**	(267,084)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000 (Restated)
Other comprehensive income/(expense) for the year		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**45**	398
Reclassification of cumulative exchange reserve upon disposal of foreign operations	**19,066**	–
Share of exchange difference of a joint venture	**–**	(588)
	19,111	(190)
Other comprehensive income/(expense) for the year	**19,111**	(190)
Total comprehensive expense for the year	**(163,987)**	(267,274)
Loss for the year attributable to owners of the Company:		
– from continuing operations	**(175,629)**	(161,242)
– from discontinued operation	**(7,462)**	(105,842)
	(183,091)	(267,084)
Loss for the year attributable to non-controlling interests:		
– from continuing operations	**(7)**	–
– from discontinued operation	**–**	–
	(7)	–
	(183,098)	(267,084)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000 (Restated)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(163,980)**	(267,274)
Non-controlling interests		**(7)**	–
		(163,987)	(267,274)
Total comprehensive (expense)/income for the year attributable to owners of the Company:			
– from continuing operations		**(172,452)**	(161,830)
– from discontinued operation		**8,472**	(105,444)
		(163,980)	(267,274)
			(Restated)
Loss per share attributable to owners of the Company:	16		
From continuing and discontinued operations:			
Basic and diluted (HK cents)		**(38.12)**	(62.65)
From continuing operations:			
Basic and diluted (HK cents)		**(36.57)**	(37.82)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	17	**7**	325
Right-of-use assets	18	**–**	3,957
Investment properties	19	**167,200**	163,300
Intangible assets	20	**795**	–
Interest in a joint venture	21	**–**	–
Loan receivables	22	**–**	136,405
Deposit and prepayment for a life insurance policy	23	**–**	–
Deferred tax assets	34	**12,406**	14,089
		180,408	318,076
Current assets			
Trade and other receivables	24	**67,538**	107,837
Loan receivables	22	**160,321**	109,575
Financial assets at fair value through profit or loss	25	**17,487**	21,672
Tax recoverable		**918**	229
Bank trust account balances	26	**18,130**	14,863
Bank balances and cash	27	**33,657**	28,721
		298,051	282,897
Current liabilities			
Trade and other payables	28	**29,210**	56,115
Convertible bonds	35	**–**	60,658
Contract liabilities	29	**–**	850
Tax payables		**69**	–
Lease liabilities	33	**–**	2,686
Bank borrowings	30	**–**	30,233
Other borrowing	31	**100,000**	100,000
Financial guarantee contract	32	**7,209**	–
		136,488	250,542
Net current assets		**161,563**	32,355
Total assets less current liabilities		**341,971**	350,431

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Lease liabilities	33	–	811
Net assets		**341,971**	349,620
Capital and reserves			
Share capital	36	**51,079**	42,629
Share premium and reserves		**290,899**	306,991
Equity attributable to owners of the Company		**341,978**	349,620
Non-controlling interests		**(7)**	–
Total equity		**341,971**	349,620

The consolidated financial statements on pages 58 to 170 were approved and authorised for issue by the board of directors on 25 March 2022 and are signed on its behalf by:

Cheung Kwok Wai, Elton
Executive Director

Mung Bun Man, Alan
Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note i)	Exchange Reserve HK$'000	Convertible bonds equity reserve HK$'000	Property revaluation reserve HK$'000 (Note ii)	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2020	42,629	920,537	32,589	(18,921)	4,108	65,547	(429,595)	616,894	–	616,894
Loss for the year	–	–	–	–	–	–	(267,084)	(267,084)	–	(267,084)
Other comprehensive expense for the year	–	–	–	(190)	–	–	–	(190)	–	(190)
Total comprehensive expense for the year	–	–	–	(190)	–	–	(267,084)	(267,274)	–	(267,274)
Derecognition of equity component of convertible bonds	–	–	–	–	(4,108)	–	4,108	–	–	–
At 31 December 2020 and at 1 January 2021	42,629	920,537	32,589	(19,111)	–	65,547	(692,571)	349,620	–	349,620
Loss for the year	–	–	–	–	–	–	(183,091)	(183,091)	(7)	(183,098)
Other comprehensive income for the year	–	–	–	19,111	–	–	–	19,111	–	19,111
Total comprehensive income/(expense) for the year	–	–	–	19,111	–	–	(183,091)	(163,980)	(7)	(163,987)
Conversion of convertible bonds *(Note 35)*	8,450	147,888	–	–	–	–	–	156,338	–	156,338
At 31 December 2021	51,079	1,068,425	32,589	–	–	65,547	(875,662)	341,978	(7)	341,971

Note:

(i) The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

(ii) The property revaluation reserve represents cumulative gains and losses arising from revaluation of the corresponding properties during the year ended 31 December 2018 upon transfer of self-owned properties to investment properties that have been recognised in other comprehensive income. Such item will not be reclassified to profit or loss in subsequent periods.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Operating activities			
Loss before tax from continuing operations		**(173,915)**	(171,011)
Loss before tax from discontinued operation		**(7,462)**	(105,842)
		(181,377)	(276,853)
Adjustments for:			
Interest income		**–**	(1,107)
Finance costs		**10,441**	17,616
Share of loss of a joint venture		**–**	2,590
Amortisation of intangible assets	20	**205**	–
Depreciation of property, plant and equipment	17	**141**	519
Depreciation of right-of-use assets	18	**2,921**	8,680
Impairment loss on interest in a joint venture		**–**	3,248
Loss of assets arising from the incidents	41	**–**	58,765
Impairment loss on financial guarantee contract	32	**7,209**	–
Impairment loss on loan receivables		**76,314**	59,320
Impairment loss on trade receivables		**8,019**	93,714
Loss on fair value changes of convertible bonds		**96,338**	–
(Gain)/loss on fair value changes of investment securities		**(14,373)**	15,893
(Gain)/loss on fair value changes of investment properties	19	**(3,900)**	17,800
Gain on disposal of property, plant and equipment		**(160)**	–
Loss on disposal of interest in a joint venture	21	**3,177**	–
Gain on disposal of subsidiaries	39	**(114)**	–
Imputed interest income from a deposit for a life insurance policy		**–**	(147)
Premium charges on a life insurance policy		**–**	299
Operating cash flows before movements in working capital		**4,841**	337
Decrease in trade and other receivables		**3,605**	27,989
(Increase)/decrease in bank trust account balances		**(3,267)**	12,187
Loans advanced to money lending customers		**–**	(3,000)
Loan repayments from money lending customers		**17,351**	2,324
Increase in loan interest receivables from money lending customers		**(8,005)**	(5,420)
Decrease in financial assets at fair value through profit or loss		**18,557**	23,950
Increase/(decrease) in trade and other payables		**5,168**	(13,219)
Increase/(decrease) in contract liabilities		**237**	(740)
Cash generated from operations		**38,487**	44,408
Income tax paid		**(565)**	(4,360)
Net cash generated from operating activities		**37,922**	40,048

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Investing activities			
Net cash outflow on disposal of subsidiaries		(1,228)	–
Purchases of intangible assets		(1,000)	–
Purchases of property, plant and equipment		(65)	(168)
Payments to Three Parties and Unauthorised Cash Withdrawals	41	–	(58,765)
Proceeds from disposal of property, plant and equipment		198	–
Interest received		–	1,254
Net cash used in investing activities		(2,095)	(57,679)
Financing activities			
Interest paid		(11,099)	(15,016)
Repayments of bank borrowings		(16,933)	(6,989)
Repayments of lease liabilities		(2,594)	(8,724)
Repayment of convertible bonds		–	(20,000)
Net cash used in financing activities		(30,626)	(50,729)
Net increase/(decrease) in cash and cash equivalents		5,201	(68,360)
Cash and cash equivalents at 1 January		28,721	97,031
Effect of foreign exchange rate changes		(265)	50
Cash and cash equivalents at 31 December, represented by bank balances and cash		33,657	28,721

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

1. GENERAL

Global Mastermind Holdings Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Company and its subsidiaries (the "**Group**") are the provision and operation of travel business, treasury management business, money lending business, provision of securities, asset management business and financial advisory business.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

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

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("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 the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[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 HKFRSs 2018-2020[2]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[2]

1 Effective for annual periods beginning on or after 1 April 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 for annual periods beginning on or after a date to be determined.

The directors 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

3.1 Basis of preparation of consolidated financial statements

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Consolidation of Harvest Well International Limited and its subsidiaries

During the year ended 31 December 2021, the Group entered into a sale and purchase agreement to dispose of its entire equity interests in Harvest Well International Limited ("**Harvest Well**", together with its subsidiaries, collectively referred to as the "**Harvest Well Group**"). The Harvest Well Group was principally engaged in travel business in Singapore through its subsidiary, Safe2Travel Pte Ltd ("**Safe2Travel**").

The accounting books and records of Safe2Travel were maintained at Safe2Travel's office in Singapore, and part of accounting books and records relating to Safe2Travel which were retained by the Group that were made available to the auditors were not sufficient for the purposes of its audit of the consolidated financial statements of the Group. The directors of the Company has taken all reasonable steps and used its best endeavours to request the purchaser of Harvest Well to provide assistance in the Company's audit procedures, but the purchaser has failed to procure the cooperation of the directors of Safe2Travel in the provision of documents and access to information despite repeated demands.

The followings are the unaudited financial results of the Harvest Well Group for the period from 1 January 2021 to the disposal date of Harvest Well included in the consolidated loss and other comprehensive loss of the Group for the year ended 31 December 2021:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

Unaudited financial results of the Harvest Well Group for the period from 1 January 2021 to the disposal date of Harvest Well

	HK$'000
Service income from provision of travel-related services	457
Other income, other gains and losses	2,390
Staff costs	(4,151)
Depreciation expenses	(1,236)
Allowance for expected credit loss on trade receivables	(870)
Other expenses	(3,402)
Finance costs	(764)
Loss for the period attributable to owners of the Company	(7,576)

Details of the carrying amounts of assets and liabilities of the Harvest Well Group as at the disposal date of Harvest Well, and the gain on disposal of the Harvest Well Group and net cash outflow arising from the disposal of the Harvest Well Group are set out in note 39.

3.2 Significant accounting policies

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

Changes in the Group's interests in existing subsidiaries

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Business combinations *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Interest in a joint venture *(Continued)*

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

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former joint venture and the retained interest is a financial asset within the scope of HKFRS 9 *Financial instruments*, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal of the relevant joint venture.

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

Revenue from contracts with customers

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

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

Input method

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

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

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

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

Right-of-use assets
The cost of right-of-use asset includes:

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

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

The lease payments include:

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

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

COVID-19-related rent concessions

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

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

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessor

Classification and measurement of leases
Leases for which the Group is a lessor are classified as operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Refundable rental deposits
Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Foreign currencies *(Continued)*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

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

Government grants

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under other income, other gains and losses.

Retirement benefit costs

Payments to the state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

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

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

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("**CGU**") to which the asset belongs.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

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

Provisions

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

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

Contingent liabilities and contingent assets

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments

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

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

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

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

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

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

A financial asset is held for trading if:

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

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

(i) Amortised cost and interest income

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(ii) Financial assets at FVTPL

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

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

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9
The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables, loan receivables, bank trust account balances and bank balances), and other items (financial guarantee contract) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(i) Significant increase in credit risk *(Continued)*

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

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

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

Lifetime ECL for certain trade and other receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loan receivables where the corresponding adjustment is recognised through an allowance for ECL account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Derecognition/modification of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial liabilities and equity

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL *(Continued)*
For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortised cost
Financial liabilities including trade and other payables, lease liabilities, bank borrowings and other borrowing are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the allowance for ECL determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Convertible bonds contain equity component
The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Convertible bonds contain equity component *(Continued)*
A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Convertible bonds contain debt and derivative components
A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value and the convertible bonds are designated as at FVTPL. In subsequent period, changes in fair value are recognised in profit or loss as fair value gain or loss except for changes in the fair value that is attributable to changes in the credit risk (excluding changes in fair value of the derivatives component) is recognised in other comprehensive income, unless the recognition of the effects of changes in the credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss, they are transferred to retained profits upon derecognition.

Transaction costs relating to the issue of the convertible loan notes are charged to profit or loss immediately.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

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

When the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fee received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting a financial asset and a financial liability
A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Related party transactions

A party is considered to be related to the Group if:

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

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(3) both entities are joint ventures of the same third party;

(4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(5) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(6) the entity is controlled or jointly controlled by a person identified in (i);

(7) a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(8) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

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

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Key sources of estimation uncertainty

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

Fair value measurement of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 19.

In relying on the valuation report, the management of the Group have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2021, the carrying amount of the Group's investment properties is HK$167,200,000 (2020: HK$163,300,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Allowance for ECL on loan receivables and accounts receivables from margin clients

Allowance for ECL on loan receivables and accounts receivables from margin clients are assessed on 12m ECL basis when there had been no significant increase in credit risk since initial recognition. However, when there has been a significant increase in credit risk since origination, the provision will be based on the lifetime ECL. Assessment are done based on the Group's historical credit loss experience, general conditions, internal credit ratings and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The allowance for ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan receivables and accounts receivables from margin clients are disclosed in notes 22, 24 and 43(b).

As at 31 December 2021, the carrying amount of loan receivables, net of accumulated allowance for ECL is HK$160,321,000 (2020: HK$245,980,000).

5. NET GAIN/(LOSS) ON SECURITIES INVESTMENT

Net realised gain or (loss) on securities investment represents the proceeds from sale of financial assets at FVTPL less the carrying amounts of the respective financial assets measured at fair value at the end of last financial year, and dividend income is recognised when the Group's right to receive the dividend is established. Net unrealised gain or loss represents the remaining fair value changes on the financial assets at FVTPL.

	2021 **HK$'000**	2020 HK$'000
Net realised gain/(loss) on financial assets at FVTPL		
Proceeds from sale of financial assets at FVTPL	**18,557**	23,949
Carrying amount of financial assets at FVTPL	**(13,183)**	(35,606)
	5,374	(11,657)
Dividend income from securities investment	**15**	20
	5,389	(11,637)
Net unrealised gain/(loss) on financial assets at FVTPL	**8,999**	(4,236)
	14,388	(15,873)

6. OPERATING SEGMENTS

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the chief operating decision maker ("**CODM**") representing the board of directors of the Company, for the purpose of resource allocation and assessment of segment performance, which focuses on the types of services provided or income derived from business engaged in. This is also the basis upon which the Group is arranged and organised.

