信達國際控股有限公司
CINDA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 111

2021 ANNUAL REPORT

15 years+
商界展關懷
caringcompany
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Contents

Corporate Information

Registered office	Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
Head office and principal place of business	45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong
Directors	*Executive Directors* Zhu Ruimin Zhang Yi Lau Mun Chung *Non-executive Director* Chow Kwok Wai *Independent Non-executive Directors* Hung Muk Ming Xia Zhidong Liu Xiaofeng
Authorised representatives	Zhang Yi Lau Mun Chung
Company secretary	Lau Mun Chung
Bermuda principal share registrar and transfer agent	MUFG Fund Services (Bermuda) Limited 4th floor North, Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Auditors	Ernst & Young *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Website	http://www.cinda.com.hk

Management Discussion and Analysis

MARKET CONDITIONS

In 2021, the variant of COVID-19 spread globally and affected economic activities. Nonetheless, with mass vaccinations and some countries even adopting a "live with the virus policy" by lifting all anti-infection measures, people were able to return to their normal lives. Some regions refused to implement lockdown measures even though the pandemic situation was worsening, thus allowing their economic activities to continue. Therefore, the risk of concern about economic slowdown in the market was reduced, but with that came the problem of rising inflation due to higher prices in a prolonged low interest rate environment. In the United States of America ("US"), Personal Consumption Expenditure ("PCE") price index rose by 5.8% year-on-year in December, the highest since June 1982, and the core PCE price index, an inflation indicator which the Federal Reserve ("Fed") of the US attaches importance to, rose by 4.9% year-on-year, the highest since October 1983, and was well above 2%, the target inflation level of the Fed, for eight consecutive months. As a result, the latest interest rate chart suggests that the Fed will raise interest rates for the first time in March or April 2022 at the earliest.

The Fed accelerated tapering, driving the U.S. dollar index to fluctuate upwards in 2021. The US dollar index rebounded from a low of 89.535 in May to a high of 96.938 in November, the highest since August 2020, up 1.5% in the fourth quarter and up 6.4% for 2021. In terms of yield on treasury bonds, the yield of long-term treasury bonds of the US rose and then receded in the first half of the year. In the second half of 2021, the job market recovered as expected, driving the yield of the 10-year treasury bonds to bottom out in August. The three major US stock indices reached new record highs again in the fourth quarter, with the Dow Jones Industrial Average Index reaching a record high of 36,679 points, while the S&P 500 Index and NASDAQ Index hit new highs of 4,809 points and 16,212 points, respectively. Overall, the three major US stock indices rose from 7.4% to 10.7% in the fourth quarter and from 18.7% to 26.9% for the year. In Europe, due to the slower pace in tapering by the European Central Bank as compared to other major central banks, European stocks oscillated upwards during the year, with the pan-European Stoxx 600 and German, French and British stocks rising between 14.3% and 28.9%.

As to the bond market, since the second half of the year, market concerned that the expected overheat of US inflation might trigger the Fed to tighten the monetary policies earlier, leading to a rapid increase in the yield of the US treasury bonds, and the JPM Emerging Markets Government Bond Index fell 9.2% for the year. In addition, in the Mainland, the second half of 2021 was marked by strict enforcement of policies on real estate companies and market concerned over the risk of default by real estate companies, offshore Chinese US dollar bonds were under pressure, and as a result, the bond market picked up at the beginning and fell later, among which, Markit iBoxx Asian Chinese US Dollar Bond Index fell by 5.5% for the year, Markit iBoxx Asian Chinese US Dollar High-yield Bond Index and Markit iBoxx Asian Chinese US Dollar Real Estate Bond Index fell by 21.3% and 27.6%, respectively.

In the Mainland, the pandemic was under control and there were only sporadic cases in some areas. However, in 2021, the economy faced the challenge of a high base and the economic situation picked up at the beginning and fell later. The gross domestic product ("GDP") in the first quarter grew by 18.3% year-on-year, and significantly slowed down to 7.9% in the second quarter. At the executive meeting of the State Council held in June 2021, it was proposed to deploy and guide financial institutions to offer further reasonable advantages to enterprises so as to stabilize the basic economic situation; at the meeting, it was also proposed to comprehensively use such tools as lowering deposit reserve ratio and refinancing to maintain reasonably sufficient liquidity in the market and ease the capital pressure on enterprises. In July, the People's Bank of China ("PBOC") announced a 0.5 percentage point reduction on deposit reserve ratio for financial institutions, releasing approximately RMB1 trillion of long-term funds to support the market recovery. The GDP for the whole year recorded a year-on-year growth of 8.1%, higher than the Chinese government's target of over 6%. As for the capital market, with expectation in the market that the pandemic would be under control in the Mainland and the PBOC would continue to lower the deposit reserve ratio, the capital flew into the A share market constantly. As for A shares, SSE Index fluctuated upwards in the fourth quarter, dipped to 3,448 points in November and then rebounded to 3,708 points in December. SSE Index finally rose by 2.0% in the fourth quarter, and 4.8% for the whole year. The yield of the 10-year government bonds fell by 3.4% in the fourth quarter, and 11.7% for the whole year. In 2021, RMB exchange rate had shown a strengthening trend, and both the exchange rates of onshore RMB and offshore RMB against US dollar appreciated by 1.4% in the fourth quarter, and appreciated by 2.6% and 2.2% respectively for the whole year.

Management Discussion and Analysis

In Hong Kong, the economic growth resumed from 2021 onwards as the situation of the COVID-19 pandemic stabilised and preventive measures were gradually relaxed. The GDP of Hong Kong in the fourth quarter of 2020 decreased by 2.8% year-on-year, and resumed growth in the first quarter of 2021, increasing by 8.0% year-on-year, ending the decline for six consecutive quarters. Economic growth slowed down to 7.6% in the second quarter, and 5.5% and 4.8% in the third and the fourth quarters respectively. As for the unemployment rate, benefiting from the improvement in the consumption atmosphere in the fourth quarter of the preceding year, the overall unemployment rate of the consumer and tourism-related industries fell by 0.9 percentage point to 5.4%.

As to Hong Kong stock market, in 2021, Hong Kong stock prices had risen initially but then dropped. In February, the Hang Seng Index reached a high of 31,183 points, and the Hang Seng China Enterprises Index reached 12,271 points, a new high since June 2018. The Hang Seng Technology Index rose to 11,001 points in the same period, hitting a new high since the index was launched in July 2020. However, investors worried that rising inflation would lead to higher interest rates. The market sentiment deteriorated and therefore selling pressure emerged in the market. In addition, the debt crisis for the domestic real estate enterprises stocks continued to fester, and the US may taper ahead of schedule, the Hang Seng Index once plunged to a low level of 23,771 points in September. Until the fourth quarter, the regulatory policies for the real estate sector in the Mainland was slightly relaxed, and the PBOC stated that the reasonable financing needs of the domestic real estate enterprises should be met. However, Hong Kong stocks remained weak, with the Hang Seng Index reaching a low of 22,665 points in the quarter and fell by 4.8% in the fourth quarter. In summary, the Hang Seng Index fell by 14.1% for the whole year of 2021, while the Hang Seng China Enterprises Index and the Hang Seng Technology Index fell by 23.3% and 32.7%, respectively, making it the worst-performing major market in the world. In terms of trading volume, the daily average transaction volume in 2021 was HK$166.7 billion, representing an increase of 29% as compared to HK$129.5 billion in 2020. According to the data from Wind, the cumulative net inflow of Southbound capital for the whole year of 2021 was HK$454.4 billion, representing a decrease of 32% from 2020. The performance of the new shares market was sluggish. According to The Stock Exchange of Hong Kong Limited ("Stock Exchange") data, a total of 98 new share listings were recorded in 2021, raising HK$328.9 billion, representing a year-on-year decrease of 36% and 18%, respectively. In terms of amount of funds raised, Hong Kong ranked fourth among global exchanges in 2021.

During the year, volatility in the market of the US dollar bonds issued by Chinese enterprises was high. According to the statistics from Bloomberg, in 2021, US dollar bonds issued by Chinese enterprises amounted to US$194.2 billion, representing a decrease of 3.63% year-on-year. In the second half of the year, the market of the US dollar bonds issued by Chinese enterprises experienced severe turbulence and credit risk incidents occurred continuously, especially in the real estate sector, where there were frequent defaults, and the yield of high-yield US dollar bonds issued by Chinese enterprises rose to record high. As a result, the issuance volume in the real estate sector was significantly reduced. Even some high quality domestic real estate enterprises had been affected. On the whole, the market of the US dollar bonds issued by Chinese enterprises shrank in 2021 as compared to previous years, with the Composite Index falling by 5.47% and the high-yield US dollar bonds issued by Chinese enterprises index plummeting by 21.32%, with only the investment grade bond index remaining at last year's level.

Management Discussion and Analysis

OVERALL PERFORMANCE

In conclusion, in 2021, the Hong Kong economy benefited from the relaxation of the anti-pandemic measures and the Group adhered to the operating strategies formulated at the beginning of the year. The Group is the only fully licensed securities company established outside the Mainland within the system of China Cinda Asset Management Co., Ltd. ("China Cinda", together with its associates, the "China Cinda Group"). As the hub connecting to international capital markets and overseas asset management centre of the China Cinda ecosphere, the Group provides cross border businesses covering major markets around the world with China concept as its focus. During the year, the Group continued with the development of the three core business segments (i.e. asset management business, corporate finance business and sales and trading business). Although the market of the US dollar bonds issued by Chinese enterprises was volatile and the new share market was inactive during the year, sales and trading segment of the Group grasped opportunities of the signs of economic recovery in Hong Kong under strict risk controls and compliance with laws and regulations in the course of operation. Together with the increase in the profit contribution from associates and joint ventures which offset the impact of the significant decrease in the net gain of bond investments and the decrease in revenue of the corporate finance business. For the overall performance of the year, the Group still recorded a profit after tax of HK$57.79 million, representing a decrease of 31% year-on-year. The total revenue for the full year amounted to HK$243.77 million (2020: HK$292.45 million), representing a decrease of 17% year-on-year, among which, the turnover was HK$205.15 million (2020: HK$213.02 million), representing a decrease of 4% year-on-year. Other income and gains amounted to HK$38.62 million (2020: HK$79.43 million), representing a decrease of 51% year-on year, mainly due to the decrease in investment income on bonds. As for expenses, the Group endeavored to control costs, and except that the rental and impairment allowances increased, other expenses decreased. As a result, operating expenses (excluding commission expenses and finance costs) amounted to HK$178.56 million (2020: HK$187.24 million), representing a decrease of 5% year-on-year. Finance cost decreased by 34% year-on-year, mainly due to the decrease in the overall borrowing size and market interest rates as well as certain bank loans were replaced by repurchase agreements with low cost.

The Group recorded a share of profits from associates and a joint venture amounting to HK$51.91 million (2020: HK$46.46 million), representing an increase of 12% year-on-year, which was mainly due to the increase in profit contribution by an associate engaging in fund management and a joint venture engaging in private equity investment. As a result, the Group's profit before tax for the year amounted to HK$73.58 million (2020: HK$94.27 million). Profit after tax attributable to equity holders amounted to HK$57.79 million (2020: HK$83.67 million), representing a decrease of 31% year-on-year.

ASSET MANAGEMENT

In 2021, the operations of the asset management segment of the Group continued to be stable. The turnover was HK$87.27 million (2020: HK$71.48 million), representing an increase of 22% year-on-year. Currently, the Group operates under light-asset strategy and remains the overseas asset management service centre of China Cinda ecosphere connected with the international capital markets. The Group proactively developed its business revolving around the main business of China Cinda Group, concentrated its efforts to branch out to the troubled asset business, and actively explored innovative cross-border distressed asset business by strengthening marketized asset management business operations. The segment developed a special opportunity investment fund with offshore US dollar bonds issued by Chinese enterprises and some domestic troubled asset funds during the year, leading to an increase in the scale of assets under management by 5% as compared with the end of last year. Profit from this segment decreased by 38% to HK$54.19 million as the net gain of bond investments significantly decreased for the year after recording a loss of disposal and the scales of other structured product investments contracted under the strict risk controlling measures during the year.

The Group actively cooperated with associates and joint ventures to expand diversified businesses. With the favorable effect of the revival of capital markets, during the year, the Group recorded a share of profits from associates and a joint venture amounting to HK$51.91 million (2020: HK$46.46 million), mainly attributable to a significant growth in the profit contribution by an associate engaged in fund management as compared to the previous year. Moreover, the fair values of the stocks held through funds by a joint venture as compared with the beginning of the year increased.

Management Discussion and Analysis

CORPORATE FINANCE

As affected by the blockage of the boarder between Hong Kong and the Mainland, the progress of certain projects were slow and the corporate finance business did not record satisfactory performance in 2021, with operating revenue amounting to only HK$36.12 million, representing a decrease of 48% as compared with HK$68.90 million of last year, and segment loss amounted to HK$6.17 million (2020: profit of HK$16.02 million). The Group continued to provide equity issuance and debt issuance services to clients. With respect to equity issuance business, it acted as sponsor and underwriter in the initial public offering ("IPO") of a company engaged in property management in Hangzhou which successfully listed on the Stock Exchange, with fund raised amounting to HK$200 million. Number of IPO projects completed decreased when compared with four in the previous year. During the year, some projects of the segment that are still in progress include several sponsorship projects for listing in Hong Kong and several compliance advisory projects. Moreover, the segment completed a financial advisory project on the privatization of a state-owned H share company listed on the Stock Exchange during the year. With respect to debt issuance business, the Group successfully completed six Chinese enterprises offshore US dollar bond issuance projects in the year, totaling US$4.79 billion, representing an increase of 11% year-on-year.

SALES AND TRADING BUSINESS

Although the Hong Kong stock market was highly volatile in the year, the trading volume rose instead. The Group benefited from the increase in the trading volume and the expansion of its own business scale, leading to an increase in its market share. As a result, the operating revenue increased by 13% to HK$81.89 million during the year from HK$72.76 million in 2020, of which the Group recorded commission of HK$59.74 million (2020: HK$46.22 million) and interest from securities financing and other income of HK$21.94 million (2020: HK$26.28 million). In view of the continuing uncertainty in the market, the Group remained prudent in margin loans through strict risk control, instead of expanding the scale, with no bad or doubtful debts occurred throughout the year. Facing fierce price competition from online trading platform securities firms, on one hand, the segment strengthened its collaboration with its parent company, Cinda Securities Co., Ltd. ("Cinda Securities"), during the year; on the other hand, it actively explored institutional clients and high net worth customers, in order to provide a China concept-focused service to contend with the securities firms that operated with the strategy of reduction of commission. In the end, the Group recorded segment profit of HK$2.99 million in the year (2020: HK$1.23 million), representing an increase of approximately 1.4 times.

LOOKING FORWARD

The external environment will remain complex and uncertain in 2022. It is expected that the spreading of new variants of the coronavirus will be under control throughout the world due to mass vaccination, which will boost the global economic recovery. However, the consequent problem is the rising inflation, and the central banks in all nations need to change their monetary policies to curb inflation. As for the relationship between the US and China, their confrontation is expected to continue in 2022, which has raised concern that the US may take further steps to damage the relationship between both parties, causing market turmoil, making Hong Kong continue to be a battleground for Sino-US rivalry. Looking forward to 2022, the Hong Kong economy is expected to expand further, but the pace of growth will be affected by uncertainties, particularly those related to the development of the pandemic in the region. Due to the outbreak of a new wave of pandemic, the Government of the Hong Kong SAR tightened its pandemic prevention measures once again since early January, adding a new round of pressure on local economic activities and dampening the economic climate. In addition, supply bottlenecks amidst the evolving global epidemic may cause inflation in some major economies to remain high for a longer period of time. These developments will increase inflationary pressure locally and may also prompt major central banks to accelerate the pace of tightening monetary policy, causing volatility in the global economy and financial markets. In addition, the market expects that profits of enterprises may regress against the backdrop of a high base and the headwinds of the economy in the Mainland. In addition, the US has entered into a cycle of interest rate hikes, and initiates reduction on its balance sheet as and when appropriate. The risk of weakening Hong Kong-US exchange rate will increase if the interest margin between Hong Kong and the US is further narrowed. If the US raises interest rates and the reduction on balance sheet is too fast, the withdrawal of its funds out of Hong Kong will be accelerated. In addition, the first half of 2022 will be the peak of debt maturity for domestic real estate enterprises in the Mainland, while the US mid-term election will fall in the second half of 2022, coupled with the geopolitical risks in the Middle East and Eastern Europe, which will increase the volatility of Hong Kong stocks, and at the same time continue to suppress the space for recovery of valuation of Hong Kong stocks in 2022.

In Europe and the US, as the pandemic eases up and the economic data continue to improve in the US, inflation is rising while the economy is growing, forcing the Fed to propose raising interest rates earlier than the market expected, which hit the US stock market. Against this backdrop, the Fed will end its bond purchase programme in March 2022 and may raise interest rates for the first time in March, followed by a reduction in its balance sheet from the third quarter at the earliest, which may be a reason for retracement of risk assets during the year. However, once inflation shows no signs of cooling down and it is expected that high inflation will remain for a longer period of time, the Fed will have to take more and more vigorous actions to curb inflation during the year. Once the yield rate of the 10-year US treasury bonds accelerates to rise and the difference between the yield rate and the stock yield further narrows, it will appear that the valuation of US stocks is high and the extent of retracement of the stock market will be larger than expected. Especially for high-growth stocks, attention should be paid to the increase in the risk of subsequent adjustment in the stock market. In Europe, the continued slowdown of the spread of the pandemic resulted in sustained economic growth in some regions, but they are also under inflationary pressure. Lagarde, president of the European Central Bank, expressed increased concerns about the recent surge in inflation but did not indicate that interest rates would not be raised this year. The market expects the European Central Bank to raise interest rates in June at the earliest, causing concern that Europe will taper in the second to third quarters of 2022, putting pressure on stock market.

In the Mainland, the COVID-19 pandemic has been under control and economic activities have returned to normal. The main focus of economic work in 2022 will be to maintain stability while seeking development. It is expected that the policy will be positive and tend to be “maintaining steady growth”. In December, the Mainland unexpectedly lowered its one-year loan prime rate (“LPR”) by 5 basis points, monetary policies tended to be marginal looseness. Fiscal policy is expected to take effect, with a new round of tax and fee cuts and measures to stimulate consumption. At the Central Economic Working Conference, it is proposed to “moderately advance the investment in infrastructure”, reflecting that investment in infrastructure will increase in 2022. In terms of real estate policy, it is proposed at the meeting to promote the construction of subsidised housing, support the commercial housing market to better meet the reasonable housing needs of purchasers, and promote the healthy development and virtuous cycle of the real estate industry. The fixed guidance of “housing properties for accommodation, not speculation” will remain unchanged in 2022, but the policy flexibility for different cities has increased. In the Mainland, the 5-year LPR remained unchanged in December 2021, reflecting the authorities’ intention not to stimulate the real estate market. To conclude, the Mainland economic development is facing triple pressure from demand contraction, supply shock and weakening expectations. It is also pointed out that cross-cycle and counter-cycle policies should be organically integrated, reflecting a heavy downward pressure on the Mainland economy in 2022, and the policy is expected to tend to be “stable growth, loosened currency and easing credit”. It is expected that there will still be opportunities to lower the deposit reserve ratio and interest rate during the year, and the first half of the year is the time window for key policy, which is expected to bring support for A shares. In addition, with the regular regulation over sectors such as technology and education, the revision to the policies on regulation over domestic real estate enterprises, and the coincidence of the 20th National Congress of the Communist Party of China in the second half of the year, the trend of A shares is expected to stabilise.

Management Discussion and Analysis

The Group will further enhance the business integration with Cinda Securities, and jointly plan to provide domestic and foreign integrated financial services, and play the role as a cross-border business platform of Cinda Securities well. We will focus on the investment banking businesses including issuance of US dollar bonds by domestic institutions, IPO of domestic companies in Hong Kong and cross-border restructuring of major assets of domestic institutions, the cross-border brokerage business on the full circulation of H shares, the creation of cross-border asset management products, and the establishment of a mechanism in which research departments of the two institutions to share their research resources to expand the cross-border integrated investment banking service.

Meanwhile, the Group will continue to focus on the main business of China Cinda Group and serve as the only fully licensed outside border securities company of the China Cinda ecosphere. The Group will continue to promote the development of the three core business segments. On one hand, we will further boost the development of our synergistic businesses, continue to optimize the internal management and enhance our asset capacity, as well as continue to maintain stable and compliant operation. On the other hand, externally we will deepen the cooperation with Cinda Securities and China Cinda ecosphere in a bid to achieve win-win results. In respect of the sales and trading business, we will continue to consolidate the market position of the traditional industry, strengthen the collaboration and interaction with the parent company, Cinda Securities, take initiative to explore retail customers and expand institutional, corporate and high net worth clients; develop towards the direction of wealth management and diversify the products to cover stocks, futures, bonds as well as products with fixed income, and asset management so as to satisfy the customers' need in asset allocation. In terms of asset management business, we will focus on capitalising on market opportunities, especially the occasion for supporting China Cinda Group in handling troubled assets by emphatically setting up asset management products with different characteristics such as the troubled asset fund, M&A fund and special opportunity fund. We will deepen our understanding of individual projects, further explore the highlights of the Group's market-oriented businesses and provide unique corporate value points in order to enhance customer stickiness. As for corporate finance business, we will maintain the parallel development of both equity and debt businesses. For the equity-related business, we will proactively provide sponsor and underwriting services and expand advisory business on merger and acquisition, and financial restructuring. As for debt-related business, the Group will explore demands for debt issuance of domestic and Hong Kong customers of China Cinda Group and provide tailor-made issuance plans and services to such customers and catch issuing windows to serve the clients, so as to achieve the "equity-debt" integration. In addition, the Group believes that for the rest of the year, the external economy will be improving and positive market sentiment will be maintained. The Group will strengthen the synergy and expand its market-oriented businesses through different measures by virtue of the solid foundations the Group has laid so far. The Group would endeavor to capitalise on various market opportunities to further enhance the results for next year and bring satisfactory returns to our shareholders.

FINANCIAL RESOURCES

The Group maintained sound financial strength during the year, and all subsidiaries licensed by the Securities and Futures Commission of Hong Kong had liquid capital in excess of regulatory requirements. As of 31st December 2021, the Group had term loan facility of HK$550 million from banks, which were fully utilised. In addition, as of 31st December 2021, the Group had revolving bank loans and overdrafts facilities of HK$1,404 million, all of which were not utilised. In addition, during the year, the Group repaid fixed-rate medium-term bonds of HK$42 million, and the Group had outstanding principal amount of HK$10 million. The Group did not issue any bond during the year.

Management Discussion and Analysis

FLUCTUATION IN FOREIGN EXCHANGE RATES

A majority of assets and liabilities of the Group are denominated in Hong Kong dollar and US dollar to which Hong Kong dollar is pegged with. Some assets are denominated in RMB, mainly because the Group has two wholly-owned subsidiaries incorporated and operated in the Mainland which account for all their assets and incomes in RMB. During the year, the exchange rate of RMB against US dollar increased as benefited from the growth of China's economy, the favourable figures on the import and export, the measures for domestic economic protection. The Group considered that the trend of exchange rate of RMB remained positive, and hedging was not carried out for such fluctuation in the exchange rate of RMB.

REMUNERATION AND HUMAN RESOURCES

The Group has always valued the nurturing of capable personnel and has taken various measures to recruit and retain personnel of high calibre, which ensures sufficient support for steady operations amidst business development. The remuneration of the employees provided by the Group consists of basic salary and discretionary bonus. To encourage employees to deliver better performance and strengthen risk management and control, the Group has set up an incentive mechanism, according to which, performance and work targets for the year are set for each business department and middle and back-end supporting department at the beginning of each year and staff assessment is carried out both in the middle and at the end of each year so as to provide a basis for bonus. Besides, the Group also gives due weight to staff trainings and provides the employees with educational allowances and leave, such as leave for professional examinations. The Group also implemented a "New Employee Mentorship Programme" and organized professional training courses and lectures for the staff and account executives from time to time in furtherance of their comprehension of the updated knowledge pertinent to their work, certain of which were conducted through electronic video means. The Group has established a staff remuneration committee comprising the top management to conduct regular reviews over the remuneration policy of the Group and determine the remuneration package of each staff member, thereby ensuring that such pay and benefits are market-based.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Zhu Ruimin, aged 51, was appointed as an executive Director, the Chairman and the chairman of the Nomination Committee of the Company on 26th April 2021. She is currently the secretary of the party committee, a director and the general manager of Cinda Securities Co., Ltd. ("Cinda Securities", the direct controlling shareholder of the Company and a non-wholly owned subsidiary of China Cinda Asset Management Co., Ltd. ("China Cinda", the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 1359), together with its associates, the "China Cinda Group")) and the chairman of First State Cinda Fund Management Co., Ltd..

Ms. Zhu received a doctoral degree in business administration in January 2009 from the Remin University of China. She also holds the professional title of Senior Accountant. Ms. Zhu has substantial experience in both the securities industry and financial industry, and held management positions in various securities companies and financial institutions. Prior to joining Cinda Securities in July 2019, Ms. Zhu served as chief financial officer of China Galaxy Securities Co., Ltd. (the H shares of which are listed on the Stock Exchange (stock code: 6881) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601881)) from April 2012 to April 2019.

Mr. Zhang Yi, aged 43, has been re-designated from a non-executive Director to an executive Director and appointed as the chief executive officer of the Company on 26th April 2021. He is currently the general manager of finance planning department of Cinda Securities. He is also a director of certain subsidiaries of the Company.

Mr. Zhang graduated from Tsinghua University with a bachelor degree in international accounting in July 2001. He is a Chartered Financial Analyst and a Financial Risk Manager. Mr. Zhang worked as a vice president of risk management department and executive director of firm office/operation support department of China International Capital Corporation Limited (the shares of which are listed on the Stock Exchange (stock code: 3908)) from July 2001 to September 2016; a deputy general manager of Sinodata Co., Ltd. (the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002657)) from January 2017 to October 2018; and the chairman of Shanghai Baichuan Jinzhi Intelligent Technology Co., Ltd. from October 2018 to June 2019 respectively.

Mr. Lau Mun Chung, aged 57, was appointed as an executive Director on 3rd March 2007 and is currently the deputy chief executive officer of the Company. He is a director and/or a secretary of certain subsidiaries of the Company and the Company Secretary of the Company. Mr. Lau is also a director of Cinda Agriculture Investment Limited (an indirect wholly-owned subsidiary of China Cinda) and a director of a company invested/interested by the Group. Mr. Lau is in charge of the accounting and finance, information technology, company secretarial, settlement and sales and trading functions of the Group.

Mr. Lau graduated from the University of Hong Kong with a Bachelor Degree in Social Science in 1986 and received his Master Degree in Laws (Corporate and Financial Law) in the same university in 2013. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Chow Kwok Wai, aged 55, was appointed as a non-executive Director of the Company on 2nd December 2008. He is a member of the Remuneration Committee of the Company. He had worked in PriceWaterhouse, which is now known as PriceWaterhouseCoopers, and accumulated valuable audit experience there. Mr. Chow received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990. He is a fellow member of the Association of Chartered Certified Accountants, a fellow CPA of the Hong Kong Institute of Certified Public Accountants and a fellow member and a registered Chartered Tax Adviser of The Taxation Institute of Hong Kong. He has over 25 years of experience in accounting, financial management and corporate finance. Mr. Chow is also an independent non-executive director of SSY Group Limited (formerly known as Lijun International Pharmaceutical (Holding) Co., Ltd.), the shares of which are listed on the Stock Exchange (stock code: 2005). He ceased to be an independent non-executive director of Youyuan International Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 2268), on 9th October 2019. He also ceased to be the deputy general manager and the company secretary of Silver Grant International Holdings Group Limited (formerly known as Silver Grant International Industries Limited), the shares of which are listed on the Stock Exchange (stock code: 171), on 17th July 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hung Muk Ming, aged 56, was appointed as an independent non-executive Director of the Company on 2nd December 2008. He is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Hung is a Certified Public Accountant (Practising) and is a fellow CPA of the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of the Association of Chartered Certified Accountants, an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Mr. Hung received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990, and a Master Degree in Corporate Governance from the Hong Kong Polytechnic University in 2008. He has over 25 years of experience in the accounting and audit sector. Mr. Hung is currently an independent non-executive director of the following companies listed on the Stock Exchange: (i) Silver Grant International Holdings Group Limited (formerly known as Silver Grant International Industries Limited) (stock code: 171); (ii) CA Cultural Technology Group Limited (formerly known as China Animation Characters Company Limited) (stock code: 1566); and (iii) IBO Technology Company Limited (stock code: 2708). He ceased to be an independent non-executive director of Century Sage Scientific Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1450), on 29th September 2021.

Mr. Xia Zhidong, aged 67, was appointed as an independent non-executive Director of the Company on 28th July 2016. He is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. He worked as senior management or director of various well-known financial institutions and accounting firms including China Construction Bank, Ernst & Young, Tin Wah CPA Limited and Grant Thornton. He has been the external director of Qingling Motors (Group) Company Limited since 2014, independent director of CITIC-Prudential Fund Management Co., Ltd. (formerly known as 信誠基金管理有限公司) since 2005, and an independent director of Wangfujing Group Co., Ltd., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600859), since 23rd December 2019. Mr. Xia worked as deputy director of accounting research department of Research Institute for Fiscal Science which is now known as Chinese Academy of Fiscal Sciences from 1985 to 1988. Mr. Xia ceased to be an independent director of China Jingu International Trust Co., Ltd. on 22nd October 2021. He graduated from Tianjin University of Finance and Economics with a Bachelor degree of Finance in 1982 and completed his master degree of Finance from Research Institute for Fiscal Science in 1985. He has been a qualified accountant and senior qualified accountant in the PRC since 1995.

Biographical Details of Directors and Senior Management

Mr. Liu Xiaofeng, aged 59, was appointed as an independent non-executive Director of the Company on 28th July 2016. He is a member of the Audit Committee and the Nomination Committee of the Company. Mr. Liu has over 25 years of experience in corporate finance and had worked with various international financial institutions since 1993, including NM Rothschild & Sons, NM Rothschild & Sons (Hong Kong) Limited, JP Morgan Chase, DBS Asia Capital Limited and China Resources Capital Holdings Company Limited. He is currently an independent director of UBS Securities Co. Limited and an independent non-executive director of the following companies listed on the Stock Exchange: (i) Kunlun Energy Company Limited (stock code: 135); (ii) Sunfonda Group Holdings Limited (stock code: 1771); and (iii) AAG Energy Holdings Limited (stock code: 2686). He ceased to be an independent non-executive director of Honghua Group Limited, the shares of which are listed on the Stock Exchange (stock code: 196), on 19th November 2021. Mr. Liu obtained a Master's degree and a Ph.D. from the Faculty of Economics, University of Cambridge in 1988 and 1994 respectively, a Master of Science degree in Development Studies from the University of Bath, England, in 1987, and a Bachelor of Economics degree from Southwestern University of Finance and Economics, China (previously known as Sichuan Institute of Science and Technology) in 1983.

SENIOR MANAGEMENT

Ms. Zhou Lu, aged 42, is currently the deputy chief executive officer of the Company. She is responsible for overseeing the asset management department, cross border business department and research department of the Group. She is a director of certain subsidiaries of the Company, and a director and/or a secretary of High Grade (HK) Investment Management Limited, Cinda Agriculture Investment Limited and Cinda International HGB Investment (UK) Limited (all are subsidiaries of China Cinda), a director of Cinda Plunkett International Holdings Limited since 30th December 2020, Cinda International Investment Holdings Limited since 26th January 2021 and Sino-Rock Investment Management Company Limited since 25th April 2021 (all are associated companies of the Company). She is also a director of certain companies invested/interested by the Group. Prior to joining the Group, Ms. Zhou worked in a subsidiary of China Cinda as an investment manager. She has over 17 years of experience in investment and asset management industry. Ms. Zhou received her Bachelor Degree in Law from the Central University of Finance and Economics in 2001, and a Master Degree in Commerce from the University of New South Wales in 2003.

Mr. Liu Jialin, aged 59, is the managing director of the Group's asset management department responsible for overseeing the operation of various funds. He is also a shareholder and a director of Cinda Plunkett International Holdings Limited, an associated company of the Company and an independent non-executive director of the following companies listed on the Stock Exchange: (i) Far East Horizon Limited (stock code: 3360); and (ii) Changyou Alliance Group Limited (formerly known as Fortunet e-Commence Group Limited) (stock code: 1039). He was an independent non-executive director of China Merchants Securities Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 6099). Prior to joining the Group in February 2011, Mr. Liu worked for Morgan Stanley group of companies and once served as a member of the Global Management Committee and Asia Executive Committee as well as a managing director in the fixed income division in Hong Kong between 1992 to 2007. Mr. Liu has over 30 years of experience in finance and securities industry. Mr. Liu obtained a bachelor's degree in science from Peking University and master of science in Physics from Massachusetts Institute of Technology.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out in the Corporate Governance Code ("CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange" and "Listing Rules", respectively).