For the years ended 31 December 2021 and 2020, the Group's operations are organised into six reportable and operating segments under HKFRS 8 *Operating Segments*:

Travel business	Providing services of making reservation of air tickets, hotel rooms and arrangement of packaged tours
Treasury management business	Investing in financial instruments
Money lending business	Money lending
Brokerage business	Providing brokerage services
Asset management business	Providing asset management services
Corporate finance advisory business	Providing corporate finance advisory services

An operating segment regarding the travel business in Singapore was discontinued in the current year. The segment information reported below does not include any amounts for this discontinued operation, which are described in more detail in note 12.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

6. OPERATING SEGMENTS *(Continued)*

Segment revenue and results

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

	Segment revenue		Segment profits/(losses)	
	2021	2020	**2021**	2020
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
Continuing operations				
Travel business	**–**	–	**–**	–
Treasury management business	**5,389**	(11,637)	**14,379**	(15,883)
Money lending business	**27,885**	29,636	**(60,075)**	(35,919)
Brokerage business	**17,824**	14,741	**(2,992)**	(127)
Asset management business	**74**	151	**(5)**	59
Corporate finance advisory business	**2,504**	738	**414**	(1,245)
Total	**53,676**	33,629	**(48,279)**	(53,115)
Gain/(loss) on fair value changes of investment properties			**3,900**	(17,800)
Impairment loss on interest in a joint venture			**–**	(3,248)
Share of loss of a joint venture			**–**	(2,590)
Unallocated income			**5,365**	6,642
Unallocated expenses			**(136,622)**	(91,131)
Loss for the year			**(175,636)**	(161,242)

All of the segment revenue reported above are from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profits/(losses) represent the profits earned/(losses incurred) by each segment without allocation of impairment loss on interest in a joint venture, share of loss of a joint venture, gain/(loss) on fair value changes of investment properties, unallocated income (which mainly includes bank interest income of head office and rental income) and unallocated expenses (which mainly include central administration costs and certain directors' salaries, amortisation of intangible asset, loss on disposal of a joint venture, loss on fair value changes of convertible bonds, loss on financial guarantee contract and loss of assets arising from the incidents). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

6. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

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

	2021 HK$'000	2020 HK$'000
Segment assets		
Continuing operations		
Travel business	–	–
Treasury management business	17,604	21,775
Money lending business	177,300	265,654
Brokerage business	99,143	96,107
Asset management business	11,108	13,665
Corporate finance advisory business	545	7
Total reportable segment assets	305,700	397,208
Assets relating to discontinued operation	–	38,367
Unallocated bank balances and cash	3,572	1,711
Unallocated assets	169,187	163,687
Consolidated assets	478,459	600,973
Segment liabilities		
Continuing operations		
Travel business	–	–
Money lending business	1,885	1,662
Brokerage business	21,073	16,269
Asset management business	316	3,998
Corporate finance advisory business	9	9
Total reportable segment liabilities	23,283	21,938
Liabilities relating to discontinued operation	–	64,229
Unallocated liabilities	113,205	165,186
Consolidated liabilities	136,488	251,353

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

- all assets are allocated to operating segments other than interest in a joint venture, certain property, plant and equipment, certain right-of-use assets, intangible asset, investment properties, certain deposits and prepayments and certain bank balances and cash.

- all liabilities are allocated to operating segments other than other borrowing, convertible bonds, financial guarantee contract and certain accruals and other payables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

6. OPERATING SEGMENTS *(Continued)*

Other information

Amounts included in the measure of segment results or segment assets:

Continuing operations

	Travel business HK$'000	Treasury management business HK$'000	Money lending business HK$'000	Brokerage business HK$'000	Asset management business HK$'000	Corporate finance advisory business HK$'000
Year ended 31 December 2021						
Depreciation of property, plant and equipment	–	–	–	4	–	6
Depreciation of right-of-use assets	–	–	1,537	276	–	–
Allowance for ECL on account receivable	–	–	–	7,149	–	–
Allowance for ECL on loan receivables	–	–	76,314	–	–	–
Finance costs	–	–	16	4	–	–
	(Restated)					
Year ended 31 December 2020						
Depreciation of property, plant and equipment	–	–	–	142	–	6
Depreciation of right-of-use assets	–	–	4,595	1,650	–	–
Allowance for ECL on loan receivables	–	–	59,320	–	–	–
Finance costs	–	–	233	77	–	–

Geographical information

The Group operated in two principal geographical areas – Singapore and Hong Kong.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of the assets are detailed below:

	Revenue from external customers		Non-current assets (Note)	
	2021 HK$'000	2020 HK$'000 (Restated)	**2021 HK$'000**	2020 HK$'000
Singapore	–	–	–	2,450
Hong Kong	53,676	33,629	168,002	165,132
	53,676	33,629	168,002	167,582

Note: Non-current assets excluded deferred tax assets and loan receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

6. OPERATING SEGMENTS *(Continued)*

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Disaggregation of revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by types of services		
– Commission income from securities brokerage	4,636	2,918
– Handling and settlement income arising from securities brokerage	6,991	5,359
– Asset management fee income	74	151
– Advisory fee income from corporate finance	2,504	738
	14,205	9,166
Revenue from other sources		
– Net realised gain/(loss) on securities investment	5,389	(11,637)
– Interest income from money lending business	27,885	29,636
– Interest income from margin financing	6,137	6,404
– Interest income from initial public offering financing	60	60
	39,471	24,463
Total revenue	53,676	33,629
Timing of revenue recognition		
– point in time	11,731	8,277
– over time	2,474	889
Revenue from contracts with customers	14,205	9,166

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group from continuing and discontinued operations is as follows:

	2021 HK$'000	2020 HK$'000
From money lending business		
Customer A	N/A*	4,800
Customer B	5,760	5,760
Customer C	5,602	5,501
Customer D	N/A*	4,659

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Bank interest income	–	180
Rental income from related parties (note 45(b))	4,788	5,026
Loss on disposal of a joint venture (note 21)	(3,177)	–
Loss on financial guarantee contract (note 32)	(6,168)	–
Government grants*		
– Employment support scheme from the Hong Kong government	–	1,674
– Anti-epidemic fund from the Hong Kong government	–	50
Others	794	710
	(3,763)	7,640

* The conditions of all those government grants are fulfilled and the Group received the government grants already.

8. OTHER EXPENSES

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Handling fee and commission arising from brokerage business	7,838	6,404
Legal and professional fees	5,517	2,059
Expense relating to short-term leases	2,008	265
Publication and translation cost	811	566
Computer expenses	750	766
Auditors' remuneration	685	1,442
Telecommunication expenses	596	641
Building management fee	422	701
Others	2,071	4,739
	20,698	17,583

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Interest on convertible bonds (note 35)	1,657	8,141
Interest on other borrowing	8,000	8,000
Interest on lease liabilities	20	309
	9,677	16,450

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

10. INCOME TAX EXPENSE/(CREDIT)

	2021 HK$'000	2020 HK$'000
Continuing operations		
The income tax charge/(credit) comprises:		
Current tax		
– Hong Kong Profits Tax	91	44
Overprovision in prior years		
– Hong Kong Profits Tax	(53)	(25)
Deferred tax – current year (note 34)	1,683	(9,788)
	1,721	(9,769)

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000 for both years.

The income tax expense/(credit) for the year can be reconciled to the loss before tax from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Loss before tax	(173,915)	(171,011)
Tax at domestic income tax rate of 16.5% (2020: 16.5%)	(28,696)	(28,217)
Tax effect of expenses not deductible for tax purpose	20,647	18,506
Tax effect of income not taxable for tax purpose	(2,409)	(891)
Tax effect of share of loss of a joint venture	–	427
Tax effect of tax losses not recognised	13,247	316
Tax effect of deductible temporary differences not recognised	–	115
Utilisation of deductible temporary differences previously not recognised	(924)	–
Tax relief of 8.25% on first HK$2,000,000 assessable profit	(91)	–
Overprovision in respect of prior years	(53)	(25)
Income tax expense/(credit) for the year	1,721	(9,769)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

11. LOSS FOR THE YEAR

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Loss for the year has been arrived at after charging/(crediting):		
Directors' emoluments (excluding housing allowance) (note 13)	4,989	9,432
Salaries and allowances (excluding directors' emoluments)	12,025	16,047
Retirement benefits scheme contribution (excluding directors' emoluments)	297	398
Total staff costs	17,311	25,877
Gross rental income from investment properties	(4,788)	(5,026)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	–	–
	(4,788)	(5,026)
Auditors' remuneration for audit services:		
Auditors of the Company	600	1,442
Other auditors	85	–
	685	1,442
Amortisation of intangible asset	205	–
Depreciation for property, plant and equipment	13	166
Depreciation for right-of-use assets	1,813	6,245
Expense relating to short-term leases	2,008	265

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

12. DISCONTINUED OPERATION

As disclosed in notes 3 and 39, the Group disposed of its equity interests in Safe2Travel and Harvest Well during the year ended 31 December 2021. The Harvest Well Group, including Safe2Travel, carried out travel business in Singapore. The disposal of Harvest Well was effected in order to reduce the Group's continual exposure to further loss and capital requirements of, and further financial commitments to the Group's travel business in Singapore.

The loss for the year from the discontinued travel business in Singapore is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the travel business in Singapore as a discontinued operation.

	Period from 1 January 2021 to the disposal date HK$'000	Year ended 31 December 2020 HK$'000
Loss of travel business in Singapore for the period/year	**(7,576)**	(105,842)
Gain on disposal of subsidiaries (note 39)	**114**	–
	(7,462)	(105,842)

The results of the travel business in Singapore for the period from 1 January 2021 to the date of disposal of Harvest Well, which have been included in the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2021, were as follows:

	Period from 1 January 2021 to the disposal date HK$'000	Year ended 31 December 2020 HK$'000
Service income from provision of travel-related services	**457**	3,521
Other income, other gains and losses	**2,390**	8,807
Staff costs	**(4,151)**	(16,090)
Depreciation expenses	**(1,236)**	(2,788)
Allowance for ECL on trade receivables	**(870)**	(93,714)
Other expenses	**(3,402)**	(4,412)
Finance costs	**(764)**	(1,166)
Loss for the period/year	**(7,576)**	(105,842)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

12. DISCONTINUED OPERATION *(Continued)*

Loss for the period/year from discontinued operation has been arrived at after charging/(crediting):

	Period from 1 January 2021 to the disposal date HK$'000	Year ended 31 December 2020 HK$'000
Depreciation for property, plant and equipment	**128**	353
Depreciation for right-of-use assets	**1,108**	2,435
Gain on disposal of property, plant and equipment	**(160)**	–
Allowance for ECL on trade receivables	**870**	93,714
Life insurance policy's surrender charge (note 23)	**–**	1,013
Imputed interest income from deposit for a life insurance policy	**–**	(147)
Other interest income	**–**	(780)
Premium charges on a life insurance policy	**–**	229
Retirement benefits scheme contribution	**448**	1,886
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**43**	440
Government grants*		
– Jobs Support Scheme and Wage Credit Scheme from the Singapore government	**(2,165)**	(8,379)
– Mandated rental relief from the Singapore government	**(62)**	(197)

* The conditions of all those government grants are fulfilled and the Group received the government grants already.

The carrying amounts of the assets and liabilities of the Harvest Well Group, including Safe2Travel, at the date of disposal of Harvest Well are disclosed in note 39.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the GEM Listing Rules and Hong Kong Companies Ordinance, is as follows:

2021

	Fees HK$'000	Salary HK$'000	Contribution to retirement benefits scheme HK$'000	Housing allowance HK$'000	Total HK$'000
Executive directors:					
Mr. Cheung Kwok Wai, Elton	1,900	–	8	–	1,908
Mr. Mung Kin Keung	1,860	–	18	–	1,878
Mr. Mung Bun Man, Alan	1,000	–	8	835	1,843
Mr. Tse Ke Li (Note i)	15	–	–	–	15
	4,775	–	34	835	5,644
Independent non-executive directors:					
Mr. Law Kwok Ho, Kenward	60	–	–	–	60
Mr. Fung Wai Ching	60	–	–	–	60
Mr. Lai Hok Lim	60	–	–	–	60
	180	–	–	–	180
Total	4,955	–	34	835	5,824

Note:

(i) Mr. Tse Ke Li resigned as an executive director of the Company on 15 January 2021.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Directors' and chief executive's remuneration for the year, disclosed pursuant to the GEM Listing Rules and Hong Kong Companies Ordinance, is as follows: (continued)

2020

	Fees HK$'000	Salary HK$'000	Contribution to retirement benefits scheme HK$'000	Housing allowance HK$'000	Total HK$'000
Executive directors:					
Mr. Cheung Kwok Wai, Elton	4,560	–	18	–	4,578
Mr. Mung Kin Keung	1,860	–	18	–	1,878
Mr. Mung Bun Man, Alan	2,400	–	18	2,252	4,670
Mr. Tse Ke Li	360	–	18	–	378
	9,180	–	72	2,252	11,504
Independent non-executive directors:					
Mr. Law Kwok Ho, Kenward	60	–	–	–	60
Mr. Fung Wai Ching	60	–	–	–	60
Mr. Lai Hok Lim (Note i)	26	–	–	–	26
Mr. Tsai Yung Chieh, David (Note ii)	34	–	–	–	34
	180	–	–	–	180
Total	9,360	–	72	2,252	11,684

Notes:

(i) Mr. Lai Hok Lim was appointed as an independent non-executive director of the Company on 24 July 2020.

(ii) Mr. Tsai Yung Chieh, David resigned as an independent non-executive director of the Company on 24 July 2020.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and subsidiaries of the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

During the year ended 31 December 2021, Mr. Cheung Kwok Wai, Elton and Mr. Mung Bun Man, Alan waived emoluments amounted to HK$2,671,000 and HK$1,411,000 respectively.

No directors waived any emoluments for the year ended 31 December 2020.

During the year ended 31 December 2021, no emoluments have been paid by the Group to any of the directors as an inducement to join or upon joining the Group as compensation for loss of office (2020: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2020: three) directors, details of whose remuneration are set out in note 13 above. Details of the remuneration for the year of the remaining two (2020: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 HK$'000	2020 HK$'000
Salaries and other benefits	3,062	3,007
Performance related bonuses	135	500
Contribution to retirement benefits scheme	36	36
	3,233	3,543

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees 2021	2020
HK$1,000,001-HK$1,500,000	1	1
HK$1,500,001-HK$2,000,000	1	–
HK$2,000,001-HK$2,500,000	–	1
	2	2

During the year ended 31 December 2021, no emoluments have been paid by the Group to any of the above highest-paid individuals as an inducement to join or upon joining the Group as compensation for loss of office (2020: nil).

15. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of both years.

16. LOSS PER SHARE

For continuing operations

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

	2021 HK$'000	2020 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	(175,629)	(161,242)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

16. LOSS PER SHARE *(Continued)*

For continuing operations *(Continued)*

	2021 '000	2020 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**480,232**	426,287

On 14 April 2021, the Company implemented the share consolidation by consolidating every ten issued and unissued existing ordinary shares of HK$0.01 each of the Company into one ordinary share of HK$0.10 each. The weighted average number of ordinary shares used in the basic and diluted loss per share calculation for the year ended 31 December 2021 and 2020 was adjusted retrospectively.

For continuing and discontinued operations

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

	2021 HK$'000	2020 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(183,091)**	(267,084)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK1.55 cents per share (2020: HK24.83 cents per share), based on the loss for the period from the discontinued operation of HK$7,462,000 (2020: HK$105,842,000) and the denominators detailed above for both basic and diluted loss per share.

For the years ended 31 December 2021 and 2020, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed conversion would result in a decrease in loss per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
Cost					
At 1 January 2020	5,804	3,376	3,600	2,425	15,205
Additions	–	–	–	168	168
Exchange adjustments	29	20	49	13	111
At 31 December 2020 and at 1 January 2021	5,833	3,396	3,649	2,606	15,484
Additions	–	–	–	65	65
Disposal	–	(1,514)	–	–	(1,514)
Disposal of subsidiaries (note 39)	(3,304)	–	(3,505)	(2,455)	(9,264)
Exchange adjustments	(36)	(6)	(61)	(40)	(143)
At 31 December 2021	2,493	1,876	83	176	4,628
Depreciation					
At 1 January 2020	5,786	3,151	3,497	2,100	14,534
Provided for the year	18	151	47	303	519
Exchange adjustments	29	18	47	12	106
At 31 December 2020 at 1 January 2021	5,833	3,320	3,591	2,415	15,159
Provided for the year	–	38	20	83	141
Eliminated upon disposal	–	(1,476)	–	–	(1,476)
Eliminated upon disposal of subsidiaries (note 39)	(3,304)	–	(3,468)	(2,292)	(9,064)
Exchange adjustments	(36)	(6)	(60)	(37)	(139)
At 31 December 2021	2,493	1,876	83	169	4,621
Carrying amount					
At 31 December 2021	–	–	–	7	7
At 31 December 2020	–	76	58	191	325

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20% or over the term of the lease, whichever is shorter
Motor vehicles	10% – 20%
Furniture, fixtures and equipment	15% – 33%
Computer equipment	30% – 33%

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18. RIGHT-OF-USE ASSETS

	Leasehold land and building HK$'000	Motor vehicle HK$'000	Total HK$'000
Carrying amount as at 1 January 2020	10,619	1,970	12,589
Depreciation charge during the year	(8,457)	(223)	(8,680)
Exchange adjustments	21	27	48
Carrying amount as at 31 December 2020 and at 1 January 2021	2,183	1,774	3,957
Addition	8,809	–	8,809
Depreciation charge during the year	(2,810)	(111)	(2,921)
Disposal of subsidiaries (note 39)	(8,106)	(1,633)	(9,739)
Exchange adjustments	(76)	(30)	(106)
Carrying amount as at 31 December 2021	–	–	–

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases	**2,008**	265
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**43**	440
Total cash outflow for leases	**4,645**	9,886
Addition to right-of-use assets	**8,809**	–

For both years, the Group leases various offices and a vehicle for its operations. Lease contracts are entered into for fixed term of 1 year to 4.5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office equipment and for office in Hong Kong. The lease term for short-term leases is within one year. As at 31 December 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 31 December 2020, the above right-of-use assets included a right to use a property owned by a related company of a substantial shareholder of the Company of HK$860,000 for the Group to use as office premises and the related lease liability amounted to HK$918,000.

18. RIGHT-OF-USE ASSETS *(Continued)*

Rent concessions

For both years, lessors of offices provided rent concessions to the Group through rent reductions.

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant lease of HK$62,000 (2020: HK$197,000) was recognised as negative variable lease payments in profit or loss during the year ended 31 December 2021 presented as other income under discontinued operation.

19. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 January 2020	181,100
Decrease in fair value recognised in profit or loss (unrealised)	(17,800)
At 31 December 2020 and at 1 January 2021	163,300
Increase in fair value recognised in profit or loss (unrealised)	3,900
At 31 December 2021	167,200

All investment properties of the Group are offices located in Hong Kong.

The Group leases out the investment properties to related companies under operating leases with rentals receivable monthly. The leases typically have a lease term of one to two years (2020: two to three years).

As disclosed in note 30, the Group formally reached a settlement agreement with the bank in repaying the outstanding bank borrowing and the accrued interest payable owed by Safe2Travel. The repayment is secured by a first legal mortgage over the Group's investment properties and the assignment of rental proceeds deriving from these investment properties to the bank. The first legal mortgage remains in full force and effect after the disposal of the Harvest Well Group, including Safe2Travel until the bank borrowing being fully repaid.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

The fair values of the Group's investment properties at 31 December 2021 and 31 December 2020 have been arrived at on the basis of valuations carried out on the respective dates by APAC Appraisal and Consulting Limited, an independent professional qualified property valuer not connected to the Group who has recent experience in the location and category of the investment properties being valued.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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19. INVESTMENT PROPERTIES *(Continued)*

The valuations were arrived at by using direct comparison method by making reference to the comparable market transactions as available. The direct comparison method is based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve, which has led to higher degree of uncertainties in respect of the valuations in both years.

The following table gives information about how the fair value of these investment properties as at 31 December 2021 and 2020 was determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value measurements and valuation processes

Fair value hierarchy	Nature of properties held	Valuation techniques(s) and significant unobservable input(s)	Relationship of unobservable inputs to fair value
Level 3	Office units located in Hong Kong	Direct comparison method-based on price per square foot, using market observable comparable prices of similar properties ranging from HK$41,000 to HK$42,000 (2020: from HK$40,000 to HK$41,000) per square foot on saleable area basis, and adjusted taking into account locations and other individual factors such as floor level, building age, size and conditions of the properties.	A slight increase in the price per square foot will result in a significant increase in the fair value, and vice versa.

In estimating the fair values of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group works closely with the independent qualified valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Company.

There were no transfers into or out of Level 3 during both years. The Group's policy is to recognise transfers into and transfer out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Information about the valuation techniques and inputs used in determining the fair value of the Group's investment property is disclosed above.

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20. INTANGIBLE ASSETS

	License HK$'000	Trade name HK$'000	Customer relationship HK$'000	Total HK$'000
Cost				
At 1 January 2020	–	53,996	58,924	112,920
Exchange adjustments	–	781	852	1,633
At 31 December 2020 and at 1 January 2021	–	54,777	59,776	114,553
Addition	1,000	–	–	1,000
Disposal of subsidiaries (note 39)	–	(53,805)	(58,715)	(112,520)
Exchange adjustments	–	(972)	(1,061)	(2,033)
At 31 December 2021	1,000	–	–	1,000
Amortisation and impairment				
At 1 January 2020	–	53,996	58,924	112,920
Exchange adjustments	–	781	852	1,633
At 31 December 2020 and at 1 January 2021	–	54,777	59,776	114,553
Provided for the year	205	–	–	205
Eliminated upon disposal of subsidiaries (note 39)	–	(53,805)	(58,715)	(112,520)
Exchange adjustments	–	(972)	(1,061)	(2,033)
At 31 December 2021	205	–	–	205
Carrying values				
At 31 December 2021	795	–	–	795
At 31 December 2020	–	–	–	–

During the year ended 31 December 2021, the Group acquired brand name license which entitles the Group to promote, distribute and sell the tea products under the brand name of "Hocha" or "好茶養生" in the Greater China and Southeast Asia regions for three years. The license is amortised over the license period of three years.

The trade name and customer relationship were purchased as part of the acquisition of a travel business in Singapore, Safe2Travel, in prior years and were recognised at their fair value at the date of acquisition.

The directors were of the opinion that Safe2Travel had the ability to use the trade name continuously. As a result, the trade name was considered by the management of the Group as having an indefinite useful life because it was expected to contribute to net cash inflows indefinitely. The trade name would not be amortised until its useful life was determined to be finite. Instead it would be tested for impairment annually and whenever there was an indication that it may be impaired.

Other than the trade name, the customer relationship had an estimated useful life of 7 years and was amortised on a straight-line basis.

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20. INTANGIBLE ASSETS *(Continued)*

As of 31 December 2018, the above intangible assets were fully impaired based on the impairment assessment performed by the management on the recoverable amount of the CGU of the travel business in Singapore, Safe2Travel. The management considered that the recoverable amount was still nil as at 31 December 2020, due to the COVID-19 pandemic and slowing global and local economy in Singapore.

During the year ended 31 December 2021, the trade name and customer relationship was derecognised through the disposal of Harvest Well.

21. INTEREST IN A JOINT VENTURE

On 30 July 2013, Jade Emperor International Limited ("**Jade Emperor**"), a wholly-owned subsidiary of the Company, entered into a venture participation agreement (the "**Participation Agreement**") with Matrix Triumph Sdn. Bhd. ("**MTSB**"), being the joint venture partner, and Discover Orient Holidays Sdn. Bhd. ("**DOH**"), being the joint venture company, for participation and involvement in the business being conducted by DOH at a cash consideration of HK$14 million. DOH, which is incorporated in Malaysia with limited liability and engages principally in the business of operating as an organiser of tours and travel agent in Malaysia.

The transaction was completed on 31 August 2013. Pursuant to the terms of the Participation Agreement, DOH would pay to Jade Emperor a management fee as its share of results which was equivalent to 90% of the profit before taxation of DOH.

In addition to the Participation Agreement, MTSB and Jade Emperor also entered into an option agreement on the same day, pursuant to which MTSB granted a call option to Jade Emperor to acquire the entire issued share capital in DOH at a price to be agreed by the parties with reference to the profit before taxation of DOH or such comparables at the time of exercise of the option. In the opinion of the directors, the exercise price of the call option would be at market value on a mutually agreed basis by the parties at the time of exercise of the option, and therefore the value of the call option had no material financial impact to the Group.

As the Participation Agreement required the consent of both parties on major decisions in the operation and control of DOH, DOH was treated as a joint venture of the Group accordingly.

As at 31 December 2020, in view of the fact that both actual sales and profit generated from the joint venture had fallen below expectation due to the COVID-19 pandemic and slowing global and local economy in Malaysia, the Group performed impairment assessment on the joint venture. Determining whether impairment loss should be recognised required an estimation of the recoverable amount of the relevant joint venture which was the higher of value in use and fair value less costs to sell. The recoverable amount of interest in a joint venture was determined based on a value in use calculation. The value in use calculation required the management of the Group to estimate its share of the present value of the estimated future cash flows expected to be generated by the joint venture, including the cash flows from the operations of the joint venture and the proceeds from the ultimate disposal of the investment.

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21. INTEREST IN A JOINT VENTURE *(Continued)*

As at 31 December 2020, the value in use was determined by the management of the Group with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group for the purposes of impairment testing. The calculation used cash flow projections based on financial budgets approved by management of the joint venture covering a five-year period, and discounted at a discount rate of 16.41%. Cash flows after the five-year period were extrapolated using a 2.17% terminal growth rate in considering the economic condition of the market.

Other key assumptions for the value in use calculations related to the estimation of cash inflow based on the above financial budgets including the budgeted sales and gross margin. Such estimation was based on the joint venture's past performance and management's expectations for the market development including the fluctuation in the travel business in the then current economic environment. Both actual sales and profit generated from the joint venture which engaged in the travel business segment in Malaysia had fallen below expectation due to the COVID-19 pandemic and slowing global and local economy in Malaysia, and therefore the management revised the cash flow projections to reflect the latest economic conditions as at 31 December 2020. On this basis, the recoverable amount of the joint venture was estimated approximately to be nil as at 31 December 2020. The directors concluded that an impairment loss of HK$3,248,000 was recognised in profit or loss during the year ended 31 December 2020. The interest in joint venture was fully impaired as at 31 December 2020.

During the year ended 31 December 2021, the Group disposed of its entire equity interests in Jade Emperor and ceased to have joint control over DOH and the entire exchange differences accumulated in exchange reserve in respect of DOH were reclassified to profit or loss. Accordingly, a loss on disposal of HK$3,177,000 was recognised.

Details of the Group's investment in a joint venture are as follows:

	2021 **HK$'000**	2020 HK$'000
Cost of investment in a joint venture	–	14,000
Share of post-acquisition profits and other comprehensive income	–	1,270
Accumulated impairment loss recognised	–	(12,093)
Exchange adjustments	–	(3,177)
	–	–

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21. INTEREST IN A JOINT VENTURE *(Continued)*

The interest in the joint venture was accounted for using equity method.

	2020 HK$'000
Revenue	4,769
Loss for the year	(2,878)
Other comprehensive income for the year	–
Total comprehensive expense for the year	(2,878)
Dividends received from the joint venture during the year	–

Significant restriction

There were no significant restrictions on the ability of the joint venture to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

22. LOAN RECEIVABLES

	2021 **HK$'000**	2020 HK$'000
Fixed-rate loan receivables	**304,050**	321,400
Accrued interest receivables	**17,971**	9,966
Less: accumulated allowance for ECL	**(161,700)**	(85,386)
	160,321	245,980
Analysed as		
Current	**160,321**	109,575
Non-current	**–**	136,405
	160,321	245,980

The ranges of interest rate on the Group's loan receivables is from 7.42% to 15% per annum for both years. The loans are respectively repayable in one to five years (2020: one to five years) from the drawdown date, and hence the loans repayable beyond one year from the end of the reporting period were classified as non-current. Pursuant to loan agreements, the Group retains a discretionary right to demand the repayment from the borrowers in full before the maturity of the loans.