Throughout the financial year 2021, the Group has complied with all the code provisions set out in the CG Code.

The Board continues to monitor and review the Group's corporate governance practices to ensure compliance. The key corporate governance principles and practices of the Company are summarized as follows:

BOARD OF DIRECTORS

The Board assumed overall responsibility for leading and supervising the Group. The Board laid down the direction of business for the Group and decided on important issues. The implementation of policies laid down by the Board rests with the Executive Management Committee ("EMC"), which at material time comprised certain executive directors of the Company ("ED(s)") and member(s) from the senior management.

Composition

As at the date of this annual report, the Board comprises three EDs, one non-executive director ("NED") and three independent non-executive directors ("INED(s)") and is in compliance with the minimum number of INEDs required under Rule 3.10(1), the appropriate professional accounting or related financial management expertise required by Rule 3.10(2) and the proportion of INEDs in the Board required by Rule 3.10A of the Listing Rules.

The Board comprises the following Directors:

EDs

Ms. Zhu Ruimin	(Chairman) *(appointed as ED and Chairman on 26th April 2021)*
Mr. Zhang Yi	(Chief Executive Officer) *(re-designated from NED to ED and appointed as Chief Executive Officer on 26th April 2021)*
Mr. Lau Mun Chung	(Deputy Chief Executive Officer)

NED
Mr. Chow Kwok Wai

INEDs
Mr. Hung Muk Ming
Mr. Xia Zhidong
Mr. Liu Xiaofeng

Corporate Governance Report

The Board possesses, with regard to individual Directors and collectively, appropriate experience, competence and personal qualities, including professionalism and integrity, willingness to devote adequate time to discharge its responsibilities adequately and effectively. In addition, the Board collectively has adequate knowledge and expertise relevant to each of the core business activities that the Group pursues and the associated risks in order to ensure effective governance and oversight.

Members of the Board, who come from different backgrounds, have a diverse range of financial and professional expertise. The biographical particulars of all Directors are disclosed in the section headed "Biographical Details of Directors and Senior Management". None of the Directors has any financial, business, family or other material/ relevant relationship with one another. The list of Directors identifying their role and function is also available on the websites of the Company and the Stock Exchange from time to time.

Chairman and Chief Executive Officer

Ms. Zhu Ruimin serves as the Chairman who is primarily responsible for leading the Board and ensuring that good corporate governance practices and procedures are established, whereas Mr. Zhang Yi serves as the Chief Executive Officer who is responsible for the overall operation of the Group. The role of the Chairman is separate from that of the Chief Executive Officer for achieving a clear division of separate responsibility and a balance of power and authority which in turn avoid concentration of power in any one individual. Directors are encouraged to make a full and active contribution to the Board's affairs and participate actively in all Board and committee meetings.

NED and INEDs

The NED and the INEDs, as equal Board members, provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgement and advice on issues relating to the Group's strategies, policies, performance, accountability, key appointments, conflicts of interest and management process, to ensure that the interests of all shareholders are taken into account. A culture of openness and debate is promoted in order to facilitate effective contribution of the NED and the INEDs and ensure constructive relations between EDs and NEDs (including the INEDs).

The NED and the three INEDs were appointed for a term of two years and are subject to rotation in accordance with the provisions in the bye-laws of the Company ("Bye-laws"). The Board has received annual written confirmation from all the INEDs for the year 2021 and is satisfied that all of them were acting independently throughout the year.

INEDs are identified as such in all corporate communications containing their names.

Board Meetings

The Board meets regularly and at other time when necessary. The Chairman is responsible for ensuring that all Directors are properly briefed on matters to be discussed at Board meetings. All Directors have access to relevant and timely information and are given an opportunity to include matters in the agenda for all Board meetings. They can seek independent professional advice at the Company's expense when the situation requires. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials, and ensuring that Board procedures are followed. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. Minutes of Board meetings are kept by the Company Secretary which record in sufficient detail the matters considered and decisions reached.

The attendance of the Directors at the Board meetings and general meetings held during the financial year 2021 is set out below:

Name of Directors	Number of regular Board meetings attended/held	Number of general meetings attended/held
EDs		
Ms. Zhu Ruimin (appointed on 26th April 2021)	3/3	2/2
Mr. Zhang Yi (redesignated on 26th April 2021)	4/4	2/2
Mr. Yu Fan (resigned on 26th April 2021)	1/1	0/0
Mr. Gong Zhijian (resigned on 26th April 2021)	1/1	0/0
Mr. Lau Mun Chung	4/4	2/2
NED		
Mr. Chow Kwok Wai	4/4	2/2
INEDs		
Mr. Hung Muk Ming	4/4	2/2
Mr. Xia Zhidong	4/4	2/2
Mr. Liu Xiaofeng	4/4	2/2

For a matter to be considered by the Board which has a conflict of interest with the substantial shareholder or a Director and has been determined by the Board as material, the matter would be dealt with by a physical Board meeting. In other cases, where Directors are unable to meet together, matters are resolved by written resolutions in the manner prescribed by the Bye-laws. Full meeting materials are circulated and commented through electronic mail.

Notice of at least 14 days is given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice will be given. Minutes of the Board meetings are prepared and circulated to all Directors in reasonable time, kept by a designated secretary and open for inspection at any reasonable time on reasonable notice by any Director.

During the year, the Chairman held a meeting with the INEDs without the presence of other Directors.

Management reports are sent to all Directors to keep the Directors apprised of the latest development and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

Rotation and Re-election of Directors

The Bye-laws provide that every Director, including the Chairman and/or the Managing Director, shall retire by rotation at least once every three years. Directors appointed by the Board during the year shall hold office only until the first general meeting (in the case of filling a casual vacancy) or until the next following annual general meeting ("AGM") (in the case of an addition to the existing Board), at which time they shall retire and be eligible for re-election by the shareholders.

Particular consideration will also be given in assessing the independence of those INEDs who have been serving on the Board for more than nine years and seeking re-election in the AGM. Reasons will be given in the AGM circular to explain why the Board believes those INEDs are still independent and should be re-elected, including the factors considered, the process and the discussion of the Board in arriving at such determination.

Changes in Directors' Biographical Details

Changes in Directors' biographical details which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules are set out below:

- Mr. Hung Muk Ming ceased to be an independent non-executive director of Century Sage Scientific Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1450), on 29th September 2021.

- Mr. Xia Zhidong ceased to be an independent director of China Jingu International Trust Co., Ltd. on 22nd October 2021.

- Mr. Liu Xiaofeng ceased to be an independent non-executive director of Honghua Group Limited, the shares of which are listed on the Stock Exchange (stock code: 196), on 19th November 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct for Directors' dealing in its shares. All Directors confirmed that they had complied with the required standards at all times throughout the financial year 2021.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, including two INEDs, Mr. Xia Zhidong and Mr. Hung Muk Ming, and one NED, Mr. Chow Kwok Wai. It is chaired by Mr. Xia Zhidong.

A written terms of reference was adopted by the Remuneration Committee at its inception, and is available on the websites of the Company and the Stock Exchange and is updated when necessary. The Remuneration Committee is responsible for devising the remuneration policy for the Group and determining the specific package of each ED. The Remuneration Committee also approves the terms of service contracts and determines the remuneration packages of all EDs. Recommendations on the remuneration of NEDs (including INEDs) are submitted to the Board for consideration. The Remuneration Committee have access to independent professional advice at the Company's expense if necessary. Full minutes and related materials of the meetings are kept by a designated secretary.

The Remuneration Committee held two meetings in the financial year 2021 to discuss the remuneration and bonus proposal etc. of EDs. The following is the attendance record:

Name of committee members	Number of meetings attended/held	Attendance rate
Mr. Xia Zhidong (Chairman)	2/2	100%
Mr. Hung Muk Ming	2/2	100%
Mr. Chow Kwok Wai	2/2	100%

In case members are unable to meet together, issues are resolved through written resolutions in the manner prescribed under the Bye-laws. Full materials are circulated and commented mainly through electronic mail.

Directors' Remuneration Policy

Certain EDs are entitled to a director's fee determined by the Remuneration Committee. Two EDs, namely Mr. Zhang Yi and Mr. Lau Mun Chung, have entered into service contracts with the Company, the terms of which were approved by the Remuneration Committee. The director's service contracts provide the relevant Directors with a fixed monthly salary, housing allowance (where applicable) determined in accordance with their qualification, experience and the prevailing market conditions together with an annual management bonus decided with reference to the Group's financial performance, the individual's performance during the year and the market conditions. Ms. Zhu Ruimin will not receive any director's fee and/or remuneration for her appointment as ED. NED and the INEDs are entitled to a director's fee decided by the Board. The Board confirms that no Directors or their associates (as defined in the Listing Rules) are involved in determining their own remuneration. Details of remuneration payable to the Board members and the key management personnel have been disclosed in the notes to the financial statements in this annual report.

NOMINATION COMMITTEE

As at the date of this annual report, the Nomination Committee comprises three members, including two INEDs, Mr. Xia Zhidong and Mr. Liu Xiaofeng, and the Chairman, Ms. Zhu Ruimin. The Committee is chaired by Ms. Zhu Ruimin.

A written terms of reference was adopted by the Nomination Committee at its inception, and is available on the websites of the Company and the Stock Exchange and is updated when necessary. The Nomination Committee can seek independent professional advice at the Company's expense if necessary. The main duties of the Nomination Committee are as follows:

1. review the structure, size and composition of the Board at least annually, ensure compliance with the Company's Board Diversity Policy and make recommendations to the Board regarding any proposed changes;

2. identify suitable individuals qualified to become Board members, ensure compliance with the Company's Nomination Policy and make recommendations to the Board on suitable candidates to be nominated for directorships;

3. assess the independence of INEDs on their appointment or when their independence is called into question; and

4. make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee held one meeting in the financial year 2021 to discuss the change of Directors and review of Board structure etc. The following is the attendance record. Full minutes and related materials of the meetings are kept by a designated secretary.

Name of committee members	Number of meetings attended/held	Attendance rate
Ms. Zhu Ruimin (appointed on 26th April 2021)	0/0	–
Mr. Yu Fan (resigned on 26th April 2021)	1/1	100%
Mr. Xia Zhidong	1/1	100%
Mr. Liu Xiaofeng	1/1	100%

Nomination Policy

The Board has adopted the Nomination Policy. The selection process of Directors will be transparent and fair. The Nomination Committee will select from a broad range of candidates and as far as feasible including those who are outside the Board's circle of contacts and in accordance with the Company's Board Diversity Policy. The Nomination Committee will consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity. It will also consider succession planning to ensure the long-term success of the Company.

DIVERSITY

Board Diversity Policy

Board diversity has become a critical factor in business resiliency, sustainability and long-term financial performance. The positive results of diversity are so well established that investors are demanding that corporates achieve greater diversity to enhance risk management and achieve a sustainable and balanced development.

The Board has adopted the Board Diversity Policy which sets out the approach to achieve board diversity. The Board reviews the implementation and effectiveness of the policy on an annual basis. The Board recognizes and embraces the benefits of having a diverse Board. A truly diverse Board will be achieved through several factors, including but not limited to differences in gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Nomination Committee will continue to primarily responsible for identifying suitable qualified candidates to become Board members and to ensure that the Board has an appropriate balance and diversity with giving adequate consideration to the Board Diversity Policy.

Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, in addition to the aforementioned diversity factors, consideration will be given to length of service, independence that the candidate can bring to the Board in all aspects, commitment in respect of sufficient time and attention to the Company's business, and the conditions required by the Stock Exchange on which its shares are listed and by the regulatory authorities of the places of its listing, etc.

The Company remains committed to meritocracy in the boardroom, which requires a diverse and inclusive culture where Directors believe that their views are heard and their concerns are attended to and they serve in an environment where bias and discrimination on any matter are not tolerated.

As at the date of this report, the Board consisted of both male and female directors, the Board is of the opinion that board diversity (including gender diversity) has been achieved. The Board will continue to maintain board diversity and ensure the effectiveness of the Board Diversity Policy.

Workplace Diversity

Diversity is well supported in our corporate culture. Our employment practice complies with applicable laws and regulations and does not discriminate on the grounds of gender, race, ethnicity, disability, age, religious belief, sexual orientation or family status. The gender ratio in the workforce remains balanced for the year end 31st December 2021, which is close to 1:1. The Company has adopted a written human resources policy to govern the recruitment and diversity of workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. The Company will continue the mechanism to maintain the gender diversity in workforce. Further details of gender ratio has been disclosed in the Environmental, Social and Governance Report.

Employees' Remuneration Policy

The Company established objective performance indicators as part of the employees' performance appraisal. Proposals relating to promotion and salary adjustment of employees are discussed and approved by the Employee Remuneration Committee of the Company, which consists of two EDs and two senior executives, including the head of human resources department.

TRAINING FOR DIRECTORS

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his/her first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and ensure that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities for maintaining an effective Board. The Company has provided technical updates to the Directors, including amendments on the Listing Rules and the news release and guidelines published by the Stock Exchange. According to the records provided by the Directors and maintained by the Company, the training received by the Directors for the year ended 31st December 2021 is summarized as follows:

	Directors' duty and corporate governance	**Legal and regulatory updates**	**Business updates**
EDs			
Ms. Zhu Ruimin (appointed on 26th April 2021)	Yes	Yes	Yes
Mr. Zhang Yi (re-designated on 26th April 2021)	Yes	Yes	Yes
Mr. Yu Fan (resigned on 26th April 2021)	Yes	Yes	Yes
Mr. Gong Zhijian (resigned on 26th April 2021)	Yes	Yes	Yes
Mr. Lau Mun Chung	Yes	Yes	Yes
NED			
Mr. Chow Kwok Wai	Yes	Yes	Yes
INEDs			
Mr. Hung Muk Ming	Yes	Yes	Yes
Mr. Xia Zhidong	Yes	Yes	Yes
Mr. Liu Xiaofeng	Yes	Yes	Yes

INSURANCE COVER FOR DIRECTORS

The Company has arranged appropriate insurance cover in respect of legal action against its Directors to comply with the requirement of the CG Code.

AUDITORS' REMUNERATION

Ernst & Young ("EY") has been acting as the external independent auditor of the Company since June 2015. The financial statements of the Company for the year have been audited by EY.

During the year, the fees paid/payable to EY are set out below:

Category of services	**Fee paid/payable** ***HK$***
Audit service	1,138,000
Non-audit services	928,000
Total	2,066,000

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are INEDs. The committee is chaired by Mr. Hung Muk Ming who possesses appropriate professional qualifications and experience in accounting and financial management. The other two members are Mr. Xia Zhidong and Mr. Liu Xiaofeng.

A written terms of reference was adopted by the Audit Committee at its inception, and is available on the websites of the Company and the Stock Exchange and is updated when necessary. The major roles and functions of the Audit Committee include:

1. evaluating the effectiveness of the Group's internal control and risk management system;

2. reviewing the financial reporting process;

3. reviewing the interim and annual financial statements before submission to the Board for consideration;

4. endorsing the annual audit plans proposed by the auditor;

5. reviewing and approving continuing connected transactions; and

6. monitoring the appointment and remuneration of the auditor.

The Audit Committee held two meetings in the financial year 2021. Representative from the EDs and the head of compliance and internal audit department ("CAIA") of the Company are answerable in the Audit Committee meetings. During the year, two private sessions between the auditor and the Audit Committee members were held immediately after the Audit Committee meetings in February and August 2021 respectively. Full minutes and related materials of the meetings are kept by a designated secretary. The following is the attendance record of the meetings held by the Audit Committee during the year:

Name of committee members	Number of meetings attended/held	Attendance rate
Mr. Hung Muk Ming (Chairman)	2/2	100%
Mr. Xia Zhidong	2/2	100%
Mr. Liu Xiaofeng	2/2	100%

A summary of the work performed by the Audit Committee during the financial year 2021 was listed below:

1. reviewed and approved the reappointment, the remuneration and the terms of engagement of the external auditor;

2. reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process;

3. reviewed and commented on each of the interim and annual financial statements of the Group and the independent auditor's report before submission to the Board;

4. reviewed the Group's financial control, internal control and risk management systems;

5. reviewed the results of the audit on continuing connected transactions;

6. reviewed the findings and the recommendations of the Group's internal auditor on the Group's operations and the regulatory review carried out by the regulators; and

7. monitored the financial reporting process of the Group.