At 31 December 2021, the net carrying amount of loan receivables amounting to HK$24,110,000 (2020: HK$48,430,000) are secured, HK$22,947,000 (2020: HK$17,700,000) are guaranteed, and HK$113,264,000 (2020: HK$179,850,000) are unsecured and unguaranteed.

22. LOAN RECEIVABLES *(Continued)*

Further details of ECL assessment on loan receivables are set out in note 43(b).

No aging analysis is disclosed, as in the opinion of the directors, the aging analysis does not give additional value in view of the nature of business of money lending.

23. DEPOSIT AND PREPAYMENT FOR A LIFE INSURANCE POLICY

In November 2019, Safe2Travel entered into a life insurance policy (the "**Policy**") to insure a key management person of Safe2Travel. The insured person was not a director or a shareholder of the Company. Under the Policy, the beneficiary and policy holder was Safe2Travel and the total insured sum was approximately United States dollars ("**US$**") 3,036,000 (equivalent to approximately HK$23,675,000). At the inception of the Policy, Safe2Travel paid an upfront gross premium of approximately US$901,000 (equivalent to approximately HK$6,996,000). The insurance company would pay Safe2Travel a guaranteed interest rate of 4.25% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2.00% per annum) during the effective period of the Policy. The Group could terminate the Policy at any time and could receive the cash back at the date of termination based on the account value of the Policy (the "**Account Value**"), which was determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the Policy. If termination was made between the first policy year to the end of surrender period stated in the Policy, there was a specified amount of surrender charge deducted from the Account Value.

At the date of initial recognition, the directors expected that the Policy would be terminated at the end of the seventh policy year in 2026, and accordingly, there would be a specified surrender charge of approximately US$123,000 (equivalent to approximately HK$959,000) in accordance with the Policy, representing 13.8% of the Account Value. The estimated Account Value at the end of the seventh policy year would be approximately US$890,000 (equivalent to approximately HK$6,937,000).

The Policy provided the Group with coverage for significant insurance risk. The gross premium paid at inception of the Policy consisted of a deposit placed element and a prepayment for life insurance element. These two elements were recognised on the consolidated statement of financial position at the aggregate of the amount of gross premium paid plus interest earned, and after deducting the annual cost of insurance, other applicable charges as well as the amortisation of the expected surrender charge at the end of seventh policy year.

During the year ended 31 December 2020, this life insurance policy was terminated and the remaining Account Value, net of surrender charges amounting to HK$1,013,000, of US$745,000 (equivalent to approximately HK$5,785,000), was recognised as other receivable (note 24) of the Group as at 31 December 2020. The remaining Account Value from this life insurance policy had been utilised to set off against the part of outstanding bank borrowings (note 30) in January 2021.

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24. TRADE AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Accounts receivables from brokerage business:		
– Margin clients, net of accumulated allowance for ECL (Note i)	**61,128**	58,515
– Cash client (Note ii)	**2,113**	250
– Clearing house (Note ii)	**1,673**	7,202
Trade receivables from travel business, net of accumulated allowance for ECL	**–**	9,835
Trade receivables from asset management business, net of accumulated allowance for ECL	**111**	3,391
Trade receivables from corporate finance advisory business	**544**	–
Brokers receivables	**77**	55
Receivable from the surrender of life insurance policy (note 23)	**–**	5,785
Deposits, prepayments and other receivables	**1,892**	22,804
	67,538	107,837

Notes:

(i) As at 31 December 2021, loans to securities margin clients are secured by clients' pledged securities with fair value of HK$242,278,000 (2020: HK$179,317,000). The loans are repayable on demand and carry interest typically at Hong Kong prime rate +3% to +10% per annum. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients. No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of brokerage business of securities margin financing.

During the year ended 31 December 2021, a loan to a securities margin client with gross carrying amount of HK$16,744,000 was reclassified from Stage 1 (initial recognition) to Stage 3 (credit-impaired), as the securities margin client failed to repay or provide additional collateral when the eligible margin value of the securities fell below the outstanding amount of the loan. This margin loan was secured by pledged securities with fair value of HK$9,595,000 and an allowance for ECL of HK$7,149,000 has been provided.

(ii) The normal settlement terms of accounts receivables from cash clients and clearing house are two trading days after trade date. As at 31 December 2021, accounts receivables from cash clients were HK$2,113,000 (2020: HK$250,000). Accounts receivables from cash clients, which are neither past due nor impaired, represent unsettled client trades on securities exchange transacted on the last two business days prior to the end of the reporting period.

24. TRADE AND OTHER RECEIVABLES *(Continued)*

For the travel business, the Group allowed an average credit period which ranged from 60-90 days to its customers of the travel business. The following was an aged analysis of receivables from travel business, net of accumulated allowance for ECL, presented based on the invoice date at the end of the reporting period.

	2020 HK$'000
Up to 3 months	5,809
4 to 6 months	1,410
7 to 12 months	2,616
Over 1 year	–
	9,835

Trade receivables from travel business represent the amounts billed to customers, of which trade receivables, net of accumulated allowance for ECL, from travel business in Singapore were HK$9,835,000 as at 31 December 2020. The Group measured allowance for ECL on trade receivables from travel business at an amount equal to lifetime ECL, which was calculated using a provision matrix by reference to past default experience of the debtor and current market condition in relation to each debtor's exposure and time value of money where appropriate. The significant increase in allowance for ECL was due to the COVID-19 pandemic and slow global and local economy in Singapore. The ECL assessment also incorporated forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle such trade receivables. Trade receivables from travel business had been grouped based on shared credit risk and the days past due.

As at 31 December 2020, included in the Group's trade receivables from travel business balance were debtors with aggregate carrying amount of approximately HK$4,649,000 which were past due as at the reporting date. The average age of these receivables was 185 days. For the year ended 31 December 2020, the allowance for ECL was further increased by HK$93,714,000, and details of ECL assessment on trade and other receivables are set out in notes 43(b).

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 **HK$'000**	2020 HK$'000
Listed investments held for trading (Note)		
– Equity securities listed in Hong Kong	**17,487**	21,672

Note: The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

At 31 December 2021 and 2020, no financial assets at fair value through profit or loss have been pledged as security.

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26. BANK TRUST ACCOUNT BALANCES

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its brokerage and asset management business. The Group has classified the clients' monies as bank trust account balances under the current assets section in the consolidated statement of financial position and recognised the corresponding payable to the respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

27. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.15% to 0.35% (2020: 0.15% to 0.35%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2021 **HK$'000**	2020 HK$'000
US$	**9**	53
Australian dollar ("**AUD**")	**–**	38
New Zealand dollar ("**NZD**")	**–**	73
Renminbi ("**RMB**")	**15**	15

28. TRADE AND OTHER PAYABLES

	2021 **HK$'000**	2020 HK$'000
Accounts payables from brokerage business:		
– Margin clients	**4,095**	7,461
– Cash clients	**15,343**	6,573
– Clearing house	**1,210**	1,390
– A broker	**–**	18
Trade payables from travel business	**–**	16,073
Trade payables from asset management business	**217**	3,942
Accruals	**1,979**	3,343
Interest payable	**658**	658
Tenant deposits received	**1,120**	1,406
Other payables	**4,588**	15,251
	29,210	56,115

For the brokerage business, the normal settlement terms of accounts payables to clients, clearing house and broker(s) are two trading days after trade date. No aging analysis is disclosed for the accounts payables from the brokerage business as, in the opinion of the directors, the aging analysis does not give additional value in view of the nature of brokerage business.

28. TRADE AND OTHER PAYABLES *(Continued)*

For the travel business, the following was an aged analysis of trade payables presented based on the invoice date at the end of reporting period.

	2020 HK$'000
Within 1 month	2,092
1 to 2 months	4,674
2 to 3 months	1,486
Over 3 months	7,821
	16,073

The average credit period from trade suppliers of the travel business was 30 days.

29. CONTRACT LIABILITIES

	2021 **HK$'000**	2020 HK$'000
Deposits received from customers for provision of travel-related services	–	850

30. BANK BORROWINGS

	2020 HK$'000
The carrying amounts of secured bank borrowings that contained a repayment on demand clause (shown under current liabilities) but repayable:	
Within one year	30,233

As at 31 December 2020, the bank borrowings carried interest at rates ranging from 3.00% to 4.50% per annum.

The Group's bank borrowings that were denominated in currencies other than the functional currencies of the relevant group entity are set out below:

	2020 HK$'000
US$	5,796

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30. BANK BORROWINGS *(Continued)*

During the year ended 31 December 2020, there was a technical breach of a loan covenant in the banking facility letter that primarily related to a prescribed amount of the net tangible assets requirement in Safe2Travel, a then subsidiary of the Company. The bank borrowings of approximately Singapore Dollars ("**SG$**") 4,170,000 (equivalent to approximately HK$24,437,000), were guaranteed by the Company and the entire bank borrowings had been classified as current liabilities at 31 December 2020. In the opinion of the directors, the bank had given its accommodation for the technical breach and did not demand immediate repayment of the outstanding amount.

On 1 March 2021, the Company entered into a settlement agreement with the bank pursuant to which the Company agreed to repay the outstanding bank borrowings and the accrued interest payable of Safe2Travel in discharge of the Company's pre-existing obligations under a parent company's guarantee given to the bank to fortify the borrowings of Safe2Travel. The repayment is secured by a first legal mortgage over the Group's investment properties in Hong Kong (note 19) and the assignment of rental proceeds deriving from these investment properties to the bank.

31. OTHER BORROWING

At 31 December 2021, the unsecured other borrowing amounting to HK$100,000,000 (2020: HK$100,000,000) is guaranteed by Mr. Cheung Kwok Wai, Elton, an executive director of the Company, and interest bearing at a fixed rate of 8% per annum (2020: 8%) payable monthly. The majority of the proceeds were used to finance the working capital of money lending business.

During the year ended 31 December 2021, the Company entered into a supplemental agreement with the finance company to extend the repayment date of the unsecured other borrowing from 12 November 2021 to 11 November 2022. Save and except for the extension of the repayment date, all terms and conditions of the loan agreement remain unchanged and continue in full force and effect.

32. FINANCIAL GUARANTEE CONTRACT

As disclosed in note 30, the Company issued financial guarantee to the bank in respect of the bank borrowings granted to Safe2Travel. Subsequent to the disposal of the Harvest Well Group, including Safe2Travel (note 39), the Group has repaid installment payments amounted to SG$1,067,000 (equivalent to approximately HK$6,168,000) in fulfilling obligation as financial guarantor. Accordingly, a loss on financial guarantee contract amounted to HK$6,168,000 was recognised in profit or loss.

At 31 December 2021, the aggregate amount of outstanding financial guarantee issued to the bank in respect of the bank borrowing granted to Safe2Travel that the Group was required to pay amounted to SG$1,246,000 (equivalent to approximately HK$7,209,000) if the guarantees were called. Since the directors are of the view that the financial guarantee contract became credit-impaired, an allowance for ECL of HK$7,209,000 in respect of the outstanding liabilities under the financial guarantee contract was recognised.

Details of the ECL assessment on financial guarantee contract are set out in note 43(b).

33. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payables:		
Within one year	–	2,686
Within a period of more than one year but not more than two years	–	811
Within a period of more than two years but not more than five years	–	–
	–	3,497
Less: amount due for settlement within 12 months shown under current liabilities	–	(2,686)
Amount due for settlement after 12 months shown under non-current liabilities	–	811

The Group's lease liabilities are denominated in the functional currency of the relevant group entities.

As at 31 December 2020, included in lease liabilities was payable to a subsidiary of a substantial shareholder of the Company of HK$918,000.

34. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and movements thereon during the current and prior years.

	Allowance for ECL HK$'000
At 1 January 2020	4,301
Credit to profit or loss (note 10)	9,788
At 31 December 2020 and at 1 January 2021	14,089
Charge to profit or loss (note 10)	(1,683)
At 31 December 2021	12,406

At the end of the reporting period, the Group has unused tax losses of approximately HK$179,166,000 (2020: HK$79,963,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profits stream.

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34. DEFERRED TAX ASSETS *(Continued)*

At 31 December 2021, the Group has deductible temporary differences of approximately HK$1,875,000 (2020: HK$105,969,000) in respect of the depreciation of property, plant and equipment (2020: depreciation of property, plant and equipment and the allowance for ECL on trade receivables from travel business in Singapore). No deferred tax asset has been recognised in relation to such deductible temporary differences as, in the opinion of the directors, it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

35. CONVERTIBLE BONDS

The Company issued 8% two-year convertible bonds (the "**Convertible Bonds I**") with principal amount of HK$80,000,000 on 13 November 2018 to an independent third party. The Convertible Bonds I was denominated in Hong Kong dollars. The Convertible Bonds I entitled the holders to convert them into ordinary shares of the Company at any time between the date of issue of the convertible bonds and the fifth business days prior to 12 November 2020 at a conversion price of HK$0.115 per conversion share. If the Convertible Bonds I had not been converted, they would be redeemed on the maturity date at par. Interest of 8% per annum would be paid annually in arrears up until the settlement date.

The principal terms of the Convertible Bonds I were disclosed in the Company's announcement dated 29 October 2018.

At initial recognition, the equity component of the Convertible Bonds I was separated from the liability component of Convertible Bonds I. The equity element was presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component was 11.12% per annum.

During the year ended 31 December 2020, the Company issued a new 8% two-year convertible bonds (the "**Convertible Bonds II**") with principal amounting of HK$60,000,000 to the holder of the Convertible Bonds I on 12 November 2020. The Company and the holder of the Convertible Bonds I had agreed that part of the moneys due by the Company to the holders of the Convertible Bonds I had been used to pay for the subscription moneys for the Convertible Bonds II. As such, the Company shall not receive proceeds from this issuance, and the Company repaid in cash part of the principal amount of HK$20,000,000 of Convertible Bonds I and the accrued coupon interests of HK$6,400,000, totaling of HK$26,400,000 (including HK$859,000 was used to settle prior year's accrued interest payable), to the holder.

The principal terms of the Convertible Bonds II were disclosed in the Company's announcement dated 25 September 2020.

The Convertible Bonds II was denominated in Hong Kong dollars, and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the Convertible Bonds II and the fifth business days prior to 11 November 2022 at a conversion price of HK$0.071 per conversion share. If the Convertible Bonds II had not been converted, they would be redeemed on the maturity date at par. Interest of 8% per annum would be paid annually in arrears up until the settlement date.

The conversion price would be, from time to time, subject to adjustment upon occurrence of (i) consolidation, sub-division, re-classification of shares; (ii) capitalisation of profits or reserves; (iii) capital distribution; (iv) offer of for subscription by way of a rights issue, an open offer or a grant of any securities, options or warrants to subscribe for new shares, at a price per new share which is less than market price at the date of the announcement of the terms of such offer or grant; (v) issue of shares at less than market price at the date of the announcement of the terms of such issue.

No adjustment shall be made to the conversion price in any case in which the amount by which the same would be reduced in accordance with certain provisions would be less than 1% and any adjustment that would otherwise be required then to be made shall not be carried forward.

35. CONVERTIBLE BONDS *(Continued)*

If any adjustment made to the conversion price would require the Company to allot and issue shares in excess of 852,573,410 unissued shares under the general mandate granted to the directors, the holders would be entitled to convert up to the maximum of 852,573,410 conversion shares and all remaining portion of the principal amount would be redeemed on a dollar-to-dollar basis plus interest accrued on the conversion date of the Convertible Bonds II. The Company had the right to redeem part or all of the outstanding Convertible Bonds II by giving to the holders of the Convertible Bonds II a redemption notice not less than seven business days at any time from the issue date but before the maturity date.

The conversion options were not derivatives that could be settled by exchange of a fixed amount of cash or another asset for a fixed number of the Company's own shares as they contained the feature designed to protect the holders of convertible bond from adverse movements in share price at the expense of the existing ordinary shareholders. The Company had designated the whole Convertible Bonds II that contained the debt component, derivative components of holder's conversion option and issuer's early redemption option as financial liabilities at fair value through profit or loss and initially recognised the Convertible Bonds II at fair value. The fair value of Convertible Bonds II at initial recognition was determined by aggregating the fair values of (i) the present value of contractual future cash flows, represented by the 8% coupon payments per annum, discounted at the effective interest rate of 11% per annum, taking into account the credit standing of the Company and the remaining time to maturity; and (ii) the conversion option and the issuer's early redemption option. The Company might at any time from the issue date but before the maturity date redeem part or all of the outstanding Convertible Bonds II principal and accrued interests.

The valuation of Convertible Bonds II was determined with the assistance of APAC Appraisal and Consulting Limited, an independent qualified professional valuer not connected to the Group.

In subsequent periods, such Convertible Bonds II were measured at fair value with changes in fair values recognised in profit or loss. Transaction costs relating to the issuance of Convertible Bonds II were charged to profit or loss.

The Convertible Bonds II was measured at fair value using the Binomial Option Pricing Model, at initial recognition and at the end of each subsequent reporting period. The inputs into the model as at 12 November 2020, 31 December 2020 and 7 May 2021 are as follows:

	7 May 2021 (Date of conversion)	31 December 2020	12 November 2020 (Date of issuance)
Share price	HK$1.850	HK$0.051	HK$0.051
Conversion price	HK$0.71	HK$0.071	HK$0.071
Expected volatility	50%	44%	44%
Dividend yield	0%	0%	0%
Option life	1.51 years	1.87 years	2.00 years
Discount rates	11%	11%	11%

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35. CONVERTIBLE BONDS *(Continued)*

As a result of share consolidation effective on 14 April 2021, the conversion price of HK$0.071 per conversion share was adjusted to HK$0.71 per conversion share.

During the year ended 31 December 2020, the Group breached technically certain terms and conditions of the Convertible Bonds II which are primarily related to the cross default of the bank borrowings (note 30) due by Safe2Travel. The Convertible Bonds II with a carrying value of HK$58,740,000 was designated as financial liabilities at fair value through profit or loss and therefore included as current liabilities at 31 December 2020. Subsequent to the end of the last reporting period, the Company formed the settlement agreement in March 2021 with the bank in discharging its financial guarantee given in favour of the bank for securing the bank borrowings (note 30) granted to Safe2Travel. In the opinion of the directors, the Group no longer breaches technically the cross-default clause.

As at 31 December 2020, the holder of Convertible Bonds II has the right to require immediate redemption of all the outstanding principal and accrued interest. Therefore, the maximum exposure of Convertible Bonds II is expected to be the principal and the accrued interest amounting to HK$60,658,000.

On 7 May 2021, the Company received the conversion notices from the holder of the Convertible Bonds II for the exercise of its conversion rights to convert the entire outstanding principal amount of the Convertible Bonds II of HK$60,000,000 into 84,507,042 ordinary shares of HK$0.10 each of the Company at the adjusted conversion price of HK$0.71 per share (the "**Conversion**").

The Company allotted and issued the 84,507,042 ordinary shares of HK$0.10 each to the holder of the Convertible Bonds II on 12 May 2021. The ordinary shares allotted and issued by the Company upon the Conversion rank pari passu in all respects with, and within the same class as, the shares in issue upon the date of the Conversion. After the Conversion, there are no outstanding Convertible Bonds II in issue. Details of which are set out in the Company's announcement dated 12 May 2021.

The movement of Convertible Bonds I and II for both years is set out as below:

	Convertible Bonds I HK$'000	**Convertible Bonds II** HK$'000	**Total** HK$'000
At 1 January 2020	78,058	–	78,058
Initial recognition on issuance and deemed repayment	(60,000)	60,000	–
Repayment of principal amount	(20,000)	–	(20,000)
Coupon interest paid/payable	(5,541)	–	(5,541)
Interest charge (note 9)	7,483	658	8,141
At 31 December 2020 and at 1 January 2021	–	60,658	60,658
Change in fair value	–	96,338	96,338
Conversion of convertible bonds	–	(156,338)	(156,338)
Coupon interest paid/payable	–	(2,315)	(2,315)
Interest charge (note 9)	–	1,657	1,657
At 31 December 2021	–	–	–

36. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.10 each (2020: HK$0.01 each)		
Authorised:		
At 1 January 2020, 31 December 2020 and 1 January 2021	180,000,000,000	1,800,000
Share consolidation (Note)	(162,000,000,000)	–
At 31 December 2021	18,000,000,000	1,800,000
Issued and fully paid:		
At 1 January 2020, 31 December 2020 and 1 January 2021	4,262,867,050	42,629
Share consolidation (Note)	(3,836,580,345)	–
Conversion of convertible bonds (note 35)	84,507,042	8,450
At 31 December 2021	510,793,747	51,079

Note:

As announced by the Company on 23 March 2021, the Company proposed to implement a share consolidation (the "**Share Consolidation**") by consolidating every ten issued and unissued existing ordinary shares of HK$0.01 each in the share capital of the Company into one ordinary share of HK$0.10 each, ranked *pari passu* in all respect with each other. Details of the Share Consolidation are set out in the circular of the Company dated 23 March 2021.

The ordinary resolution approving the Share Consolidation was passed at the extraordinary general meeting of the Company held on 12 April 2021 and the Share Consolidation became effective on 14 April 2021.

37. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a new share option scheme to replace the share option scheme adopted on 19 May 2011 pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 24 June 2021. The purpose of the share option scheme is to enable the Company to grant options to selected eligible participants who include employees and directors of the Company and its subsidiaries as incentives or rewards for their contribution or potential contribution to the Group. Under the share option scheme, the option period during which a share option may be exercised shall be determined and notified by the directors to the grantee and in any event shall not exceed ten years from the date of grant. The maximum number of shares which may be issued upon exercise of all options may be granted at any time under the share option scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed such number of shares as equals 10% of the issued share capital of the Company as at the date of the approval of the share option scheme (the "**Scheme Mandate Limit**"), without prior approval from the Company's shareholders. The Company may seek approval by the shareholders of the Company in general meeting to refresh the Scheme Mandate Limit under the share option scheme.

37. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

The exercise price is determined by the directors, and is not less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant.

No share options were granted during the years ended 31 December 2021 and 2020. No share options were outstanding as at 31 December 2021 and 31 December 2020.

38. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK$1,500 or 5% of relevant salaries and allowances to the MPF Scheme, which contribution is matched by the employees.

The employees of the Group's subsidiary in Singapore are members of the Central Provident Fund Scheme ("**CPF Scheme**"), a state-managed retirement benefit scheme operated by the Singapore Government. The Group is required to contribute ranging from 13% to 17% of payroll costs to the Central Provident Fund Scheme to fund the benefit. The only obligation of the Group with respect of the Central Provident Fund Scheme is to make the specific contributions. Contributions to the national pension scheme are recognised as an expense in the period in which the related service is performed.

The total expense recognised in profit or loss of approximately HK$779,000 (2020: HK$2,356,000) represents contributions payable to the MPF Scheme and CPF Scheme by the Group at rates specified in the rules of the plans in respect of the year ended 31 December 2021. As at 31 December 2021, contributions of HK$17,000 (2020: HK$280,000) due in respect of the respective year ended had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

39. DISPOSAL OF SUBSIDIARIES

The Harvest Well Group

During the year ended 31 December 2021, the Group entered into a sale and purchase agreement to dispose of its entire equity interests in Harvest Well at a consideration of HK$1 as adjusted by the mechanisms of Outcome Sharing Adjustment (as defined below), if any, respectively. The disposal was completed on 30 August 2021.

Pursuant to the sale and purchase agreement relating to the disposal of the entire equity interests in Harvest Well, if the purchaser successfully recovers any value in the assets of the Harvest Well Group subsequent to the completion of the disposal, any proceeds recovered shall be distributed between the Group and the purchaser in the proportions of 70% to 30% (the "**Outcome Sharing Adjustment**").

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

The Harvest Well Group *(Continued)*

	HK$'000
Consideration received:	
Cash received	–*

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	200
Right-of-use assets	9,739
Trade and other receivables	28,105
Bank balances and cash	1,228
Trade and other payables	(31,500)
Contract liabilities	(1,070)
Tax payables	(93)
Lease liabilities	(9,697)
Bank borrowings	(12,915)
Net liabilities disposed of	(16,003)

	HK$'000
Gain on disposal of subsidiaries:	
Consideration received	–*
Net liabilities disposed of	16,003
Reclassification of cumulative exchange reserve upon disposal of subsidiaries	(15,889)
Gain on disposal	114

	HK$'000
Net cash outflow arising on disposal	
Cash consideration	–*
Less: bank balances and cash disposed of	(1,228)
	(1,228)

* Amount less than HK$1,000.

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40. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

As at 31 December 2021 and 2020, details of the banking facilities available to the Group and the corresponding pledge of assets are as follows:

(a) As at 31 December 2021, the Group's investment properties in Hong Kong with carrying amount of HK$167,200,000 have been pledged to secure the bank borrowings of Safe2Travel which was disposed of during the year ended 31 December 2021. The bank borrowings were also secured by the assignment of rental proceeds deriving from these investment properties to the bank.

(b) As at 31 December 2020, the net carrying amount of trade receivables from travel business in Singapore amounting to SG$1,678,000 (equivalent to approximately HK$9,835,000) and a life insurance policy surrender account receivable of US$745,000 (equivalent to approximately HK$5,785,000) had been pledged to a bank in Singapore by way of a floating charge.

As at 31 December 2020, the bank had provided the following banking facilities to a subsidiary of the Company in Singapore for travel business:

	2020	
	Facility limit	**Utilised amount**
	HK$'000	HK$'000
Accounts receivables financing and commercial card guarantee in an aggregate amount of approximately SG$5,600,000 of which an amount of SG$4,170,000 was utilised	32,815	24,437
Life insurance premium financing loan and term loan in an aggregate amount of approximately US$854,000, of which an amount of US$746,000 was utilised	6,631	5,796
	39,446	30,233

(c) As at 31 December 2020, cash collateral placed by the Group and included in other receivables of approximately SG$670,000 (equivalent to approximately HK$3,926,000) was pledged for financial guarantees of SG$1,260,000 (equivalent to approximately HK$7,383,000), given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group would become liable to compensate such insurance companies accordingly. The financial guarantees would be released upon completion of the contract works.

As at 31 December 2020, as represented by the management of the Group, they did not consider it was probable that a claim would be made against the Group.

40. PLEDGE OF OR RESTRICTIONS ON ASSETS *(Continued)*

Restrictions on assets

As at 31 December 2020, lease liabilities of HK$3,497,000 were recognised with related carrying amounts of the right-of-use assets of HK$3,957,000. The lease agreements did not impose any covenants other than the security deposits in the leased assets that were held by the lessor and the relevant leased assets might not be used as security for borrowing purposes.

41. LOSS OF ASSETS ARISING FROM THE INCIDENTS

The Company received a letter (the "**Letter**") in December 2020 from a person ("**Mr. X**") written for and on behalf of Solution Apex Investments Limited ("**Solution Apex**" or "**SA**") (a company incorporated in the British Virgin Islands (the "**BVI**") with limited liability and a wholly-owned subsidiary of the Group), alleging, among other things, that (i) Mr. X was appointed as the sole director of Solution Apex on 1 December 2020; and (ii) Solution Apex had made three payments to three parties (the "**Three Parties**") with the aggregate amount of HK$47,534,000 in July 2020 (the "**Payments to the Three Parties**") for three investments (the "**SA Investments**"). The directors of the Company represented that neither the directors of the Company nor the Company had known or met Mr. X before the Company received the Letter. Also, in the opinion of the directors of the Company, the sole director of Solution Apex had been Mr. Allan Yap ("**Mr. Yap**") since 2014, and, the Company did not receive any notice from Mr. Yap about his bankruptcy; Mr. Yap was adjudged bankrupt by High Court of Hong Kong on 3 August 2020. The directors of the Company then enquired the directors of Durable Gold Investments Limited being Solution Apex's immediate holding Company, ("**Durable Gold**") (a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company), with the view to verifying the identity of and the matters alleged by Mr. X. The directors of the Company were notified, among other things, that (a) Mr. Yap had ceased to be the sole director of Solution Apex with effect from 1 December 2020; (b) Mr. X was allegedly appointed as the sole director of Solution Apex and was also appointed as a director of Durable Gold with effect from 1 December 2020; (c) the bank balance held by Solution Apex in the amount of approximately HK$47,534,000 was utilised for the Payments to Three Parties around July 2020; and (d) the remaining amount of approximately HK$11,231,000 (being the remaining bank balance of Solution Apex according to its financial information obtained by the directors of the Company) was withdrawn entirely in August 2020 (the "**Unauthorised Cash Withdrawals**").