The work and findings of the Audit Committee have been reported to the Board. During the year, no issue brought to the attention of the Board was of sufficient importance to require disclosure in this annual report.

ACCOUNTABILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for the preparation of financial statements for the Company which gives a true and fair view of the state of affairs of the Company as at 31st December 2021, and its profit and the cash flows for the year. The financial statements are prepared on the assumption of going concern and are in accordance with the statutory requirements and applicable accounting and financial reporting standards. The Directors also ensure that the publication of the financial statements of the Group is done in a timely manner.

The statements of the Directors and the auditor of the Company regarding their respective responsibilities on the financial statements of the Company are set out in the Independent Auditor's Report on pages 52 to 58 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Group strives to maintain a sound and effective internal control and risk management system to safeguard the assets of the Group and its clients. The Board acknowledges its responsibilities for the risk management and internal control systems and reviews their effectiveness regularly. To achieve this end, a proper segregation of duties and responsibilities is in place. Procedures have been designed against unauthorized use or disposal, for maintaining proper accounting records, ensuring the reliability and usefulness of financial information for internal business use or for publication, and monitoring the compliance with applicable laws, rules and regulations. They are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

The Board has assessed the effectiveness of the internal control and risk management system of the Group with the assistance of the Audit Committee during the year. The CAIA and the risk management department ("RM") of the Company assessed the internal control and risk management procedures respectively to validate their effectiveness and report the findings to the Audit Committee annually. In addition, to ensure full compliance with related rules and regulations promulgated by the Securities and Futures Commission, the CAIA performs regular compliance and internal control testing. Exceptional results are brought to the management's attention. Disciplinary actions are in place to deal with identified non-compliance cases.

The Board is responsible for overseeing the risk appetite of the Company including determining the Company's acceptable level of risk, and review from time to time the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, risk management, financial reporting functions, as well as environmental, social and governance performance and reporting. The Board considers the internal control and risk management system of the Company effective and adequate, and the code provisions on risk management and internal control are complied with. The Group acknowledges that the strengthening of the internal control and risk management system is an ongoing process and will continue to monitor, design and implement appropriate measures to meet the changing business and regulatory environment.

The Group advocates the importance of ethical conduct and encourages whistleblowing, and such reports are strictly confidential. The Group's code of conduct stipulates its employees must promptly report possible improprieties such as conflict of interest, corruption and bribery or violation of any laws, rules and regulations. Incidents and allegations or suspicions of misconduct will be assessed and investigated by the senior management or the CAIA, and report to the Audit Committee if necessary. In addition, the Group always values high standards of ethics and integrity, employees must adhere to and be strictly regulated and governed by the code of conduct concerning anti-corruption. To enhance and build up awareness of anti-corruption, the Group continuously conducts various trainings for the Board, senior management, and employees.

Dissemination of Inside Information

The Group discloses inside information to the public as soon as reasonably practicable in accordance with the requirements under the Listing Rules and the Securities and Futures Ordinance (Cap. 571). Before full disclosure of the inside information to the public, the Group will ensure that the information is kept strictly confidential. The Group also strives to present information in a clear and balanced way, which requires equal disclosure of both positive and negative facts, and to ensure that information contained in all corporate communications is not false or misleading as to a material fact, or false or misleading through the omission of a material fact.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

1. to develop and review the Company's policies and practices on corporate governance;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

OTHER CORPORATE GOVERNANCE PRACTICE

There are three major management committees established by the Group, each charged with specific duties of leading and controlling the daily operation and management of the Group. Chaired by the Chief Executive Officer, the EMC is responsible for setting up and implementing Group policy, exercising control over operational activities, reviewing and approving budgets, and making decisions on all major issues. Other members of the EMC include an ED and members from the senior management of the Group.

The Risk Management Committee (the "RMC") of the Company is accountable to the EMC. The RMC is responsible for dealing with all risk management issues of the Group, and reviewing clients' complaints. The RMC is chaired by the head of RM.

The Investment Management Committee (the "IMC") of the Company is also accountable to the EMC. The IMC is responsible for formulating investment policies including the setting of investment limits of the Group and approving investment projects proposed by business units/departments of the Group. The IMC is chaired by the Chief Executive Officer.

SHAREHOLDERS ENGAGEMENT

The Company strives to maintain effective and on-going communication with its shareholders and is committed to ensuring that the Group complies with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information issued by the Company. The Board has the overall responsibility to ensure that the Company maintains an ongoing dialogue with the shareholders, and to provide them with information necessary to evaluate the performance of the Company. The Board adopted the Shareholders Communication Policy in March 2012 and is updated when necessary. Information regularly provided to the shareholders includes annual and interim reports, circulars and announcements in accordance with the Listing Rules. The Board reviews the Shareholders Communication Policy annually and considered it effective. All general meetings were successfully held in the financial year 2021.

The Company welcomes and encourages shareholders' active participation in annual general meetings or other general meeting to express their views. Sufficient notice of general meetings will be given to the shareholders. The Chairman, other members of the Board are invited to attend the general meetings in order to have communication with shareholders, answer and discuss matters in relation to the Company. The external auditor is also required to be present to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence. A separate resolution will be proposed for each substantially separate issue at a general meeting. The Chairman of every general meeting will provide an explanation of the detailed procedures for conducting a poll.

For both institutional and retail investors, the Company's website, www.cinda.com.hk, provides up-to-date information about the Group. All key information such as announcements, annual and interim reports can be downloaded from this website.

SHAREHOLDERS' RIGHTS

(1) Procedures for shareholders to convene a special general meeting ("SGM") and putting forward proposals at shareholders' meetings

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's office in Hong Kong at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong, for the attention of the Company Secretary.

If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

As regards shareholders proposing a person for election as a director, please refer to the procedures as set out in the "Procedure for shareholders to propose a person for election as a director" on the website of the Company at www.cinda.com.hk.

(2) Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing and provide sufficient contact details to the Company Secretary at the Company's office in Hong Kong at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

Dividend Policy

The Board adopted the Dividend Policy in December 2018, pursuant to which the Board may propose to declare and distribute dividends to the shareholders after taking into consideration of, inter alia, the following factors:

1. general economic conditions;
2. the Group's financial results;
3. the Group's capital requirement for business strategies and future development needs;
4. taxation considerations;
5. possible effects on the Group's liquidity;
6. shareholders' expectations; and
7. other factors which the Board may consider appropriate.

Declaration of the dividend by the Company is also subject to any restrictions under the Laws of Bermuda, the Bye-laws and any applicable laws, rules and regulations. The Company in general meeting may from time to time declare dividends in any currency to be paid to the shareholders but no dividend shall be declared in excess of the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appeared to the Board to be justified by the profits of the Group.

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

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

COMPANY SECRETARY

The Company Secretary is an employee of the Company, responsible for advising the Board on governance matters and facilitating induction and professional development of Directors. The Company Secretary reports to the Chairman and the Chief Executive Officer. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, all applicable laws, rules and regulations are followed. The approval for the selection, appointment or dismissal of the Company Secretary rests with the Board at a physical Board meeting.

Mr. Lau Mun Chung, who is a certified public accountant (as defined in the Professional Accountants Ordinance (Cap. 50)), was appointed Company Secretary of the Company since 25th May 2000. During the financial year 2021, Mr. Lau had received no less than 15 hours of relevant professional training.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to actively contributing to the community and fostering a caring culture. To achieve this end, the Group constantly organises various social services activities and encourages staff members to participate in voluntary work. In addition, the Company was a Silver Member of WWF-Hong Kong from 2011 to 2021 in order to support environmental conservation and education work. The Company has been awarded the Caring Company Logo for 16 consecutive years since 2006 in recognition of its contribution to community service continuously. Furthermore, the Company was awarded the Hong Kong Awards for Environmental Excellence under the sector of Servicing and Trading (Merit) for 13 consecutive years since 2008. As a corporate citizen, the Group will continue to uphold its corporate social responsibility.

The Environmental, Social and Governance Report is set out on pages 28 to 42 of this annual report.

Environmental, Social and Governance Report

ABOUT THIS REPORT

To comply with the requirements set forth in Appendix 27 Environmental, Social and Governance ("ESG") Reporting Guide ("ESG Reporting Guide") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange" and "Listing Rules", respectively), Cinda International Holdings Limited (the "Company", and together with its subsidiaries, the "Group" or "We") must publish an ESG report ("ESG Report") on an annual basis and regarding the same period covered in its annual reports. An ESG report may be presented as information in the Group's annual report or in a separate report. Regardless of the format adopted, the ESG report must be published on the Stock Exchange's and the Group's website.

The Group hereby presents this ESG Report for the year ended 31st December 2021 ("Reporting Period"). The ESG Report is organized into two ESG subject areas: environmental aspect and social aspect. The Group is in compliance with the mandatory disclosure requirements and "comply or explain" provisions set out in the ESG Reporting Guide, and followed the reporting principles in the preparation of the ESG Report.

STATEMENT FROM THE BOARD

Governance Structure

The board (the "Board") of directors of the Company believes that a comprehensive corporate governance and well-developed operation practices are the foundation of the Group's sustainable and long-term development. To ensure appropriate and effective ESG policies are in place, the Board acts a leading role and takes full responsibility for the oversight of ESG matters including evaluating and determining material ESG-related issues and risks.

The Board attaches great importance to ESG and has overall responsibility for its strategy and reporting. The Board strives to create long-term value to stakeholders while taking account of ESG and related risks. The Board aims to put ESG considerations into business decision making process. Effective implementation of ESG policies relies on the collaboration of different departments. The Board intends to communicate with the management on an ongoing basis in order to review, evaluate, prioritize and manage material ESG-related issues and risks in operation that may have impact on the Group, so as to ensure the current policies follow laws and regulations as well as to meet business needs and stakeholders' expectations.

The Group cherishes every feedback from key stakeholder groups, which comprise its customers, employees, shareholders, investors and the community (the "Stakeholders"), that is conducive to the continuous improvement of the Group and creates valued contribution to our business decisions that meets the Stakeholders' needs and expectation. The Group provides a range of channels such as meetings, interviews, reporting, surveys, and feedback channel on intranet and/or corporate website to collect the views on ESG from the Stakeholders in order to review ESG-related goals and targets.

Reporting Principles

Materiality: The ESG report covers the material ESG factors that are related to different Stakeholders. The Board and the management are mainly responsible for identification of key ESG factors on the basis of the feedback from the Stakeholders.

Quantitative: To provide a comprehensive comparison of the performance in emissions and energy consumption of the Group between 2020 and 2021, summary tables of performance are shown in relevant sections. Information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used for the reporting of emissions and energy consumption are referred to the guideline set out in Appendix 2: Reporting Guidance on Environmental KPIs of ESG Reporting Guide.

Consistency: Methodologies and key performance indicators are used and calculated in a consistent approach. If there are any changes in consistency that may affect a meaningful comparison details would be disclosed.

Reporting Boundary

The ESG Report covers the main business scope of the Group, excluding associated companies and joint venture. Disclosures relating to material ESG issues identified have been included in this ESG Report pursuant to the ESG Reporting Guide. There is no significant change in reporting boundary from 2020 annual report.

A. ENVIRONMENTAL

A1. Emissions

Environmental protection plays an essential role for a corporation's sustainability. It is the strategy of the Group to keep reducing the environmental impact from its operations, and to promote awareness of environmental protection of its Stakeholders in which the Group's operations are located.

The Group is principally engaged in the provision of asset management, corporate finance advisory services, securities brokering, commodities and futures brokering. We do not have significant air emission nor do we generate hazardous waste, so the main contributors to the Group's carbon footprint are (1) indirect greenhouse gas ("GHG") emission from electricity consumption (which is mainly attributed to the use of lighting system, air-conditioning and office equipment), (2) direct GHG emission from petrol consumption of the two motor vehicles, (3) indirect GHG emission from business travel by flight and (4) paper consumption in business operation. As such, the Group keeps minimizing the environmental impacts by reducing GHG emission from its operations with the following means:

(a) Control of GHG emission from minimizing air travel and electricity consumption

During the Reporting Period, the Group actively encourages its employees to adopt electronic means of communication such as video or telephone conferencing. Video conference equipment is available in conference rooms upon request. Employees are also encouraged to use mobile applications such as WeChat, VooV and Zoom to conduct virtual meetings. As a result of the above effective measures and continuous COVID-19 pandemic impact, GHG emission from air travel has been further reduced compared to 2020.

In view of continuous uncertain development of COVID-19 pandemic across the globe and may continue in 2022, air travel may still be restricted due to immigration control. The Group expects and set a target for the year 2022 that indirect GHG emission from business travel by flight will remain at a relatively low-level as in 2021.

Electricity consumption is the major generator of the Group's GHG emission. We have adopted the following measures to reduce and control the electricity consumption so as to reduce the GHG emission level of the Group:

Switching off computers and office equipment when idle	Installation of LED and energy-saving lighting system with different zoning
Sourcing energy-efficient appliances with energy effciency label, where available	Setting optimal temperature on air-conditioning in workplace

(b) Control of paper consumption

The business operation of the Group consumes significant amount of papers and the Group has adopted a series of initiatives to reduce the level of paper consumption:

Paperless office by developing our own internal administration system such as leave management, payment management and trip management to reduce the use of paper	Promotion of electronic statements among our clients	A new mobile app has been launched in October 2021, enabling online account opening, online trading, and review of transaction records by clients	Paperless board meeting
Selection of insurance companies which provide paperless claiming procedures	Encouraging use of electronic means of communication such as email and intranet	Using duplex printing and reusing single-side printed papers	Organizing events and activities to enhance employees' motivation to minimize the use of electricity and paper in office

(c) **Emission summary:**

i) ***GHG emission***

Indicators	2020	**2021**
Scope 1: Direct GHG emissions (tonnes)		
– motor vehicles	4.51	**4.08**
Scope 2: Energy indirect GHG emissions (tonnes)		
– electricity consumption	265.3	**262.51**
Scope 3: Other indirect GHG emissions (tonnes)		
– paper consumption	18.18	**18.74**
Scope 3: Other indirect GHG emissions (tonnes)		
– flight travel	23.18	**14.05**
Total	311.17	**299.38**

The total GHG emissions have been slightly decreased by 3.8% compared with 2020. The reduction target for 2021 has been achieved. Under the influence of COVID-19 pandemic, indirect GHG emission related to air travel has been further reduced due to entry restrictions imposed by different cities and countries. Substantial reduction of air travel is the main reason for the decline in GHG emissions during the year. Meanwhile, fuel and electricity consumption have also recorded a decline, indicating that the emission reduction measures taken by the Group are effective. The Group will continue to strengthen the above measures. Subject to the uncertain development of COVID-19 pandemic, which will directly affect the frequency of air travel, the Group expects the total GHG emissions in year 2022 will be similar to that in the Reporting Period, or will probably decreased by around 1% to 3%, as far as reasonably practicable.

ii) ***The key air pollutants from the Group's operation mainly consist of nitrogen oxides, sulphur oxides and respirable suspended particulars, which mainly generated by the two motor vehicles.***

Air pollutants emission

Indicators (g)	2020	**2021**
Nitrogen Oxides (NOx)	727.73	**734.60**
Sulphur Oxides (SOx)	24.49	**22.15**
Respirable Suspended Particulars (RSP)	53.58	**54.09**

(d) **Control of production of hazardous and non-hazardous wastes:**

In view of the nature of the Group's operations, it did not generate any hazardous wastes. The Group upholds the principle of waste management. All of our waste management practices comply with relevant laws and regulations. The Group arranges independent third-party collector to collect all scrapped electronic equipment for proper treatment.

During the Reporting Period, the Group generated non-hazardous wastes, the majority of which was paper, with a weight of 3,904.36kg. As the COVID-19 pandemic situation in Hong Kong was relatively stable in mid-to-late 2021, business activities and daily office operation began to resume. As compared with 2020, the total paper consumption has been increased by 3.09%. The Group will continue to strengthen the control measures and aims to set the reduction target on paper consumption around 1% to 3%, as far as reasonably practicable.

We strive to reduce, reuse and recycle throughout our operations to minimize the disposal of waste to landfill. Different facilities have been provided to employees in office to facilitate source separation and waste recycling. The Group has adopted policy to evaluate and balance the number of electronic devices replacement for the need of employees and the device performance, aiming to minimize the production of solid and electronic waste by boosting the device performance instead of periodic replacement of new devices. The recycling rate of electronic wastes is similar to 2020. The policy achieved a remarkable result in recycling of electronic wastes. The Group will continue this policy.

A2. Use of Resources

(a) The Group continues with initiatives to conserve resources for environmental and operating efficiency purposes. Fuel (unleaded petrol) consumption and electricity consumption are respectively the main source of direct and indirect energy consumption. To pursue our environmental commitment, an environmental policy and a purchasing policy are in place. We have implemented various initiatives throughout our operations such as deploying energy-efficient devices which carry Energy Label issued by the Electrical and Mechanical Services Department of the HKSAR Government, minimizing the use of paper, reducing water consumption and encouraging the use of public transportation. Through actively monitoring and managing the use of resources, we aim to reduce our carbon footprints as well as our operating cost.

The results achieved by such improvements are reflected in the energy consumption summary below.

Energy consumption summary:

Indicators	2020	**2021**	**Intensity 2021 (Per employee)**
Direct energy consumption (unleaded petrol) (KWh)	1,666.2	**1,506.5**	**13.2**
Indirect energy consumption (electricity) (KWh)	341,354	**336,249**	**2,949.6**
Total energy consumption (KWh)	343,020.2	**337,755.5**	**2,962.8**

The reduction in energy consumption between 2020 and 2021 indicates that the energy consumption control implemented by the Group is effective, and the reduction target for 2021 has been achieved. We strive to follow the controls in energy usage and aims to further cut down energy consumption by 1% to 3% in 2022 as far as reasonably practicable.

(b) The Group is committed to conserving clean water. In order to build the awareness of water conservation, reminders and labels are placed in such water consumption areas as pantries and lavatories to remind employees. As the Group is operating in several leased office premises of which the respective building management is responsible for both water consumption and discharge, and thus data in relation to volume of water consumed and discharged would not be provided for any occupants. The management fee of each of the leased premises paid to the respective building management company includes charges for water supply and discharge.

(c) The Group provides various financial services, given the nature of its business, the Group does not involve packaging materials.

A3. The Environment and Natural Resources

During the Reporting Period, the Group continues to make its best endeavor to protect the environment in business activities and workplace. Environmental protection is a continuous process, including management of energy and water consumption, and waste production. Although the core business of the Group has remote impact on the environment and natural resources, as an ongoing commitment to good corporate citizenship, we acknowledge the responsibility of minimizing the negative environmental impact on our business operations and our investments, in order to achieve a sustainable development for generating long-term values to our Stakeholders and the community as a whole.

The Group aims to save natural resources by enhancing the awareness among employees, promoting resources-saving habit and reviewing the efficiency of our business operations from time to time. We regularly assess the environmental risks of our business, and adopt preventive measures as necessary to reduce the risks and ensure the compliance of relevant laws and regulations. In 2021, there were no non-compliance cases reported in relation to air and GHG emission, discharge into water and land, and generation of waste within the Group.

A4. Climate Change

Climate change and global warming are driven by GHG emissions which are becoming the major environmental concerns in the world. Despite it has no significant impact on the Group's businesses, as a good corporate citizen, the Group strives to put forward environmental conservation and encourages its employees to practice low carbon lifestyle in order to reduce GHG emissions and contribute to carbon neutrality. In an effort to reduce carbon footprint and emissions, the Group actively adopted relevant environmental policy and office environmental measures as mentioned in the ESG Report. Meanwhile, the Group participated in various environmental conservation events including "Earth Hour" and "Green Low Carbon Day" and organized different types of "green" activities in workplace. The Group monitors the energy consumption intensity across its operations from time to time to identify opportunities for increasing efficiency and reducing GHG emissions.

B. SOCIAL

B1. Employment

We believe that employees are our valuable assets and the foundation of the Group's sustainable development. We strive to attract and retain talents and reconcile economical imperatives with staff well-beings, aiming at reinforcing satisfaction, loyalty and commitment of human capital.

We have developed a written human resources policy and an employee handbook to govern the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare of our employees, in accordance with the relevant laws and regulations.

Compensation and dismissal	Recruitment	Workplace management
The Group enters into employment contracts with employees and stipulates the terms and conditions of employment, including remuneration package, probation period and termination. The level of remuneration of our employees is reviewed annually on a performance basis with reference to the market standard.	Recruitment is based on job requirements, relevant qualifications, skills, experience and abilities.	**Holidays and leaves** Apart from statutory holidays, all employees are entitled to paid annual leaves depending on their ranks and years of services, as well as other leaves such as examination leave, birthday leave and special leave, which all eligible employees are entitled to. **Benefits and welfare** A wide range of benefits including comprehensive medical (including dental and annual body check-up) and life insurance, tuition aid and mandatory provident fund are provided to employees. The medical insurance even covers family members of the employees. Social and recreational activities are organized regularly for the employees in achieving work-life balance, certain of which were conducted through virtual means. **Equal opportunity and anti-discrimination** Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination against their gender, pregnancy, marital status, disability, family status, race and religion, etc. **Diversity** The Company respects cultural and individual diversity. The Board Diversity Policy sets out the principal and guidelines to achieve diversity of the Board.

As at 31st December 2021, the Group had a total number of 114 employees, of which 55 were male and 59 were female, all were full-time employees, and 104 were based in Hong Kong office and 10 were based in our offices in Mainland China. As regards disability, the Company did not record the health status of the employees, hence no employee was recorded as disabled.

Details of total workforce are as follows:

Total Workforce – by Age Group

	Age Group			
	30 or below	**31 to 40**	**41 to 50**	**51 or above**
Hong Kong office	14	45	30	15
Mainland offices	2	7	1	0

Total Workforce – by Gender

	Male	**Female**
Hong Kong office	53	51
Mainland offices	2	8

Total Workforce – by Employment Category

	Employment Category				
	Chief Level Executives	**Senior Management**	**Middle Management**	**General Staff**	**Part Time**
Hong Kong office	2	5	18	79	0
Mainland offices	0	0	1	9	0

New Employees – by Age Group

	Age Group			
	30 or below	**31 to 40**	**41 to 50**	**51 or above**
Hong Kong office	5	12	3	1
Mainland offices	0	0	0	0

Annual Turnover Rate – by Gender

	Male	Female
Hong Kong office	15(28.3%)	18(35.3%)
Mainland offices	0	0

Annual Turnover Rate – by Age Group

	Age Group			
	30 or below	31 to 40	41 to 50	51 or above
Hong Kong office	7(50%)	15(33.3%)	5(16.7%)	6(40%)
Mainland offices	0	0	0	0

There were no non-compliance cases noted in relation to employment laws and regulations during the Reporting Period and there were no labour strikes or other material labour disputes of our employees that affected our operations. We maintain good relationship with our employees.

B2. Health and Safety

We are committed to providing and maintaining a safe, healthy, and hygienic workplace for all employees, and all other persons likely to be affected by our operations and activities. The safeguard for employees' health and safety is one of the essential elements of the Group.

Health and safety standards are given prime consideration in our operations, and regulatory compliance is strictly upheld. Employees at every level are committed to, and accountable for, the delivery of the safety initiatives contained in the employee handbook of the Group, with a view to maintaining a dynamic and injury-free culture. Appropriate measures are taken to continuously improve the safety and health aspects in the workplace.

To improve health level of employees, apart from providing medical insurance and annual body check-ups to employees, the Group also provides indoor workshops and recreational activities, certain of which were conducted through virtual means, so that employees are aware of their health statuses and will enhance their health awareness.

In light of the continuous COVID-19 pandemic in 2021, the Group continuously reviews and monitors the contingency plan to ensure that precautionary and up-to-date measures are in place. To safeguard the health of our employees, the Group proactively implemented disinfection measures to maintain a safe and hygienic working environment. In addition, the Group set up temperature sensors in its offices to check body temperature of everyone before entering into the offices. Furthermore, the Group has registered the "LeaveHomeSafe" QR Code for visitors to use. In order to further reduce the risk of infection, the Group arranges employees in Hong Kong and Mainland office to work from home on rotational basis, when necessary.

There were no non-compliance cases noted in relation to health and safety laws and regulations in the past three years including the Reporting Period. Neither work-related fatalities nor lost days due to work injury was recorded in the mentioned period.

B3. Development and Training

Over 2,060 training hours were provided during the year

We believe that employee investment is essential. The Group recognizes the importance of skills and professional knowledge of the employees to achieve good performance in their designated positions. To enhance and encourage personal growth of employees, the Group designed training programmes covering various topics stipulated in different ordinances, rules and guidelines including but not limited to, the Securities and Futures Ordinance (Cap. 571) ("SFO"), the Personal Data (Privacy) Ordinance (Cap. 486), Main Board Listing Rules and Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) issued by the Securities and Futures Commission ("SFC").

The Group pays full attention to the continuous development and updates of relevant laws and regulations, our Compliance and Internal Audit Department ("CAIA") and Company Secretarial Department are responsible for gathering information of the relevant regulatory changes and work closely with different departments to determine the continuous professional training required for relevant employees and directors to update their knowledge and skills to maintain their professional competence. Latest applicable laws, rules and regulations are circulated with employees and directors from time to time.

Besides, we encourage and support our employees in personal and professional training through sponsoring training programs, seminars, workshops and conferences, regular sharing sessions, peer learning and on-the-job coaching, as well as reimbursement for external training course fees. A employee mentorship programme is in place to facilitate communication and coaching between mentors and new staffs. We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

During the year, the Group provided the following training programs to the employees:

Development and training

New Employee Training	**Professional Training**
The Group organized new employee trainings by introducing the history and corporate culture of the Group, as well as functions of respective departments, aiming at helping new employees adapt to the work environment and to settle in.	Invitation of professionals to conduct a series of lectures in relation to popular topics in the financial market, such as market misconduct, risk management, case sharing, compliance training, anti money laundering and know your client, etc.

Number of employees trained by gender and employment type during the year of 2021 are as follows:

Number of employees and percentage:	Gender Male	Female
Hong Kong & Mainland office	66(49.25%)	68(50.75%)

Number of employees and percentage:	Employment Category Chief Level Executives	Senior Management	Middle Management	General Staff
Hong Kong & Mainland office	4(2.98%)	5(3.73%)	22(16.42%)	103(76.87%)

Total training hours completed by gender and employment type during the year of 2021 are as follows:

Total number of training hours	Gender Male	Female
Hong Kong & Mainland office	996	1,064

Total number of training hours	Employment Category Chief Level Executives	Senior Management	Middle Management	General Staff
Hong Kong & Mainland office	39	147	458	1,416

The average training hours completed by gender and employment type during the year of 2021 are as follows:

Average number of training hours	Gender Male	Female
Hong Kong & Mainland office	15.09	15.65

Average number of training hours	Employment Category Chief Level Executives	Senior Management	Middle Management	General Staff
Hong Kong & Mainland office	9.75	29.4	20.82	13.75

B4. Labour Standards

The Group strictly complies with the Employment Ordinance (Cap. 57) in respect of employment in Hong Kong. According to our policy, employment of child and forced labour is strictly prohibited. In addition, all such illegal means as retention of identity cards or passports, intimidation, coercion and undue pressure are strictly prohibited. It is a standard procedure in screening stage that all candidates applying to a position in the Group are required to present their identity documents for inspection and ascertaining their identities, ages and validity of employment status. No employment offer will be made to any candidate whose age is below 18. In the event that any irregularities in ages, identities and/or validities of employment status is subsequently found, employment with all such concerned candidates will be immediately terminated, and the Group will report such incident to the relevant authorities as soon as practicable.

Our policy also protects the right of free choice of employment of any person and ensure all the employment relationship is established on a voluntary basis to prevent forced labour.

The Group is dedicated to eliminating of discrimination and providing equal opportunities to all employees regardless of gender, age, nationality and disability, etc. To ensure the employees understand their rights, the Group formulated an employee handbook covering the area of working hour, compensation and welfare, promotion and termination, and paid leaves, etc. Details of the employee handbook is stated in section B1 – Employment of the ESG Report.

No non-compliance case was noted in relation to labour standard laws and regulations and no child labour was hired or subsequently found in both 2020 and 2021.

B5. Supply Chain Management

In order to manage the environmental and social risks of the supply chain, we have developed a certain policy and maintained a database of qualified suppliers to standardize the selection and management of suppliers and encourage suppliers to maintain a high standard on business ethics and conducts, with satisfactory environmental and social performance. Contract value exceeding a certain amount must be submitted to the centralized procurement management committee for review and approval in order to safeguard the interest of the Group and assess the potential risks, so as to maintain a fair and competitive procurement process. We expect our suppliers are responsible for the environment, potential suppliers will be given priority if environmental protection is committed.

We have engaged 29 suppliers in administrative supply and services and all of which are located in Hong Kong. During the selection and evaluation processes of vendors of administrative supplies and services, we adopt a fair basis with defined assessment criteria on background to ensure that only suppliers with no conflict of interest are qualified. To evaluate the performance of the selected suppliers as well as to minimize the environmental and social risks along the supply chain, regular assessments include but not limited to the professional qualification, services/products quality, financial status, integrity, and social responsibility will be conducted from time to time. When the evaluation result of a supplier is not satisfactory, the supplier will be removed from the approved list.

B6. Product/Service Responsibility

Responsible Investment

The Company's goal is to maximize shareholders' value in medium to long term. We believe that ESG factors have influence on financial performance of individual company, in both positive and negative ways. Hence, in the process of creating returns, ESG is integrated into not only our operations but also our investment processes for long-term value creation. As a responsible investor, we aim to incorporate ESG aspects in our analysis and investment decisions, and continue to monitor the ESG performance of our investments.

Quality of Services

As a holding company of certain licensed corporations, the Group is committed to complying with all relevant laws and regulations under the regulatory regime of the financial service industry, in particular, all applicable provisions of the SFO and its supplementary rules and regulations as well as the codes and guidelines issued by SFC. The Group complies with the relevant code and conduct and guidelines applicable to the Group.

Client is fundamental to sustainable development of the Group. We have built a trustworthy relationship with our clients by providing high-quality and dedicated services in professional manner. We value every opinion from our clients and set up internal procedure to ensure every feedback of the customers will be responded in a timely and impartial manner. The Group strives and continues to meet clients' satisfaction.

Protection of Intellectual Property Rights

The Group respects and attaches great importance to intellectual property rights. In order to prevent infringement and enhance copyright protection, a copyright ordinance compliance policy is in place covering the area of installation of computer software, making copies of copyright works or publication and use of internet information, etc.

Protection of Clients' Data

The Group emphasizes the importance of protecting our clients' personal data against unauthorized access, use or loss and we adhere to the Personal Data (Privacy) Ordinance (Cap. 486) when collecting, processing and using clients' personal data. To safeguard clients' privacy, the Group takes practicable steps to ensure the clients' data are securely stored and the use of data is limited to or related to the original collection purpose. All documents and electronic materials of the Group are not allowed to circulate with external parties unless authorization is given. The Group respects privacy rights of its Stakeholders with utmost importance. All personal data collected, processed, used, disclosed and retained are subject to the Personal Data Privacy Policy which is prepared by reference to Personal Data (Privacy) Ordinance (Cap. 486). Personal Information Collection Statement will be provided for all candidates pertaining to employment, which sets out the purposes of personal data collection, disclosure, retention and storage.

Since the Group is engaged in financial service business, no tangible products sold or shipped subject to recall for safety and health reasons. Given the nature of its business, neither quality assurance process nor recall procedures are applicable to the Group. There were no non-compliance cases noted in relation to our data privacy and no material complaints received regarding our services that would have significant impact during the Reporting Period.

B7. Anti-corruption

The Group believes that honesty, integrity and fair play are its important assets in business and operation. We aim to maintain the highest standards of openness, uprightness and accountability and all our employees are expected to observe the highest standards of ethical, personal and professional conduct. We do not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of our business operations.

Employees are strictly regulated and governed by the code of conduct that specified activities such as soliciting or accepting advantages, offering or accepting entertainment or services, and misuse of official position and company information are restricted to avoid conflict of interest. In addition to the code of conduct on anti-bribery and anti-corruption, employees are encouraged to directly access the top management or CAIA whenever irregularities or fraudulent activities are suspected, all information received will be kept strictly confidential. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities.

To further strengthen the governance and increase the awareness of anti-corruption, the Group provides comprehensive training to employees at all levels. A total of 406.5 training hours on anti-corruption is recorded in the Reporting Period.