The Payments to the Three Parties and the Unauthorised Cash Withdrawals (collectively referred to as the "**SA Incidents**") were carried out without authorisation from the board of directors of the Company. The directors of the Company had doubt on the validity and purposes of the Payments to the Three Parties and the Unauthorised Cash Withdrawals. On 29 December 2020, the directors of the Company had resolved to, (a) remove Mr. X as the director of Solution Apex and Durable Gold with the immediate effect and replace the directorship by the Company's designated persons with its authorisation; (b) instruct external legal advisers to commence legal proceedings to seek to recoup the Payments to the Three Parties and the Unauthorised Cash Withdrawals and/or to seek damage and other remedies from individuals and entities against whom the Group may have causes of action as a result of the SA Incidents (the "**Recovery Actions**"); (c) establish an internal investigation working team (the "**Internal Investigation Working Team**") to investigate the SA Incidents, and to oversee the progress of the actions to be carried out by the external legal advisers; (d) recognise a loss in respect of the SA Incidents of approximately HK$58,765,000 in its consolidated profit or loss for the year ended 31 December 2020; and (e) enter into a sale and purchase agreement (the "**SA Disposal Agreement**") with an independent third party (the "**SA Purchaser**") to dispose of (the "**SA Disposal**") the Company's entire shareholdings in Solution Apex at a cash consideration of HK$1 with an outcome sharing mechanism enabling the Company to retain any amount, recovering from the actions to be taken by the SA Purchaser against Mr. Yap, the Three Parties or other individuals and entities involved in the SA Incidents, at a distribution ratio of 99% to the Company and 1% to the SA Purchaser, details of which are set out in the Company's announcement on 29 December 2020.

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41. LOSS OF ASSETS ARISING FROM THE INCIDENTS *(Continued)*

Following the aforesaid announcement, the Internal Investigation Working Team recommended the audit committee of the Company (the "**Audit Committee**") to engage an independent professional firm (the "**Investigator**") to investigate the SA Incidents (the "**Investigation**"), including circumstances and causes surrounding the Payments to the Three Parties and the Unauthorised Cash Withdrawals and the management involved in the SA Incidents. The directors of the Company noted the following findings of the Investigation, among other things: (i) there was a lack of replies with substance from the ex-officers of Durable Gold and Solution Apex who were believed to have knowledge of and/or involvement in the SA Incidents (the "**Ex-officers under Investigation**"); (ii) the copy of bank statements provided by some Ex-officers under Investigation did not show the recipients of funding withdrawals; (iii) no supporting documents were located during the Investigation showing the reasons for or approval of these funding withdrawals; (iv) during the time of occurrence of the SA Incidents, Mr. Yap was assisted by his team of management, comprising the Ex-officers under Investigation, regarding the finance and accounting works of Solution Apex but all of them have resigned/been removed after the revelation of the SA Incidents; (v) after considering the documents relating to the SA Investments which were the reasons provided by the Ex-officers under Investigation in seeking to explain the Payments to the Three Parties before their resignations) and the conduct of the Ex-officers under Investigation, the directors of the Company are of the view that the value of the Investments and the genuineness of the Unauthorised Cash Withdrawals were highly dubious and accordingly, the ability for the Company to recover its investment in Solution Apex was decided to be remote; and (vi) there was no indication that any present management of the Company was involved in the Unauthorised Cash Withdrawals, the SA Investments, the SA Incidents and the preparation of financial statements of Solution Apex. The detailed findings of the Investigation were disclosed in the Company's announcement dated 10 May 2021.

After considering the findings and status of the Investigation during the year, in December 2021, the Internal Investigation Working Team reported to the Audit Committee that due to the lack of cooperation of the Ex-officers under Investigation, the Company has exhausted its means in conducting internal investigation and passed the matter to the continual follow-up of all appropriate legal actions by Solution Apex and its legal advisers. The Company has a vested interest in the outcome sharing proportion under the SA Disposal Agreement and will continue to oversee the progress of the Recovery Actions. That having said, in the light of the findings of the Investigation so far revealed, the outcome of the Recovery Actions and the ability for the Company to recover any amount from the outcome sharing proportion were concluded by the directors of the Company to be remote, and no amount has been recovered by the Company through the outcome sharing proportion under the SA Disposal Agreement up to the date of this report.

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the bank borrowings and other borrowing disclosed in notes 30 and 31 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, share premium and reserves.

42. CAPITAL RISK MANAGEMENT *(Continued)*

Several subsidiaries of the Company are licensed with Securities and Futures Commission of Hong Kong ("**SFC**"). The Group's licensed subsidiary is subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("**SF(FR)R**") (Chapter 571N of the Laws of Hong Kong) adopted by the SFC. The management closely monitors, on a daily basis, the liquid capital level of those licensed subsidiaries to ensure compliance with the minimum liquid capital requirements under the SF(FR)R.

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, share buy-backs or raising of new debt.

As at 31 December 2021, the Group's gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 29% (2020: 54%).

43. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
FVTPL		
Mandatorily measured at FVTPL		
– Held for trading	**17,487**	21,672
Financial assets at amortised cost	**278,233**	375,430
	295,720	397,102
Financial liabilities		
Lease liabilities	**–**	3,497
Financial liabilities at amortised cost	**129,210**	243,663
Financial guarantee contract	**7,209**	–
	136,419	247,160

b. Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

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43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk

(i) *Currency risk*

Certain subsidiaries of the Group have monetary assets and monetary liabilities denominated in foreign currencies which mainly included bank balances and bank borrowings, which expose the Group to foreign currency risk.

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

	Assets	
	2021	2020
	HK$'000	HK$'000
US$	**9**	62
AUD	**–**	41
NZD	**–**	25
RMB	**15**	25

	Liabilities	
	2021	2020
	HK$'000	HK$'000
US$	**–**	5,796

Sensitivity analysis

The Group operates mainly in Hong Kong with transactions being denominated in Hong Kong dollars. The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in functional currency.

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43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) Currency risk (Continued)

Sensitivity analysis *(Continued)*

	2021 **HK$'000**	2020 HK$'000
US$	**–**	(287)
AUD	**–**	2
NZD	**–**	1
RMB	**1**	1

(ii) Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances (note 27) and bank borrowings (note 30). The Group's cash flow interest rate results mainly from the fluctuations of market interest rates. The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables (note 22), other borrowing (note 31) and lease liabilities (note 33). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2021 **HK$'000**	2020 HK$'000
Interest revenue		
Financial assets at amortised cost	**34,082**	36,100
Other income		
Financial assets at amortised cost	**–**	1,107
Total interest income	**34,082**	37,207

Interest expense on financial liabilities not measured at FVTPL:

	2021 **HK$'000**	2020 HK$'000
Financial liabilities at amortised cost	**10,441**	17,616

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For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on bank balances and bank borrowings. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates on bank balances had been 50 basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2021 would decrease by approximately HK$168,000 (2020: decrease by approximately HK$60,000). If interest rates on bank borrowings had been 50 basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2020 would increase by approximately HK$151,000. The management does not expect a significant decrease of interest rate.

In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Equity and other price risks management

The Group is exposed to equity and other price risks through its investments in listed equity securities measured at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated in listed equity securities quoted in open markets.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% (2020: 10%) higher/lower, the post-tax loss for the year ended 31 December 2021 would decrease/increase by HK$1,460,000 (2020: HK$1,810,000) as a result of the changes in fair value of financial assets at fair value through profit or loss.

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk exposures are primarily attributable to bank trust account balances, loan receivables, trade and other receivables and bank balances. The Group applies simplified approach to measure allowance for ECL on trade receivables from travel business, accounts receivables from brokerage business on cash clients and brokers, trade receivables from asset management business and corporate finance advisory business; and general approach to measure allowance for ECL on loan receivables, accounts receivables from brokerage business on margin clients, other receivables, bank trust account balances and bank balances. Under the simplified approach, the Group measures the allowance for ECL at an amount equal to lifetime ECL. Under the general approach, the Group applies the "3-stage" impairment model for ECL measurement based on change in credit risk since initial recognition as follows:

– Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

– Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECL for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECL whereas the ECL for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECL.

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

Trade receivables from travel business

For trade receivables from travel business, the Group monitors the aging of the receivable balances. The Group applies simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables.

To measure the ECL, trade receivables have been grouped based on the days past due. Follow up action is taken in case of overdue balances. In addition, management assesses the collectability of the receivables regularly and on a case-by-case basis for the determination of any allowance for ECL on the receivables by taking into account the customers' or debtors' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables from travel business (Continued)

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. The Group applies the simplified approach to make allowance for ECL, which permits the use of the lifetime ECL for all trade receivables.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified forecast economic conditions to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 2 years past due.

The Group determines the ECL rate for trade receivables from travel business using the following provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the allowance for ECL based on past due status is not further distinguished between the Group's different customer bases.

As at 31 December 2020, the allowance for ECL on trade receivables from travel business was determined as follows. The ECL below also incorporated forward looking information.

	Current (not past due)	1 to 3 months past due	4 to 9 months past due	Over 9 months and 1 year past due	Total
At 31 December 2020					
Gross carrying amount (HK$'000)	4,840	1,329	12,930	120,786	139,885
Expected credit loss rate	–	12.6%	71.5%	99.8%	93%
Accumulated allowance for ECL (HK$'000)	–	(167)	(9,243)	(120,640)	(130,050)

The significant increase in allowance for ECL was due to the COVID-19 pandemic and slow global and local economy in Singapore in 2020.

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Loan receivables and loan interest receivables

The services provided by the Group's money lending segment principally include loan financing targeted at both high net worth individual customers, private and listed enterprises, which are usually referred to the Company. The major means of customer solicitation are referrals by business acquaintances of the Group.

The Group has developed a credit policies and procedures manual for its money lending business. The credit policies and procedures manual specifies the Group's credit policy towards its money lending business, the risk management of the Group's money lending business, and the credit procedures for the Group's money lending business, which include, among others, the loan application, credit processes and procedures, and portfolio planning, management and reporting. All new customers of the Group are subject to loan application procedures, which include customer due diligence, reference check for credit and character, and financial background check. The following internal control procedures are put in place:

(i) Credit risk assessment of customers

The internal control procedures for credit risk assessment of the customers of the Company's money lending segment include: (a) the conducting of background searches on the customer, the security providers (if any) and their assets; (b) the request for and the reviewing of financial reports of the customer (if the customer is a company) or companies owned by the customers or the financial position of the customer (if the customer is an individual); (c) the checking of market value of properties and shares owned by the customer and security providers; (d) calculation of the loan-to-value ratio for the customer and security providers; and (e) for loan renewal applications, considering the repayment behaviour of each individual and corporate customer.

(ii) Mechanism in determining terms of loans

The loan terms of the Company's money lending segment are determined by the negotiation between the Group (as lender) and the customer (as borrower). The interest rates quoted by the Group are normally several hundred basis points over the prevailing prime rate quoted by retail banks in Hong Kong. The loan tenure quoted by the Group would normally depend on the individual customer's requirements, subject to loan renewals by mutual consent. In considering loan applications, the Group would normally explore the possibility of getting collateral/guarantee from the customer during the loan negotiation process but depending on the attitude/response of the customer, the Group adopted a pragmatic approach to maintain its competitiveness. To ensure the terms are fair and reasonable and at normal commercial terms, the Group would normally only grant loans at interest rate of several hundred basis points over the prevailing prime rate quoted by retail banks in Hong Kong.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Loan receivables and loan interest receivables (Continued)

(iii) Approval process for granting loans

The Group requires its loan applicants to complete a loan application form, a Know Your Customer questionnaire and a personal financial information form. The officers would seek to verify the information provided by the loan applicants with the supporting documents provided by them, and submit the loan application and their analysis to the responsible directors for approval. Following the responsible directors' approval, the officers would calculate the size tests for the approved loan application and to check with the connected person and related party control list to ensure that the loan applicant has no connection with the Company. Depending on the results of the size test calculations, the officers would present any loan files constituting notifiable transactions under Chapter 19 of the GEM Listing Rules to be tabled at the board meeting for approval by the board of directors of the Company. The officers have already compiled a set of template loan documentation for signing by the loan applicant. Announcements will be prepared by the officers, if the grant of a loan constitutes a notifiable or connected transaction under the GEM Listing Rules. If the grant of a loan does not constitute a notifiable or connected transaction under the GEM Listing Rules, the grant of the loan is only required to be approved by the executive board of the Company, comprising the Company's executive directors.

(iv) Monitoring loan repayment

A monthly repayment schedule would be prepared by the officers to assist the responsible directors to monitor the contractual payment records of each customer. Any delay in interest or principal payment would be brought to the attention of the responsible directors. A more detailed loan monitoring process would be performed twice every year, normally at the time of interim and annual financial reporting. Normally, updated information would be requested from the customers to identity any signs of deterioration, and any signs of deterioration would be reported to the responsible directors to formulate the debt recovery strategy. Debt recovery strategies cover a wide range of actions depending on the circumstances of each case, but would normally include one or more of the following electives: (a) immediate partial repayment; (b) the addition of further collateral/guarantees; (c) reduction of the outstanding principal amount; (d) revised repayment schedule; and (e) increase of interest rate.

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Loan receivables and loan interest receivables (Continued)

(v) Actions for recovering problem loans
The Group would normally contact the customers to understand the reason for each overdue payment. Normally, if the customers can come up with credible explanations and can offer feasible solution in positive attitude, the Group would be more prepared to work out a solution to handle the case along the lines of the various combinations of actions mentioned in paragraph (iv) above. If the customers take an evasive attitude or if the financial deterioration is drastic and irreversible, the Group would have no choice but to consider the appointment of collection agencies and to contact lawyers to instigate legal or enforcement actions against the customers as last resort.

The directors consider that the above internal control procedures significantly reduce the Group's credit risk.