Practice and Policy on Anti-Money Laundering

The Group fully supports the international community drive against serious crime, drug trafficking and terrorism and is committed to assisting the authorities to identify money laundering and terrorist financing transactions. The Group's anti-money laundering ("AML") and counter-financing of terrorism ("CFT") policy has clearly specified that all employees are obliged to comply with all applicable AML/CFT laws and regulations. In order to safeguard from the use of the Group's services for money laundering and terrorist financing purpose, the operation manuals include the procedures in conducting customer due diligence and ongoing monitoring on a risk-based approach, suspicious activity reporting and record keeping. The operation manuals are reviewed regularly and updated according to relevant legal and regulatory changes. Internal control review is also carried out regularly to ensure that the AML/CFT procedures are adhered to. There is also compulsory training on AML/CFT for all employees to assist them in understanding, implementing and complying with the AML/CFT procedures.

The Group is in compliance with relevant laws and regulations on bribery, extortion, fraud and money laundering. There were no non-compliance cases noted in relation to the above that would have significant impact during the Reporting Period.

B8. Community Investment

As a corporate citizen, our goal is to build a better society and create long-term value to all Stakeholders by contributing to the community. We promote social contributions amongst the members of the Group to the local communities in which we operate. We place great emphasis on cultivating social responsibility awareness among our employees and have established a volunteer team to promote and encourage employees to better serve our community at work and during leisure time. Our focus area of contribution includes environmental protection, social welfare and health, and charitable donation. The Group actively participates in voluntary activities while promoting environmental protection. During the Reporting Period, the total hours of voluntary work in the community service participated by the Group reached 293 hours, and 50 volunteers were involved.

We were a Silver Member of WWF-Hong Kong from 2011 to 2021 for supporting environmental conservation and education work. We will try to maximize our social investments in order to create a more favorable and sustainable environment for our community and our business. The following awards were obtained by the Group.

- Caring Company Logo for 16 consecutive years since 2006
- Hong Kong Awards for Environmental Excellence under the sector of Servicing and Trading (Certificate of Merit) for 13 consecutive years since 2008 and the 10th Anniversary Special Award in 2018
- HSBC Living Business Green Achievement Award for four consecutive years (Certificate of Merit for 2014, 2016 and 2017, Certificate of Excellence for 2015)
- HSBC Living Business Caring for People Award (Certificate of Merit) for 2015 to 2017
- HSBC Living Business Community Engagement Award (Certificate of Merit) for 2016 and 2017
- HSBC Living Business ESG Awards (Certificate of Merit) for 2018 and 2021
- HSBC Living Business Awards (Long Term Participation) for 2018

Report of the Directors

The board (the "Board") of directors (the "Directors") of Cinda International Holdings Limited (the "Company") is pleased to present this annual report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December 2021.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATION

The Company is an investment holding company. Principal activities of its subsidiaries are set out in Note 1 to the financial statements. An analysis of the Group's performance for the year by business segments is set out in Note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 59 of this annual report.

No interim dividend has been declared for the year (2020: nil). The Board appreciates the continuing support of the shareholders (the "Shareholders") of the Company and has resolved to propose a final dividend of HK$0.02 (2020: HK$0.03) per ordinary share for the year ended 31st December 2021.

BUSINESS REVIEW

The business review of the Group for the year ended 31st December 2021 is set out in the sections headed "Management Discussion and Analysis" on pages 3 to 9 and "Corporate Governance Report" on pages 13 to 27 respectively of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed in this annual report, the Company is not aware of any principal risks and uncertainties facing the Company.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 22 to the financial statements.

BONDS ISSUED

On 21st August 2013, the Company resolved to issue 5-year unsecured, non-guaranteed, fixed interest corporate bonds up to a maximum aggregate principal amount of HK$200,000,000 to independent third parties at an interest rate between 3% and 5%, determined by market conditions from time to time. The bonds will mature on the fifth anniversary from the date of issue and the net proceeds from the issuance will be utilised for the development and as working capital of the Group.

During the year, bonds with aggregate principal amount of HK$42,000,000 were matured and repaid to the bondholders. As at 31st December 2021, bonds with aggregate principal amount of HK$10,000,000 were outstanding, and will mature in September 2022. During the year, no bond was issued. Details of the bonds issued by the Company are set out in Note 26 to the financial statements.

Report of the Directors

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 63 of this annual report and in Note 23 to the financial statements.

Distributable reserves of the Company as at 31st December 2021 calculated under the Companies Act 1981 of Bermuda (as amended) amounted to HK$201,629,000 (2020: HK$117,334,000). Details are set out in Note 23 to the financial statements.

DONATIONS

Charitable donations made by the Group during the year amounted to nil (2020: HK$67,000).

PROPERTY AND EQUIPMENT

Movements in property and equipment of the Group during the year are set out in Note 13 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five years is set out on page 156 of this annual report.

DIRECTORS

The Directors during the year and up to the date of this report are:

EDs

Ms. Zhu Ruimin	*(appointed as Chairman on 26th April 2021)*
Mr. Zhang Yi	*(re-designated from NED to ED and appointed as Chief Executive Officer on 26th April 2021)*
Mr. Lau Mun Chung	*(Deputy Chief Executive Officer)*
Mr. Yu Fan	*(resigned on 26th April 2021)*
Mr. Gong Zhijian	*(resigned on 26th April 2021)*

NED

Mr. Chow Kwok Wai

INEDS

Mr. Hung Muk Ming
Mr. Xia Zhidong
Mr. Liu Xiaofeng

In accordance with Bye-law 87 of the Company, Mr. Zhang Yi and Mr. Chow Kwok Wai shall retire at the forthcoming annual general meeting of the Company ("AGM") and they, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACT

None of the Directors proposed for re-election has entered into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as disclosed in this annual report, no transaction, arrangement or contract of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, or in which a Director or an entity connected with a Director had a material interest, subsisted at the end of the year or at any time during the year.

COMPETING INTEREST

During the year, none of the Directors was interested in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY PROVISION

The Bye-laws provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Directors.

A Directors liability insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

EQUITY-LINKED AGREEMENTS

Saved as otherwise disclosed in this annual report, no equity-linked agreements were entered into by the Group, or subsisted during the year.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the year ended 31st December 2021, the Group's operations are mainly carried out by the subsidiaries of the Company in Hong Kong and Mainland China. The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

CONTINUING CONNECTED TRANSACTIONS

On 30th October 2018, the Company entered into the master agreement ("2018 Master Agreement") with China Cinda Asset Management Co., Ltd. ("China Cinda", together with its associates, the "China Cinda Group"), pursuant to which the Group has agreed to provide (i) brokering services for securities, futures and options trading; placing, underwriting and sub-underwriting services for securities ("Category I Services") in return for commissions/service fees ("Category I Transactions"); (ii) corporate finance advisory services ("Category II Services") in return for service fees ("Category II Transactions"); and (iii) asset management services ("Category III Services") in return for service fees ("Category III Transactions") to the China Cinda Group. The 2018 Master Agreement shall have a term of 3 years commencing from 1st January 2019 and ending on 31st December 2021. The annual caps in respect of each category of transactions contemplated under the 2018 Master Agreement are as follows:

	For the year ended 31st December		
	2019	**2020**	**2021**
	HK$	*HK$*	*HK$*
Category I Transactions	42,000,000	60,000,000	78,000,000
Category II Transactions	15,000,000	15,000,000	15,000,000
Category III Transactions	120,000,000	150,000,000	180,000,000

In contemplation of the expiry of the 2018 Master Agreement on 31st December 2021 and in view of the intention of the Company to continue certain types of transactions with the China Cinda Group after such expiry, and to facilitate the development of the business of the Group, on 2nd November 2021, the Company entered into the new master agreement ("2021 Master Agreement") with China Cinda, pursuant to which the Group has agreed to provide Category I Services, Category II Services and Category III Services to the China Cinda Group. The 2021 Master Agreement shall have a term of 3 years commencing from 1st January 2022 and ending on 31st December 2024. The annual caps in respect of each category of transactions contemplated under the 2021 Master Agreement are as follows:

	For the year ending 31st December		
	2022	**2023**	**2024**
	HK$	*HK$*	*HK$*
Category I Transactions	35,000,000	53,000,000	70,000,000
Category II Transactions	12,000,000	12,000,000	15,000,000
Category III Transactions	90,000,000	120,000,000	150,000,000

Since members of the China Cinda Group are connected persons of the Company, the transactions contemplated under the 2021 Master Agreement constitute continuing connected transactions of the Company under Rule 14A.31 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange" and "Listing Rules", respectively). The entering into of the 2021 Master Agreement was subject to and the Company has complied with the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The terms of the 2021 Master Agreement (including the annual caps) were determined after arm's length negotiations between the parties thereto and will be no less favourable to the Group than terms offered to independent third parties. The Directors, including the INEDs, are of the view that the 2021 Master Agreement was entered into in the ordinary and usual course of business of the Group, on normal commercial terms and the terms of which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Ms. Zhu Ruimin, the Chairman and executive Director, is a director of Cinda Securities Co., Ltd. ("Cinda Securities", a subsidiary of China Cinda), and Mr. Zhang Yi, the Chief Executive Officer and executive Director, also holds management position in Cinda Securities, and therefore were considered having interest in the 2021 Master Agreement and had therefore abstained from voting on the Board resolutions approving the 2021 Master Agreement and the transactions contemplated thereunder. The 2021 Master Agreement was approved by the independent shareholders of the Company at the special general meeting held on 17th December 2021 with China Cinda Group abstained from voting at the meeting on the relevant resolution.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Related Conforming Amendments" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Directors have received a letter from the auditor containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

Facility Agreement I

On 7th July 2016, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$300,000,000 (or its equivalent in US dollars or RMB) revolving term loan facility. On 28th May 2021, a supplementary facility agreement to the facility agreement (the facility agreement together with the supplementary facility agreement, collectively the "Facility Agreement I") was entered into between the parties. Pursuant to Facility Agreement I, it shall be an event of default if (i) China Cinda ceases to directly or indirectly own at least 50% of the issued share capital of the Company (if no written consent has been obtained from the bank); or (ii) the Ministry of Finance of the People's Republic of China (the "PRC") ceases to (directly or indirectly) retain at least 50% of the issued share capital of China Cinda. If an event of default under Facility Agreement I occurs, all the obligations of the Company to the bank shall become immediately due and payable on the bank's demand. The loan facility is subject to an annual review by the bank.

As at 31st December 2021, loan amount outstanding under Facility Agreement I was nil.

Facility Agreement II and Facility Agreement III

(1) On 25th October 2017, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$300,000,000 (or its equivalent in US dollars) revolving loan facility. On 27th April 2018, a supplemental facility agreement to the facility agreement (the facility agreement together with the supplemental facility agreement, collectively the "Facility Agreement II") was entered into between the parties pursuant to which certain specific performance obligation was imposed on the controlling shareholder of the Company. The loan facility is subject to an annual review by the bank.

Pursuant to the Facility Agreement II, it shall be an event of default if any undertakings including the following, among others, is or proves to have been untrue or inaccurate in any material respect when made or repeated:

➢ The Company shall remain more than 50% beneficially owned by China Cinda; and

➢ The Company shall ensure that Ministry of Finance of the PRC shall hold more than 50% shareholding of China Cinda.

If an event of default under the Facility Agreement II occurs, the bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement II.

As at 31st December 2021, loan amount outstanding under Facility Agreement II was nil.

(2) On 27th April 2018, the Company as borrower entered into another facility agreement with the same licensed bank in relation to a HK$200,000,000 (or its equivalent in US dollars) term loan facility (the "Facility Agreement III"). The amount under the Facility Agreement III had been repaid by the Company on 3rd May 2021.

Facility Agreement IV

On 27th June 2018, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$150,000,000 (or its equivalent in US dollars or RMB) revolving loan facility (the "Facility Agreement IV"). As one of the conditions of the loan facility, China Cinda shall directly or indirectly own at least 50% of the issued share capital of the Company. Upon the breach of any of the conditions, the loan facility is repayable in full on demand by the bank. The loan facility is subject to an annual review by the bank.

As at 31st December 2021, loan amount outstanding under Facility Agreement IV was nil.

Facility Agreement V

On 7th September 2018, Cinda International Securities Limited ("CISL", a wholly-owned subsidiary of the Company) as borrower and the Company as guarantor entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$200,000,000 general banking facilities (the "Facility Agreement V"). As one of the undertakings of the general banking facilities, China Cinda shall remain the single largest beneficiary shareholder (directly or indirectly) of the Company. Breach of any of the conditions will constitute an event of default under the Facility Agreement V, upon which all amounts (including principal and interest) due or owing by CISL to the bank shall become immediately due and payable. The general banking facilities is subject to an annual review by the bank.

As at 31st December 2021, loan amount outstanding under Facility Agreement V was nil.

Facility Agreement VI

On 15th June 2020, the Company as borrower entered into a facility agreement with a licensed bank in Macau in relation to a HK$300,000,000 (or its equivalent in US dollars) loan facility (the "Facility Agreement VI"). Pursuant to the Facility Agreement VI, default will be triggered if any default events occurred, including breach of any one of the following loan undertakings, among others: (i) China Cinda shall remain more than 50% held by the Ministry of Finance of the PRC; (ii) Cinda Securities shall remain more than 50% directly or indirectly held by China Cinda; and (iii) the Company shall remain more than 50% directly or indirectly held by Cinda Securities. The bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement VI if default is being triggered. The maturity date of the loan facility shall be three years from the date of signing of the Facility Agreement VI, i.e., 14th June 2023.

As at 31st December 2021, US$24,000,000 (equivalent to HK$187,200,000) and HK$111,600,000 have been drawn under Facility Agreement VI.

Facility Agreement VII

On 26th June 2020, the Company as borrower entered into a loan facility letter with a licensed bank in Hong Kong regarding a HK$250,000,000 committed term loan facility (the "Facility Agreement VII"), in replacement of the facility agreement dated 18th May 2018 entered into by the Company with a syndicate of banks regarding a HK$250,000,000 term loan facility. Pursuant to the Facility Agreement VII, it shall be an event of default if (i) China Cinda does not or ceases to directly or indirectly beneficially own at least 51% of the entire issued share capital of the Company; or control the Company; or (ii) the Ministry of Finance of the PRC does not or ceases to directly or indirectly own at least 51% of the entire issued share capital of, or equity interests in, China Cinda; or control China Cinda. If an event of default under the Facility Agreement VII occurs, the bank may cancel the Facility Agreement VII and demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement VII. The final maturity date of the Facility Agreement VII shall be the date falling three years after the acceptance date of the Facility Agreement VII by the Company, i.e., 25th June 2023.

As at 31st December 2021, HK$250,000,000 has been drawn under Facility Agreement VII.

Facility Agreement VIII

On 24th September 2020, the Company as borrower accepted a facility letter (the "Facility Agreement VIII") issued by a licensed bank in Hong Kong pursuant to which a HK$120,000,000 (or US dollars equivalent) revolving loan facility would be made available by the bank to the Company subject to the terms and conditions of the Facility Agreement VIII. Pursuant to the Facility Agreement VIII, default will be triggered if any default events occurred, including breach of any one of the following loan undertakings, among others, (i) China Cinda shall remain more than 50% held by the Ministry of Finance of the PRC; and (ii) the Company shall remain more than 50% directly or indirectly held by China Cinda. The bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement VIII if default is being triggered. The final maturity date of the Facility Agreement VIII shall be 30th June 2022.

As at 31st December 2021, loan amount outstanding under Facility Agreement VIII was nil.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31st December 2021, the Directors who held office and their respective associates did not hold any interest or short position in the shares and underlying shares or debentures of the Company, its holding company, subsidiaries and other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) ("SFO")) as recorded in the register of directors' interests and short positions required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

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

As at 31st December 2021, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as was known by the Directors and the chief executives of the Company, the following are details of the persons (other than Directors or chief executives of the Company) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which need to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position

Name of substantial shareholder	Capacity	Number of shares or underlying shares held	Approximate percentage of the Company's issued share capital
Cinda Securities Co., Ltd. ("Cinda Securities")	Beneficial owner	403,960,200 *(Note)*	63.00%
China Cinda Asset Management Co., Ltd. ("China Cinda")	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%

Note:

These shares were held by Cinda Securities, a subsidiary of China Cinda. By virtue of the provisions of the SFO, China Cinda was deemed to be interested in all the shares in which Cinda Securities was interested.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover for the year attributable to the Group's major customers are as follows:

–	the largest customer	8.59%
–	the five largest customers combined	24.07%

As at 31st December 2021, the largest customer is a corporation controlled by the ultimate holding company of the Company. The subsequent four largest customers consisted of two corporations controlled by the ultimate holding company of the Company, an associate of the Company and one independent third party. Saved as disclosed, at no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers.