The board of directors is responsible to ensure the credit policies and procedures manual is appropriate to the market needs and the procedures as set out in the manual are strictly followed and carried out by the staff. The board of directors has appointed APAC Compliance Consultancy and Internal Control Services Limited, an independent firm of professional accountants, to conduct independent review on adequacy and effectiveness of the risk management and internal control systems of the Group's money lending business.

For internal credit risk management, the Group considers a loan receivable as underperforming if (i) the repayment of principal and/or interest has been overdue for more than 30 days, and (ii) the principal, accrued interest, and/or future interest of the loan may not be fully secured by the fair value of the collateral at its prevailing market price. The Group considers a loan receivable as non-performing if (i) the repayment of principal and/or interest has been overdue for more than 90 days, and (ii) the collection of principal and/or interest in full is improbable after taking into account the fair values of the collateral at prevailing market price.

The Group performed credit risk assessment of each customer to calculate the ECL, taking into consideration of the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the cash inflow that are expected from foreclosure on the collaterals (if any) less the costs of selling the collaterals. In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument as at the reporting date with the date of initial recognition.

In determining the recoverability of the loan receivables, the Group will consider the change in the credit quality of the loan receivables, if any, from the date the loans were initially granted up to the reporting date. This includes assessing the credit history of the customers, such as past due information or default in payments, and the market value of the collaterals pledged to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Loan receivables and loan interest receivables (Continued)

The following table provides information about the Group's exposure to credit risk and accumulated allowance for ECL on loan receivables at 31 December 2021 and 2020:

2021

Internal credit quality classification	ECL rate	Gross carrying amount HK$'000	Accumulated allowance for ECL HK$'000	Net carrying amounts HK$'000
Performing	1.39%	90,535	(1,261)	89,274
Underperforming	31.70%	35,300	(11,190)	24,110
Non-performing	76.08%	196,186	(149,249)	46,937
		322,021	(161,700)	160,321

2020

Internal credit quality classification	ECL rate	Gross carrying amount HK$'000	Accumulated allowance for ECL HK$'000	Net carrying amounts HK$'000
Performing	4.43%	153,379	(6,799)	146,580
Underperforming	38.54%	94,686	(36,493)	58,193
Non-performing	50.53%	83,301	(42,094)	41,207
		331,366	(85,386)	245,980

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Loan receivables and loan interest receivables (Continued)

Movements in gross balance of loan and interest receivables:

	Year ended 31 December 2021			
	Stage 1	**Stage2**	**Stage 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
At 1 January 2021	**153,379**	**94,686**	**83,301**	**331,366**
Increase/(decrease) in loan receivables	**248**	**(700)**	**(8,893)**	**(9,345)**
Transfer from Stage 1 to Stage 3	**(63,092)**	**–**	**63,092**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(58,686)**	**58,686**	**–**
At 31 December 2021	**90,535**	**35,300**	**196,186**	**322,021**

	Year ended 31 December 2020			
	Stage 1	**Stage2**	**Stage 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
At 1 January 2020	230,083	95,186	–	325,269
Increase/(decrease) in loan receivables	1,542	(500)	5,055	6,097
Transfer from Stage 1 to Stage 3	(78,246)	–	78,246	–
At 31 December 2020	153,379	94,686	83,301	331,366

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Loan receivables and loan interest receivables (Continued)

Movements in allowance for ECL on loan and interest receivables:

	Year ended 31 December 2021			
	Stage 1	**Stage2**	**Stage 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
At 1 January 2021	**6,799**	**36,493**	**42,094**	**85,386**
Transfer from Stage 1 to Stage 3	**(2,927)**	**–**	**2,927**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(27,294)**	**27,294**	**–**
Allowance for ECL (reversed)/ recognised	**(2,611)**	**1,991**	**76,934**	**76,314**
At 31 December 2021	**1,261**	**11,190**	**149,249**	**161,700**

	Year ended 31 December 2020			
	Stage 1	**Stage2**	**Stage 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
At 1 January 2020	3,946	22,120	–	26,066
Transfer from Stage 1 to Stage 3	(979)	–	979	–
Allowance for ECL recognised	3,832	14,373	41,115	59,320
At 31 December 2020	6,799	36,493	42,094	85,386

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Loan receivables and loan interest receivables (Continued)

As at 31 December 2021, the amounts of loan receivables (before accumulated allowance for ECL) from the largest customer and the five largest customers in aggregate amounted to HK$62,738,000 (2020: HK$63,092,000) and HK$276,667,000 (2020: HK$270,437,000), respectively. They accounted for 19% (2020: 19%) and 86% (2020: 82%) respectively of the loan receivables (before accumulated allowance for ECL) as at 31 December 2021.

Major terms of the outstanding loans as at 31 December 2021 and 2020 are as follows:

	Loan and interest receivables (before accumulated allowance for ECL) as at 31 December 2021 HK$'000	Accumulated allowance for ECL as at 1 January 2021 HK$'000	Allowance for ECL reversed/ (recognised) for the year ended 31 December 2021 HK$'000	Loan and interest receivables (after accumulated allowance ECL) as at 31 December 2021 HK$'000	Interest rate per annum	Collateral and/or guarantee obtained	Maturing on
Stage 1							
Customer A	40,513	(2,218)	1,133	39,428	12%	No	22 May 2022
Customer B	50,022	(1,621)	1,445	49,846	12%	No	22 May 2022
Customer E	–	(33)	33	–			
	90,535	(3,872)	2,611	89,274			
Stage 2							
Customer F (Note 2)	35,300	(9,199)	(1,991)	24,110	10%	Yes	9 May 2022
Stage 3							
Customer C (Note 1)	62,738	(2,927)	(59,811)	–	9%	No	10 November 2022
Customer D (Note 3)	61,208	(27,294)	(11,972)	21,942	8%	No	24 July 2022
Customer G (Note 4)	62,186	(41,831)	2,592	22,947	15%	Yes	9 April 2020
Customer H (Note 5)	2,348	(263)	(37)	2,048	12%	No	29 May 2021
Customer I (Note 6)	7,706	–	(7,706)	–	12%	Yes	5 November 2021
	196,186	(72,315)	(76,934)	46,937			
	322,021	(85,386)	(76,314)	160,321			

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Loan receivables and loan interest receivables (Continued)

Notes:

1. The loan receivable from Customer C was reclassified from Stage 1 (initial recognition) to Stage 3 (credit-impaired) as Customer C failed to settle the principal and interest on a loan granted by another licensed money lender on the due date subsequent to the end of the reporting period.

2. As the extension of the final repayment date of the loan indicated the continual existence of a significant increase in the credit risk of Customer F, the loan receivable from Customer F was classified at Stage 2 (significant increase in credit risk).

   At 31 December 2021, the loan receivable from Customer F remained at Stage 2 (significant increase in credit risk) as there were no changes in facts and circumstances.

3. The loan receivable from Customer D was reclassified from Stage 2 (significant increase in credit risk) to Stage 3 (credit-impaired) as Customer D failed to pay interest for more than six months. In January 2022, the Group obtained a corporate guarantee provided by a company incorporated in the PRC to secure all of her obligations of the loan of HK$58,000,000 under the loan agreement.

4. The Group has commenced civil proceedings in the PRC against Customer G and the guarantor in September 2020 for recovering the outstanding principal amount of HK$55,000,000 and the accrued and unpaid interest thereon. The first court hearing was held on 19 October 2021. The court handed down the judgement on 22 December 2021. Details of the judgement are as follows:

   (a) Customer G to repay the outstanding principal amount and the accrued and unpaid interest thereon from the due date until payment in full at the rate of 15% per annum;

   (b) Customer G be liable for the costs and expenses incurred in relation to the proceedings and the assets preservation fee; and

   (c) the guarantor be liable for the obligations of Customer G set out in (a) and (b) above.

   As at the date of this annual report, the guarantor has lodged an appeal against the above judgement.

5. Customer H has a securities investment portfolio maintained at Global Mastermind Securities Limited, a wholly-owned subsidiary of the Company engaging in provision of securities services, and Customer H had given an undertaking to the Group, under which he undertook to the Group that he shall dispose of the whole or any part of the investment portfolio held in his securities account maintained at Global Mastermind Securities Limited to repay his loan if he fails to repay the outstanding principal amount and/or interest. The Group is currently seeking legal advice on the recovery of the outstanding principal amount and the accrued and unpaid interest.

6. The revolving loan facilities of HK$19,000,000 granted to Customer I are secured by a first legal charge over a commercial property located in Central. During the year, the Group took possession of the commercial property and sold it to an independent third party for recovering HK$15,497,000 of the outstanding principal amount. Currently, the Group is working with its legal adviser on the actions to recover the remaining outstanding principal amount and the unpaid interest.

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For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Loan receivables and loan interest receivables (Continued)

	Loan and interest receivables (before accumulated allowance for ECL) as at 31 December 2020 HK$'000	Accumulated allowance for ECL as at 1 January 2020 HK$'000	Allowance for ECL (recognised)/ written-back for the year ended 31 December 2020 HK$'000	Loan and interest receivables (after accumulated allowance ECL) as at 31 December 2020 HK$'000	Interest rate per annum	Collateral and/or guarantee obtained	Maturing on
Stage 1							
Customer A	40,513	(1,078)	(1,140)	38,295	12%	No	22 May 2022
Customer B	48,615	(263)	(1,358)	46,994	12%	No	22 May 2022
Customer C	63,092	(1,584)	(1,343)	60,165	9%	No	10 November 2022
Customer E	1,159	(42)	9	1,126	7.42%	No	6 December 2021
	153,379	(2,967)	(3,832)	146,580			
Stage 2							
Customer F	36,000	(727)	(8,472)	26,801	10%	Yes	9 May 2022
Customer D	58,686	(21,393)	(5,901)	31,392	8%	No	24 July 2022
	94,686	(22,120)	(14,373)	58,193			
Stage 3							
Customer G	59,531	(972)	(40,859)	17,700	15%	Yes	9 April 2020
Customer H	2,141	(7)	(256)	1,878	12%	No	29 May 2021
Customer I	21,629	–	–	21,629	12%	Yes	5 November 2021
	83,301	(979)	(41,115)	41,207			
	331,366	**(26,066)**	**(59,320)**	**245,980**			

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Accounts receivables from brokerage business, asset management business and corporate finance advisory business (included in trade and other receivables)

For accounts receivables from brokerage business, asset management business and corporate finance advisory business the Group's credit risk exposure is spread over a number of customers. Accordingly, the Group has no significant concentration of credit risk on a single customer in this respect. The management performs periodic evaluations and customer reviews to ensure the Group's exposure to bad debts is not significant. The experience in the collection of accounts receivables falls within the expectation of the directors. In respect of amounts due from clients of the brokerage business, asset management business and corporate finance advisory business, individual credit evaluations are performed on all clients (including cash and margin clients). Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because of the short settlement period involved, credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

To reduce credit risk, the Group requests collateral from individual margin client and the value of such collateral has to be maintained at certain level in proportion to the outstanding balance due from the margin client ("**collateral ratio**"). In addition, the Group has formulated certain credit policy procedures for monitoring trading activities and level of securities collateral of margin clients in particular for those margin clients whose collateral ratio has reached alarming level. The Group has also implemented procedures for monitoring the value of the securities collaterals, including assessing the quality and liquidity of the securities collaterals, closely monitoring the volatility of the market prices of the securities collateral taking into consideration of their current market prices and historical price movements, latest information and news of the related listed companies and other relevant factors regarding the financial market that may have impact on the market prices of the securities collateral.

During the year ended 31 December 2021, a loan to a securities margin client with gross carrying amount of HK$16,744,000 was determined to be credit-impaired (i.e. Stage 3 – Lifetime ECL), as the client failed to repay or provide additional collateral when the eligible margin value of the securities fell below the outstanding amount of the margin loan. This margin loan was secured by pledged securities with fair value of HK$9,595,000. Allowance for ECL of HK$7,149,000 has been provided to reduce the carrying amount of margin loan to fair value of pledged securities.

Except disclosed above, as at 31 December 2021 and 2020, in the opinion of the directors, fair value of collaterals is sufficient to mitigate the credit risk in margin financing.

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Accounts receivables from brokerage business, asset management business and corporate finance advisory business (included in trade and other receivables) (Continued)

The credit risk of trade receivables from the clearing house is considered to be minimal. Hence, no allowance for impairment was made since the directors consider the probability of default is minimal after assessing the clients' financial background and creditability.

The credit policies have been consistently applied and are considered to be effective in limiting the Group's exposure to credit risk to a desirable level.

Other receivables

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience, and assessed that the expected loss rate for the other receivables was immaterial. Thus, no allowance for ECL on other receivables was recognised as at 31 December 2021 and 2020.

Bank trust account balances and bank balances

The management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and the management does not expect so in the future.

Financial guarantee contract

At the end of the reporting period, the maximum amount the Group has guaranteed under the respective financial guarantee contract is SG$1,246,000 (equivalent to approximately HK$7,209,000). The management has performed ECL assessment on financial guarantee contract using general approach. Since Safe2Travel under the financial guarantee contract had adverse financial position, the management concluded that the financial guarantee contract became credit-impaired. Accordingly, the allowance for ECL on financial guarantee contract issued by the Group is measured at an amount equal to lifetime ECL. Allowance for ECL of HK$7,209,000 was recognised during the year ended 31 December 2021. Details of the financial guarantee contract are set out in note 32.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk and the basis for preparation on a going concern basis

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major lenders to meet its liquidity requirements in the short and longer term.

For the year ended 31 December 2021, the Group incurred a loss for the year attributable to owners of the Company from continuing operations of HK$175,629,000. The Group's bank balances and cash as at 31 December 2021 amounted to HK$33,657,000 as compared to the Group's other borrowing and liabilities under financial guarantee contract of HK$107,209,000, all of which are repayable within the next twelve months from the end of the reporting period.

In view of such circumstances, the directors have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and are of the opinion that the cash flow generated from operating activities and certain appropriate financing-activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest bearing borrowings and liabilities under financial guarantee contract. In order to improve the Group's financial position, the directors have been implementing various measures as follows:

i. taking active measures to collect loan receivables to improve operating cash flows and its financial position;

ii. negotiating with respective lenders to renew and extend the existing borrowings upon their maturities, of which one of the borrowings amounted to HK$100,000,000 with a personal guarantee given by a director of the Company to the lender to secure the repayment of the Group's borrowings (as details in note 31);

iii. reviewing its investments and actively considering to realise certain financial assets at fair value through profit or loss, in order to enhance the cash flow position of the Group whenever it is necessary; and

iv. implementing an active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group.

The directors have carried out detailed review on the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next twelve-month period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk and the basis for preparation on a going concern basis *(Continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

Liquidity table

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2021								
Trade and other payables	–	29,210	–	–	–	–	29,210	29,210
Other borrowings-fixed rate	8.00	723	1,249	105,589	–	–	107,561	100,000
Financial guarantee contract	–	–	2,425	4,784	–	–	7,209	7,209
		29,933	3,674	110,373	–	–	143,980	136,419

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2020								
Trade and other payables	–	52,772	–	–	–	–	52,772	52,772
Bank borrowings – variable rate	3.86	31,226	–	–	–	–	31,226	30,233
Other borrowings-fixed rate	8.00	745	1,227	105,611	–	–	107,583	100,000
Lease liabilities	5.68	767	1,743	264	894	–	3,668	3,497
Convertible bonds	8.00	60,658	–	–	–	–	60,658	60,658
		146,168	2,970	105,875	894	–	255,907	247,160

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2020, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$31,226,000.

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For the year ended 31 December 2021

43. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk and the basis for preparation on a going concern basis *(Continued)*

As at 31 December 2020, there was a technical breach of a loan covenant in the banking facility letter that primarily related to a prescribed amount of the net tangible assets requirement in a subsidiary of the Group. The bank borrowings of approximately SG$4,170,000 (equivalent to approximately HK$24,437,000) was guaranteed by the Company and the entire bank borrowing had been classified as current liability relevant at the end of the last reporting period. The Company formally reached a settlement agreement with the bank in March 2021 in repaying the outstanding bank borrowing and the accrued interest payable.

The amounts included above for financial guarantee contract are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the management considers that it is likely that maximum amount will be payable under the arrangement.

The amounts included above for variable rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined as at 31 December 2020.

c. Fair value measurement of financial instruments

(i) Fair value of financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

43. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value measurement of financial instruments *(Continued)*

(i) Fair value of financial assets that are measured at fair value on a recurring basis (Continued)

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset/ liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)
	31 December 2021 HK$'000	31 December 2020 HK$'000			
Listed equity securities classified as financial assets at fair value through profit or loss	**17,487**	21,672	Level 1	Quoted bid prices in an active market	N/A
Convertible bonds II-embedded derivative components	**–**	58,740	Level 3	Binomial Option Pricing Model	Details set out in note 35

The fair value of derivative components embedded in Convertible Bonds II is determined using Binomial Option Pricing Model and the significant unobservable inputs used in the fair value measurement are disclosed in note 35. Generally, a change in the Company's share price is accompanied by a directionally similar change to the fair value measurement whilst a change in the volatility of 5% and risk-free rate of 5% is accompanied by a directionally opposite change to the fair value of HK$10,000.

There were no transfers among Level 1 and 2 during the year.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of other financial assets and financial liabilities excluding financial assets at fair value through profit or loss are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

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43. FINANCIAL INSTRUMENTS *(Continued)*

d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's consolidated financial position.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("**HKSCC**"), the Group has a legally enforceable right to set off the monetary obligation receivable and payable with HKSCC on the same settlement date and the Group intends to set off on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which is being offset, amounts due from/to HKSCC and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposit placed with HKSCC do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

At 31 December 2021

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial Instruments	Collateral received	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets						
Accounts receivable from clients and clearing house	417,911	(352,997)	64,914	–	–	64,914
Deposits placed with clearing house	230	–	230	–	–	230
Advances to customers in margin financing	–	–	–	–	–	–
Financial liabilities						
Accounts payable clients, brokers and clearing house	373,645	(352,997)	20,648	–	–	20,648
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–

43. FINANCIAL INSTRUMENTS *(Continued)*

d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements *(Continued)*

At 31 December 2020

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
				Financial Instruments	Collateral received	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets						
Accounts receivable from clients and clearing house	310,002	(244,035)	65,967	–	–	65,967
Deposits placed with clearing house	230	–	230	–	–	230
Advances to customers in margin financing	–	–	–	–	–	–
Financial liabilities						
Accounts payable to clients, brokers and clearing house	259,477	(244,035)	15,442	–	–	15,442
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings HK$'000 (note 30)	Convertible bonds HK$'000 (note 35)	Other borrowings HK$'000 (note 31)	Lease liabilities HK$'000 (note 33)	Interest payables HK$'000 (note 28)	Total HK$'000
At 1 January 2020	35,981	78,058	100,000	12,183	1,517	227,739
Recognition of Convertible Bonds II	–	60,000	–	–	–	60,000
Derecognition of Convertible Bonds I	–	(60,000)	–	–	–	(60,000)
Net financing cash flows	(6,130)	(25,541)	–	(8,724)	(10,334)	(50,729)
Interest expenses	–	8,141	–	–	9,475	17,616
Exchange adjustments	382	–	–	38	–	420
At 31 December 2020 and at 1 January 2021	30,233	60,658	100,000	3,497	658	195,046
Conversion of Convertible Bonds II	–	(156,338)	–	–	–	(156,338)
New leases entered	–	–	–	8,809	–	8,809
Disposal of subsidiaries (note 39)	(12,915)	–	–	(9,697)	–	(22,612)
Net financing cash flows	(16,933)	(2,315)	–	(2,594)	(8,784)	(30,626)
Change in fair value	–	96,338	–	–	–	96,338
Interest expenses	–	1,657	–	–	8,784	10,441
Exchange adjustments	(385)	–	–	(15)	–	(400)
At 31 December 2021	–	–	100,000	–	658	100,658

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45. RELATED PARTY TRANSACTIONS

(a) The remuneration of directors, who are the key management personnel of the Group, during the year was as follows:

	2021 HK$'000	2020 HK$'000
Short-term employee benefits	5,790	11,612
Post-employment benefits	34	72
	5,824	11,684

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) During the year, the Group entered into the following transactions with related parties:

		2021 HK$'000	2020 HK$'000
Related companies (Note i)	Secretarial fee and other office expenses	56	98
	Rental income	4,788	5,026
	Brokerage commission income and other service charge income	243	4
	Advisory fee income from corporate finance	–	150
Subsidiaries of a substantial shareholder of the Company (Note ii)	Lease payments	1,181	2,983
	Brokerage commission income other service charge income	47	105
	Advisory fee income from corporate finance	370	–

Notes:

(i) Mr. Mung Hon Ting, Jackie ("**Mr. Jackie Mung**"), a close family member of Mr. Mung Kin Keung ("**Mr. KK Mung**") and Mr. Mung Bun Man, Alan ("**Mr. Alan Mung**"), both of them are directors of the Company.

For the year ended 31 December 2021, Mr. Alan Mung and Mr. Jackie Mung have the beneficial interests in the related companies.

For the year ended 31 December 2020, Mr. KK Mung and Mr. Jackie Mung had the beneficial interests in the related companies.

(ii) These companies are wholly-owned subsidiaries of Eternity Investment Limited, a company listed on the Main Board of the Stock Exchange and a substantial shareholder of the Company. Eternity Investment Limited has ceased to have significant influence over the Company since 24 May 2021.

Notes to the Consolidated Financial Statements

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46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation	Issued and paid up capital	Proportion ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities/ place of operation
			Direct		Indirect		Direct		Indirect		
			2021 %	2020 %	2021 %	2020 %	2021 %	2020 %	2021 %	2020 %	
Durable Gold	BVI	Ordinary US$1	100	100	–	–	100	100	–	–	Investment holding/ Hong Kong
Famous Flamingo Limited	BVI	Ordinary US$1	–	–	100	100	–	–	100	100	Property holding/ Hong Kong
Global Mastermind Asset Management Limited	Hong Kong	Ordinary HK$10,000,000	–	–	100	100	–	–	100	100	Dormant (Note i)
Global Mastermind Futures Limited	Hong Kong	Ordinary HK$10,000,000	–	–	100	100	–	–	100	100	Dormant (Note ii)
Global Mastermind Financial Services Limited	Hong Kong	Ordinary HK$1	–	–	100	100	–	–	100	100	Money lending business/Hong Kong
Global Mastermind Hong Kong Limited	Hong Kong	Ordinary HK$1	100	100	–	–	100	100	–	–	Investment holding/ Hong Kong
Global Mastermind Investment Limited	Hong Kong	Ordinary HK$8,000,000	–	–	100	100	–	–	100	100	Asset management services/Hong Kong
Global Mastermind Securities Limited	Hong Kong	Ordinary HK$100,000,000	–	–	100	100	–	–	100	100	Dealing in securities and advising on securities business; and providing financial advisory services/Hong Kong
Harvest Well (Note iii)	BVI	Ordinary US$1	–	–	–	100	–	–	–	100	Investment holding/ Hong Kong
Hope Master Investments Limited	BVI	Ordinary US$1	–	–	100	100	–	–	100	100	Property holding/ Hong Kong

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place of incorporation	Issued and paid up capital	Proportion ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities/ place of operation
			Direct		Indirect		Direct		Indirect		
			2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	
			%	%	**%**	%	**%**	%	**%**	%	
Jade Emperor International Limited (Note iii)	BVI	Ordinary US$1	**–**	–	**–**	100	**–**	–	**–**	100	Investment holding/ Hong Kong
Long Joy Investments Limited	BVI	Ordinary US$1	**100**	100	**–**	–	**100**	100	**–**	–	Treasury management/ Hong Kong
Safe2Travel (Note iii)	Singapore	Ordinary SG$9,981,000	**–**	–	**–**	100	**–**	–	**–**	100	Licensed travel agent/ Singapore
Trasy Holdings Limited (Note iii)	Hong Kong	Ordinary HK$2	**–**	–	**–**	100	**–**	–	**–**	100	Management services/ Hong Kong
United Goldnet Limited (Note iii)	Hong Kong	Ordinary HK$2	**–**	–	**–**	100	**–**	–	**–**	100	Treasury management and securities trading/Hong Kong

Notes:

(i) The license of asset management (Type 9 regulated activity under SFO) of Global Mastermind Asset Management Limited has been revoked on 16 November 2020.

(ii) The license of dealing in futures contracts (Type 2 regulated activity under SFO) of Global Mastermind Futures Limited has been revoked on 16 November 2020.

(iii) These subsidiaries are disposed or deregistered during the year ended 31 December 2021.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

The above table listed the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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47. FINANCIAL INFORMATION OF THE COMPANY

The information about the statement of financial position of the Company at the end of reporting period is as follows:

	Notes	**2021 HK$'000**	2020 HK$'000
Non-current assets			
Property, plant and equipment		**5**	8
Interests in subsidiaries	(a) and (e)	**7,760**	24,511
Amounts due from subsidiaries	(c)	**113,639**	119,934
		121,404	144,453
Current assets			
Other receivables		**279**	275
Amounts due from subsidiaries	(d)	**278,690**	255,022
Bank balances and cash		**3,313**	1,021
		282,282	256,318
Current liabilities			
Other payables		**3,691**	2,395
Convertible bonds		**–**	60,658
Other borrowings		**100,000**	100,000
Financial guarantee contract		**7,209**	–
		110,900	163,053
Net current assets		**171,382**	93,265
Total assets less current liabilities		**292,786**	237,718
Net assets		**292,786**	237,718
Capital and reserves			
Share capital	36	**51,079**	42,629
Share premium and reserves	(b)	**241,707**	195,089
		292,786	237,718

47. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Notes:

(a) The interest in subsidiaries represents the unlisted share measured at cost less impairment loss recognised.

(b) Share premium and reserves

	Share premium HK$'000	Capital reserve HK$'000 (Note)	Convertible bond reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2020	920,537	32,589	4,108	(428,133)	529,101
Loss for the year	–	–	–	(334,012)	(334,012)
Derecognition of equity component of convertible bonds	–	–	(4,108)	4,108	–
At 31 December 2020 and at 1 January 2021	920,537	32,589	–	(758,037)	195,089
Loss for the year	–	–	–	(101,270)	(101,270)
Conversion of convertible bonds	147,888	–	–	–	147,888
At 31 December 2021	1,068,425	32,589	–	(859,307)	241,707

The distributable reserves of the Company are amounted to HK$241,707,000 (2020: HK$195,089,000)

Note: The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

(c) The amounts due from subsidiaries classified under non-current assets are unsecured, interest-free and repayable on demand. In the opinion of the directors, based on their assessment as at the end of the reporting period of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries will not be repayable within one year from the end of the reporting period, accordingly these amounts are classified as non-current.

(d) The amounts due from subsidiaries classified under current assets are unsecured and repayable on demand. Certain balances are interest-free and certain balances are interest bearing at 8% per annum. The directors expect these amounts will be repaid within twelve months from the end of the reporting period, accordingly, these amounts are classified as current.

(e) Certain amounts due from subsidiaries are discounted at an effective interest rate of 5.50% per annum, representing the borrowing rates of the relevant subsidiaries, with corresponding adjustments of HK$7,760,000 (2020: HK$24,511,000) debited to investments in subsidiaries as deemed contribution to those subsidiaries.

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48. CONTINGENT LIABILITIES

During the year ended 31 December 2021, a deed of indemnity for an indemnified amount up to SG$1,000,000 (equivalent to approximately HK$5,760,000) was given by the Company to an insurance company, which provides financial guarantee in favour of Safe2Travel's customers of the travel business for the due performance and observance of the Safe2Travel's obligations under the contracts entered into between Safe2Travel and its customers. If Safe2Travel fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the insurance company to pay them the sum stipulated in such demand. The Company will become liable to indemnify the insurance company accordingly. Subsequent to the disposal of Safe2Travel through the disposal of Harvest Well, the indemnity remains in full force and effect.

As at 31 December 2021, as represented by the management of the Group, they did not consider it was probable that a claim would be made against the Group.

49. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2021, the remaining Account Value from the life insurance policy of US$745,000 (equivalent to approximately HK$5,785,000), has been utilised to set off against part of outstanding bank borrowings (note 30).

50. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation and the disclosure requirements in respect of the discontinued operation set out in note 12.