As the Group is engaged in the provision of financial services, the Directors are of the opinion that giving information on counterparties would be of limited or no value.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company had not redeemed any of its shares during the year ended 31st December 2021. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the year ended 31st December 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The financial statements of the Company for the year ended 31st December 2021 have been audited by Ernst & Young ("EY"). EY shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of EY as auditor of the Company is to be proposed at the meeting.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report is set out on pages 28 to 42 of this annual report.

Discussions of the Group's environmental policies and performance and key relationships with its employees form part of this Report of the Directors and are contained in the Environmental, Social and Governance Report.

By order of the Board

Zhu Ruimin
Chairman

Hong Kong, 4th March 2022

Independent Auditor's Report

Ernst & Young
27/F One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

To the shareholders of Cinda International Holdings Limited
(Incorporated in the Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Cinda International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 59 to 155, which comprise the consolidated statement of financial position as at 31st December 2021, and the consolidated statement of profit or loss, the consolidated statement of 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.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter

Impairment assessment on margin loans arising from securities brokering and debt instruments classified as fair value through other comprehensive income

During the year, the Group applied an ECL model to measure the impairment allowance for financial assets, according to HKFRS 9. Management was required to exercise significant judgement in defining and identifying the existence of a significant increase in credit risk to allocate financial assets into stage 1, 2 or 3 of the ECL model. To measure the ECL, management was required to make significant estimates and assumptions regarding future macroeconomic conditions, borrowers' creditworthiness, and other parameters used in the ECL model. Additionally, management was required to evaluate the impact of COVID-19 on the ECL and model performance.

As at 31st December 2021, the impairment provision for margin loans arising from securities brokering and debt instruments classified as fair value through other comprehensive income were HK$13.2 million and HK$18.6 million, respectively. Due to the amount of the ECL and subjectivity involved, this was considered to be a key audit matter.

Relevant disclosures are included in the summary of significant accounting policies, critical accounting estimates and judgements and financial risk management of impairment of financial assets in notes 2, 4 and 34. The disclosures on financial instruments subject to the expected credit loss model (the "ECL" model), including margin loans arising from securities brokering and debt instruments classified as fair value through other comprehensive income, and the related credit risk are included in notes 20 and 14 to the financial statements.

The procedures we performed to address the key audit matter included but were not limited to:

- Evaluating the design and testing the operating effectiveness of controls over the approval, recording and credit monitoring of financial instruments subject to the ECL;
- Obtaining an understanding of the methodology of the ECL model through review of documentation and discussion with the Group's management;
- Assessing the Group's determination of significant increases in credit risk and testing the application of staging classification in the ECL model by assessing historical information such as number of overdue days, margin call history and bond rating; and
- Assessing the appropriateness of related disclosures including the disclosure of credit risk and impairment allowance against the requirements of HKFRS.

For the estimation of the ECL for margin loans arising from securities brokering, we:

- Evaluated the Group's methodology for estimation of the ECL for margin loans arising from securities brokering and checked the key model parameters to external data sources, including the price volatility of underlying stock collateral;
- Assessed the reasonableness of the input of key parameters for the year end computation of the ECL on a sample basis, such as the ratio of the loan to collateral value, and available market information such as the price volatility of underlying stock collateral; and
- Considered the impact of COVID-19 on collateral valuations and the estimated time to realise for cash.

Key audit matter	How our audit addressed the key audit matter

Impairment assessment on margin loans arising from securities brokering and debt instruments classified as fair value through other comprehensive income (continued)

For the estimation of the ECL of debt instruments classified as fair value through other comprehensive income, we:

- Assessed the ECL model design of debt instruments classified as fair value through other comprehensive income, including consideration of the impact of COVID- 19, and the assumptions over key parameters such as the probability of default (PD), loss given default (LGD) and exposure at default (EAD) through back- testing, and comparison with externally available market data and those commonly adopted in the market;

- Assessed the Group's consideration of forward-looking information, including the reasonableness of the Group's judgement and review of the usage and adjustment of macroeconomic information through independent review by internal specialist; and

- Assessed the reasonableness of the input of key parameters for the year end computation of the ECL adopted in the model on a sample basis, such as PD, LGD and probability weightings of economic scenarios.

Key audit matter	How our audit addressed the key audit matter

Equity accounting for investment in Sino-Rock Investment Management Company Limited

Refer to the summary of significant accounting policies in note 2 and the details of the Group's investment in Sino- Rock Investment Management Company Limited ("Sino- Rock"), included in note 17 to the financial statements.

The Group owns a 27.6% interest in Sino-Rock, a company incorporated in Hong Kong with principal activities of investment management and investment holding. It is audited by a non-EY auditor ("the Sino-Rock Auditor"). The Group accounts for its interest in Sino-Rock using the equity method.

The Group's share of profit after tax from Sino-Rock for the year ended 31st December 2021 was HK$26.3 million and the Group's share of Sino-Rock's net asset was HK$282.1 million as at 31st December 2021.

As at 31st December 2021, Sino-Rock held financial assets measured at fair value of HK$542.6 million categorised as Level 3, representing 47% of Sino-Rock's total assets. With assistance from an external specialist, Sino-Rock's management applied valuation techniques to determine the fair value of the Level 3 financial instruments that are not quoted in active markets. The valuation of these Level 3 financial instruments involves significant unobservable inputs, assumptions and judgement. With different valuation techniques, inputs and assumptions applied, the valuation results can vary significantly.

Given the level of judgement and assumptions involved in the valuations, we determined this to be a key audit matter.

The procedures we performed to address the key audit matter included but were not limited to:

- Communicating with the Sino- Rock Auditor regarding the Group audit requirements and overseeing its overall risk assessment, audit strategy, and the execution of the audit through group audit instructions and conference call meetings with the Sino-Rock Auditor, and the review of audit deliverables submitted to us;

- Obtaining the financial information of Sino-Rock from management for the year to assess the significance of the financial impacts of the Level 3 financial instruments held by Sino-Rock on the consolidated financial statements of the Group for designing our audit procedures;

- Holding meetings with Sino-Rock's management to understand the key management processes and the implementation of internal controls over the fair value measurement of the Level 3 financial instruments;

- Inquiring of the Sino-Rock Auditor on the audit procedures relating to its audit of Sino-Rock, the audit procedures performed to address the fair value measurement of the Level 3 financial instruments in respect of its evaluation of the valuation techniques, inputs, assumptions and the judgements applied by management, including the consideration of COVID-19 in the fair value measurement of the financial instruments; and

- With the assistance from our internal valuation specialist, we performed an independent valuation to assess the fair value of the Level 3 financial instruments on a sample basis and assessed the appropriateness of the valuation results as concluded by Sino-Rock's management and the Sino-Rock Auditor.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Shu Hing.

Ernst & Young
Certified Public Accountants
Hong Kong

4th March 2022

Consolidated Statement of Profit or Loss

For the year ended 31st December 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	5	**205,152**	213,022
Other income	5	**58,107**	68,209
Other (losses)/gains, net	5	**(19,491)**	11,218
		243,768	292,449
Staff costs	6	**101,742**	111,998
Commission expenses		**24,369**	28,418
Other operating expenses	7	**76,822**	75,242
Finance costs	8	**19,159**	28,981
		222,092	244,639
		21,676	47,810
Share of profits of associates and a joint venture, net	17	**51,906**	46,458
PROFIT BEFORE TAXATION		**73,582**	94,268
Income tax	9	**(15,788)**	(9,990)
PROFIT FOR THE YEAR		**57,794**	84,278
Attributable to:			
Equity holders of the Company		**57,794**	83,671
Non-controlling interests		**-**	607
		57,794	84,278
Basic and diluted earnings per share attributable to equity holders of the Company	11	**HK9.01 cents**	HK13.05 cents

The notes on page 65 to 155 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2021

	2021 *HK$'000*	2020 *HK$'000*
PROFIT FOR THE YEAR	**57,794**	84,278
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss		
Debt instruments at fair value through other comprehensive income:		
– Change in fair value	**(14,810)**	2,906
– Change in impairment allowances charged to profit or loss	**11,460**	3,003
– Reclassification adjustments on disposal	**(11,413)**	1,016
	(14,763)	6,925
Share of an associate's investment revaluation reserve		
– Change in fair value	**(251)**	–
Net move1ment in investment revaluation reserve	**(15,014)**	6,925
Share of an associate's exchange difference	**3,545**	6,743
Exchange differences on translation of:		
– Financial statements of a joint venture	**335**	502
– Financial statements of foreign operations	**5,586**	14,759
Net movement in exchange difference	**9,466**	22,004
Item that will not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	**529**	138
Net movement in capital reserve	**529**	138
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**(5,019)**	29,067
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**52,775**	113,345
Total comprehensive income attributable to:		
Equity holders of the Company	**52,775**	111,838
Non-controlling interests	**–**	1,507
	52,775	113,345

The notes on page 65 to 155 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31st December 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Intangible assets	12	**1,439**	1,439
Property and equipment	13	**9,487**	7,453
Financial assets at fair value through profit or loss	15	**15,846**	15,557
Interests in associates and a joint venture	17	**459,276**	417,246
Other assets	18	**11,626**	17,810
Right-of-use assets	16	**25,571**	44,129
Deferred tax assets	19(b)	**51**	104
		523,296	503,738
CURRENT ASSETS			
Debt instruments at fair value through other comprehensive income	14	**283,843**	621,861
Financial assets at fair value through profit or loss	15	**63,724**	1
Trade and other receivables	20	**441,540**	609,314
Taxation recoverable		**767**	246
Pledged bank deposits	21	**12,139**	12,137
Bank balances and cash	21	**781,142**	804,471
		1,583,155	2,048,030
CURRENT LIABILITIES			
Trade and other payables	24	**276,972**	517,696
Borrowings	25	**214,169**	394,414
Taxation payable	19(a)	**7,965**	4,120
Lease liabilities	16	**15,575**	24,768
Bonds issued	26	**10,000**	42,000
		524,681	982,998
NET CURRENT ASSETS		**1,058,474**	1,065,032
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,581,770**	1,568,770

Consolidated Statement of Financial Position

As at 31st December 2021

	Notes	2021 HK$'000	2020 HK$'000
CAPITAL AND RESERVES			
Share capital	*22*	**64,121**	64,121
Other reserves		**477,169**	482,188
Retained earnings		**481,350**	442,792
Total equity attributable to equity holders of the Company		**1,022,640**	989,101
TOTAL EQUITY		**1,022,640**	989,101
NON-CURRENT LIABILITIES			
Bonds issued	*26*	**-**	10,000
Lease liabilities	*16*	**10,330**	20,869
Borrowings	*25*	**548,800**	548,800
		559,130	579,669
		1,581,770	1,568,770

Approved and authorised for issue by the Board of Directors on 4th March 2022 and signed on its behalf by:

Zhang Yi
Executive Director

Lau Mun Chung
Executive Director

The notes on page 65 to 155 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2021

		Attributable to equity holders of the Company								
	Note	Share capital HK$'000	Share premium* HK$'000	Capital reserve* HK$'000	Investment revaluation reserve* HK$'000	Exchange reserve* HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1st January 2020		64,121	421,419	43,258	3,840	(14,496)	359,121	877,263	7,741	885,004
Profit for the year		–	–	–	–	–	83,671	83,671	607	84,278
Other comprehensive income		–	–	138	6,925	21,104	–	28,167	900	29,067
Total comprehensive income for the year		–	–	138	6,925	21,104	83,671	111,838	1,507	113,345
Distribution to non-controlling interests	*35(h)*	–	–	–	–	–	–	–	(9,248)	(9,248)
Balance at 31st December 2020 and 1st January 2021		**64,121**	**421,419**	**43,396**	**10,765**	**6,608**	**442,792**	**989,101**	**–**	**989,101**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**57,794**	**57,794**	**–**	**57,794**
Other comprehensive income		**–**	**–**	**529**	**(15,014)**	**9,466**	**–**	**(5,019)**		**(5,019)**
Total comprehensive income for the year		**–**	**–**	**529**	**(15,014)**	**9,466**	**57,794**	**52,775**	**–**	**52,775**
2020 final dividend paid		**–**	**–**	**–**	**–**	**–**	**(19,236)**	**(19,236)**	**–**	**(19,236)**
Balance at 31st December 2021		**64,121**	**421,419**	**43,925**	**(4,249)**	**16,074**	**481,350**	**1,022,640**	**-**	**1,022,640**

* These reserve accounts comprise the consolidated other reserves of HK$477,169,000(2020: HK$482,188,000) in the consolidated statement of financial position.

The notes on page 65 to 155 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st December 2021

	Notes	2021 HK$'000	2020 HK$'000
Net cash inflow/(outflow) from operating activities	31	**(10,790)**	194,176
INVESTING ACTIVITIES			
Purchase of property and equipment	13	**(5,200)**	(1,821)
Proceed on disposal of property and equipment		**29**	–
Interest received from debt securities		**36,593**	34,188
Purchase of financial assets at fair value through profit or loss		**(62,996)**	(83,344)
Purchase of debt instruments at fair value through other comprehensive income		**(187,638)**	(515,876)
Proceeds from disposal of debt instruments at fair value through other comprehensive income		**473,216**	256,308
Proceeds from disposal of financial assets at fair value through profit or loss		**65**	158,005
Dividend from an associate and a joint venture	17	**14,034**	12,269
Net cash inflow/(outflow) from investing activities		**268,103**	(140,271)
FINANCING ACTIVITIES			
Dividend Paid		**(19,236)**	–
Principal portion of lease liabilities	16	**(26,755)**	(24,216)
Interest paid	31	**(18,691)**	(30,404)
Proceeds from bank loans		**545,000**	836,600
Repayment of bank loans		**(730,000)**	(582,800)
Proceeds from borrowings under repurchase agreements		**308,837**	374,397
Repayment of borrowings under repurchase agreements		**(304,082)**	(407,408)
Redemption of bond		**(42,000)**	–
Distribution to non-controlling interests	35(h)	**–**	(9,248)
Net cash (outflow)/inflow from financing activities		**(286,927)**	156,921
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(29,614)**	210,826
Cash and cash equivalents at beginning of year		**804,471**	579,395
Effect of foreign exchange rate changes, net		**6,285**	14,250
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	**781,142**	804,471
Analysis of balances of cash and cash equivalents:			
Bank balances – general accounts and cash in hand	21	**781,142**	804,471

The notes on page 65 to 155 form part of these consolidated financial statements.

Notes to the Financial Statements

1. CORPORATE AND GROUP INFORMATION

The principal activity of the Company is investment holding.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

The Company has its listing on The Stock Exchange of Hong Kong Limited.

Information about subsidiaries

The following is the list of subsidiaries at 31st December 2021 and 2020:

Name	Place of incorporation and operation	Principal activities	Particulars of issued share capital/ share capital held	Interest held directly		Interest held indirectly	
				2021	2020	**2021**	2020
Cinda International Capital Limited ("CICL")	Hong Kong	Corporate finance services	54,000,100 ordinary shares of HK$1 each and 21,000,000 non-voting deferred shares of HK$1 each	**100%**	–	**–**	100%
Cinda International Securities Limited ("CISL")	Hong Kong	Securities brokering and margin financing services	220,000,100 ordinary shares of HK$1 each and 50,000,000 non-voting deferred shares of HK$1 each	**100%**	–	**–**	100%
Cinda International Futures Limited ("CIFL")	Hong Kong	Commodities and futures brokering	70,000,100(2020: 40,000,100) ordinary shares of HK$1 each and 10,000,000 non-voting deferred shares of HK$1 each	**100%**	–	**–**	100%
Cinda International Asset Management Limited ("CIAM")	Hong Kong	Asset management	33,500,100 ordinary shares of HK$1 each and 2,000,000 non-voting deferred shares of HK$1 each	**100%**	100%	**–**	–
Cinda Asset Management (Cayman) Limited ("CAMCL")	Cayman Islands	Fund management	1 ordinary share of US$1 each	**100%**	–	**–**	100%
Cinda International Wealth Management Advisor Limited ("CIWM")	Hong Kong	Disposed	2020: 18,000,000 ordinary shares of HK$1 each	**–**	–	**–**	100%
Chinacorp Nominees Limited ("CNL")	Hong Kong	Provision of administrative support services	100 ordinary shares of HK$1 each and 10,000 non-voting deferred shares of HK$1 each	**100%**	–	**–**	100%

Name	Place of incorporation and operation	Principal activities	Particulars of issued share capital/ share capital held	Interest held directly		Interest held indirectly	
				2021	2020	2021	2020
Cinda Strategic (BVI) Limited ("CSBVIL")	British Virgin Islands	Investment holding	50,000 ordinary shares of US$1 each	100%	100%	–	–
Cinda (BVI) Limited ("CBVIL")	British Virgin Islands	Investment holding	7 ordinary shares of US$1 each	100%	100%	–	–
Cinda International Direct Investment Limited ("CIDI")	British Virgin Islands	Dissolved	1,000 ordinary shares of US$1 each	–	100%	–	–
Cinda International Research Limited ("CIRL")	Hong Kong	Provision of research services	1,000,000 ordinary shares of HK$1 each	100%	–	–	100%
Cinda International Nominees Limited ("CINL")	Hong Kong	Provision of administrative support services	100,000 ordinary shares of HK$1 each	100%	–	–	100%
Cinda International Consultant Limited ("CICON")	Hong Kong	Investment holding	120,000 ordinary shares of HK$1 each	100%	100%	–	–
Cinda International Capital Management Limited ("CICM")	British Virgin Islands	Investment holding	1 ordinary share of US$1 each	100%	100%	–	–
信達國際(上海)投資諮詢有限公司 *(note 1)*	People's Republic of China ("PRC")	Provision of consultancy services	RMB20,000,000	100%	100%	–	–
Cinda Resources Investment Limited	Cayman Islands	Asset management	1 ordinary share of US$1 each	–	–	100%	100%
Cinda International Strategic Limited	Hong Kong	Investment	100,000 ordinary shares of HK$1 each	100%	–	–	100%
Cinda International Investment Management Limited	Hong Kong	Dissolved	100 ordinary shares of HK$1 each and 100,000,000 non-voting deferred shares of HK$1 each	–	–	–	100%

Name	Place of incorporation and operation	Principal activities	Particulars of issued share capital/ share capital held	Interest held directly		Interest held indirectly	
				2021	2020	2021	2020
Rainbow Stone Investments Limited	British Virgin Islands	Dissolved	1 ordinary share of US$1 each	–	–	–	100%
Cinda General Partner Limited	Cayman Islands	Dissolved	1 ordinary share of US$1 each	–	–	–	100%
Cinda Retail and Consumer Fund L.P. ("CRC Fund")	Cayman Islands	Dissolved	US$100	–	–	–	38.89%
Full Creation Investments Ltd. ("FCL")	British Virgin Islands	Dissolved	1 ordinary share of US$1 each	–	–	–	100%
Cinda International GP Management Limited ("CIGP")	Cayman Islands	Asset management	1 ordinary share of US$1 each	100%	100%	–	–
Wisdom Fortune Investments Limited	British Virgin Islands	Dissolved	1 ordinary share of US$1 each	–	–	–	100%
信達領先(深圳)股權投資基金管理有限公司 *(note 1)*	PRC	Provision of consultancy services	RMB13,000,000	–	–	100%	100%
Special Praise Investments Ltd.	British Virgin Islands	Dissolved	1 ordinary share of US$1 each	–	100%	–	–
Stayreal Investments Ltd.	British Virgin Islands	Investment holding	1 ordinary share of US$1 each	100%	100%	–	–
Cinda Advance Investment (HK) Limited	Hong Kong	Dissolved	1 ordinary share of HK$1 each	–	–	–	100%
Cinda Advance Investment Fund L.P.	Cayman Islands	Dissolved	US$10	–	–	–	100%

Notes to the Financial Statements

Notes:

(1) 信達國際(上海)投資諮詢有限公司 and 信達領先(深圳)股權投資基金管理有限公司 are limited liability companies and wholly-foreign-owned enterprises registered under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 4th March 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (the "Hong Kong Companies Ordinance"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs, that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at their fair value as explained in the accounting policies set out below.

2.3 Basis of consolidation

Investments in subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's investments in the associates or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

Depreciation of property and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the lease periods or 5 years if shorter
Furniture & fixtures	20%
Computer software	Over the useful life or 5 years if shorter
Office & computer equipment	20%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.8).

2.7 Intangible assets

(a) Trading rights

Trading rights held in The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited (the "Stock Exchange trading rights" and "Futures Exchange trading right" respectively) are classified as intangible assets. Trading rights have an indefinite useful life and are carried at cost less accumulated impairment losses (see note 2.8). The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

The useful life of the trading rights is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is account for on a prospective basis.

(b) Club membership

Club membership is classified as intangible assets. Club membership has an indefinite useful life and is carried at cost less accumulated impairment losses (see note 2.8).

2.8 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Investments and other financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out in note 2.19 below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(b) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

– The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures the debt instruments at fair value through other comprehensive income if both of the following conditions are met:

– The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

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

For the debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial instruments held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

– the rights to receive cash flows from the asset have expired; or

– the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either.(a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt instruments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt instruments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt instruments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.10 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings, lease liabilities and bond issued.

(b) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in note 2.9(d); and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Fair value measurement

The Group measures its equity investments and certain debt instruments at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.14 Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.16 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.17 Employee benefits

(a) Pension obligations

The Group contributes to the mandatory provident fund ("MPF Scheme"), a defined contribution plan in Hong Kong, which is available to all employees. The assets of the MPF Scheme are held separately from the Group in an independently administered fund.

The Group's contributions to the MPF Scheme are based on 5% of the monthly relevant income of each employee up to a maximum monthly relevant income of HK$30,000 since 1st June 2014 in accordance with the Mandatory Provident Fund Schemes Ordinance. The contributions are recognised as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(b) Equity-settled share-based transactions

The fair value of share options granted to employees and directors is recognised as an employee cost with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that are expected to vest is reviewed. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. Any payment made to the employees on the cancellation or settlement of the grant shall be accounted for as the repurchase of an equity interest, as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess shall be recognised as an expense.

2.18 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.19 Revenue recognition

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

– Provision of securities and futures brokering service:

The Group earns commission and fee income from securities and futures brokering services, which the Group provides to the customers. For those services that are provided over a period of time, commission and fee income are accrued in accordance with the actual progress. For other services, commission and fee income are recognised when the transactions are completed. The performance obligation is satisfied at a point in time when the customer has obtained control of the service, generally when the trades are executed. Commission and handling income on securities and futures dealing and brokering is generally due within two days after trade date.

– Provision of corporate finance service:

The Group provides services to companies listed or seeking listing in Hong Kong or other stock exchanges and other unlisted corporates, on both equity and debt financing. Recognition of sponsor fee income at a point in time or over time depends on the specific terms in the contract with the customer and the enforceability of the contract terms. In determining the timing of satisfaction of the performance obligation, the Group examines its services on a contract by contract basis and considers if it has a right to payment at an amount that reasonably compensates it for its performance completed to date at all times throughout the contract. For sponsor fee income recognised at a point in time, the fee income will only be recognised when all the relevant duties of a sponsor as stated in the contract are completed. For sponsor fee income recognised over time, the Group measures the progress using the output method and estimates the percentage of completion by key tasks performed to date. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or services.

The Group also provides other corporate finance advisory services, and the recognition of advisory fee income at a point in time or over time depends on the performance obligation of the contract. The performance obligations for certain corporate finance advisory services are fulfilled when all the relevant duties of the Group as stated in the contract are completed. Certain corporate finance advisory services' performance obligations are satisfied as services rendered if the customer simultaneously receives and consumes the benefits provided by the Group. The Group measures the progress using the output method and estimates the percentage of completion by key tasks performed to date. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or service.

– Provision of asset management service:

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, or are billed based on the time incurred.

– Provision of underwriting and placement service:

The performance obligation is satisfied upon the completion of the offering of the securities.

(b) Revenue from other sources

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.20 Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) ***Lease liabilities***

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. 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, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the rewards and risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the minimum lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.22 Related parties

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

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

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

or

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

(i) 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).

(ii) 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).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) 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).

(viii) 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 parent of the Group.

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.

2.23 Finance costs

Finance costs are charged to profit or loss by using effective interest rate method in the year in which they are incurred.

2.24 Borrowings

Borrowings, including bonds issued, are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

2.25 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.26 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9 HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Provision for expected credit losses on in-scope financial instruments under HKFRS 9

The Company uses an expected credit loss model to calculate ECLs for in-scope financial instruments under HKFRS 9. For trade receivables, with a large number of diversified customers and no similar credit rating benchmark, the provision rates are based on historical data on default cases of the Company with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate. For other financial instruments, the provision rates are based on the estimated probability of default of companies with similar credit ratings, with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Company calibrates the model to adjust the expected credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the brokerage sector, the probability of default rates are adjusted. At each reporting date, the parameters are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among the probability of default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's expected credit loss experience and forecast of economic conditions may also not be representative of the actual default in the future. The information about the ECLs on the Company's in-scope financial instruments is disclosed in Notes 14 and 20 to the financial statements.

4.2 Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.3 Deferred tax assets

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences arising from depreciation of non-current assets. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Further details are available in note 19(b) to the financial statements.

4.4 Litigation

The Group considers each case involving litigation individually to assess the probability of any outflow of resources. If, in the opinion of the directors, an outflow of resources embodying economic benefits will be required to settle the litigation, a provision will be made to the extent of the probable outflow. In other cases, unless the possibility of an outflow of resources embodying economic benefits is remote, a contingent liability will be disclosed.

4.5 Estimation of fair values

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. For unlisted investments held by the Group and the Group's associate, where direct market prices in an active market are not available, the fair value of such instruments is calculated on the basis of valuation techniques using current market parameters. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. In particular, the fair value is a theoretical value applicable at a given reporting date, and hence cannot be used as an indicator of value realisable in a future sale.

4.6 Significant influence over Cinda Plunkett International Absolute Return Fund ("CPIAR Fund") (formerly known as Cinda Plunkett International Asia Absolute Return Fund)

Note 17(a) describes that CPIAR Fund is an associate of the Group. The assessment was made taking into account that (a) the Group has 12.93% (2020: 13.58%) ownership in CPIAR Fund, (b) the Group has significant influence over the investment manager of CPIAR Fund and (c) the Group is the investment advisor which holds the licence to perform regulatory activities – asset management under the SFO of CPIAR Fund which give it significant influence over CPIAR Fund.

Details of CPIAR Fund are set out in note 17(a).

4.7 Classification of JianXinGuoMao (Xiamen) Private Equity Fund Management Limited ("JXGM") (Formerly Known as JianXinJinYuan (Xiamen) Equity Investment Management Limited) as a joint venture

JXGM is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Pursuant to the shareholder agreement between the parties to the joint arrangement, the decisions about the relevant activities of JXGM require the unanimous consent of these parties. Furthermore, there are no contractual arrangements or any other facts and circumstances that give the parties to the joint arrangement rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, JXGM is classified as a joint venture of the Group. See note 17(b) for details.

4.8 Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4.9 Provision for litigation

Cinda International Securities Limited ("CISL"), a subsidiary of the Group, as a defendant received a writ of summons, issued in the Court of First Instance of the High Court of Hong Kong by the solicitors acting for Mr. Chiu Chi Shun Clarence as a plaintiff (the "Plaintiff"), against the Defendant.

The Plaintiff was a client of CISL who claims to be the holder and/or beneficial owner of certain American Depository Shares (the "ADS") of a company which was once listed on the New York Stock Exchange (now delisted), and who has deposited the ADS in a securities account maintained with CISL. The Plaintiff alleges that CISL did not follow his instruction in dealing with the ADS and is now claiming for (i) an order that CISL do forthwith cause or procure a transfer of the subject ADS to the Plaintiff, or alternatively, damages in lieu thereof in the sum of US$546,662.20 or its Hong Kong dollars equivalent (equivalent to approximately HK$4,263,965.16) or in such sum as the Court deems fit; (ii) interest; (iii) costs; and (iv) further or other orders or relief as the Court deems fit.

Details of the provision for litigation are set out in note 24.

5. REVENUE, OTHER INCOME, OTHER GAINS/(LOSSES), NET AND SEGMENT INFORMATION

	2021 *HK$'000*	2020 *HK$'000*
Revenue		
Revenue from contracts with customers		
Fees and commission		
Asset management	**18,322**	18,847
Sales and trading business	**59,740**	46,221
Corporate finance	**19,860**	43,381
	97,922	108,449
Underwriting income and placing commission		
Corporate finance	**16,250**	25,510
	16,250	25,510
Management fee and service fee income		
Asset management	**68,368**	52,351
	68,368	52,351
	182,540	186,310
Revenue from other sources		
Interest income		
Asset management	**582**	277
Sales and trading business	**21,944**	26,275
Corporate finance	**11**	5
Others	**75**	155
	22,612	26,712
	205,152	213,022

Analysis of the disaggregated revenue from contracts with customers by major service lines is as follows:

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
For the year ended 31st December 2021				
Type of services				
Brokerage service	–	59,740	–	59,740
Underwriting and placing service	–	–	16,250	16,250
Corporate finance service	–	–	19,860	19,860
Asset management service	86,690	–	–	86,690
Total revenue from contracts with customers	86,690	59,740	36,110	182,540
Geographical markets				
Hong Kong	37,398	59,740	36,110	133,248
Mainland China	49,292	–	–	49,292
Total revenue from contracts with customers	86,690	59,740	36,110	182,540
Timing of revenue recognition				
Services transferred at a point in time	–	59,740	28,918	88,658
Services transferred over time	86,690	–	7,192	93,882
Total revenue from contracts with customers	86,690	59,740	36,110	182,540

	Asset management HK$'000	Sales and trading business HK$'000	Corporate finance HK$'000	Total HK$'000
For the year ended 31st December 2020				
Type of services				
Brokerage service	–	46,221	–	46,221
Underwriting and placing service	–	–	25,510	25,510
Corporate finance service	–	–	43,381	43,381
Asset management service	71,198	–	–	71,198
Total revenue from contracts with customers	71,198	46,221	68,891	186,310
Geographical markets				
Hong Kong	37,729	46,221	68,891	152,841
Mainland China	33,469	–	–	33,469
Total revenue from contracts with customers	71,198	46,221	68,891	186,310
Timing of revenue recognition				
Services transferred at a point in time	–	46,221	68,891	115,112
Services transferred over time	71,198	–	–	71,198
Total revenue from contracts with customers	71,198	46,221	68,891	186,310

The following table shows the amounts of revenue recognised in current reporting period that were included in the deferred revenue at the beginning of the reporting period:

	2021 ***HK$'000***	2020 *HK$'000*
Revenue recognised that was included in deferred revenue at the beginning of the reporting period:		
Corporate finance service	**10,358**	25,220

The Group applied the practical expedient for contracts either with original expected duration less than one year and did not disclose the aggregate amount of transaction price allocated to performance obligations of the brokerage, underwriting and placing, corporate finance and asset management services that are unsatisfied (or partly unsatisfied). The performance fee arising from asset management services which are constrained as at 31st December 2021 has been excluded from the transaction price and hence not disclosed.

	2021 ***HK$'000***	2020 *HK$'000*
Other income		
Loan interest income	–	4,755
Interest income from debt securities classified as:		
Debt instruments at fair value through other comprehensive income	**31,570**	38,665
Financial assets at fair value through profit or loss	**136**	3,130
Investment income	**6,742**	7,293
Dividend income	–	1
Government grants *(Note)*	**12,235**	6,573
Others	**7,424**	7,792
	58,107	68,209
Other (losses)/gains, net		
Net exchange gains	**5,377**	7,596
Net gains on disposal of financial assets at fair value through profit or loss	**102**	7,446
Net losses on disposal of debt instruments at fair value through other comprehensive income	**(26,216)**	(4,349)
Gains from changes in fair value of financial assets at fair value through profit or loss	**1,246**	525
	(19,491)	11,218
	243,768	292,449

Note:

The Group received government grants to support enterprises in business innovation and corporate transformation in Shanghai Province, Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

Segment information

The Group manages its businesses by divisions. Under HKFRS 8 *Operating Segments*, and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Asset management – provision of advisory services and related auxiliary services on fund management, managing private funds and providing other related proprietary investment.

2. Sales and trading business – provision of brokering services in securities, equity-linked products, unit trusts and stock options commodities and futures contracts traded in Hong Kong and selected overseas markets, underwriting, placing and margin financing services to those brokering clients, and acting as an agent for the sale of savings plans, general and life insurance and other investment-linked insurance products.

3. Corporate finance – provision of corporate finance services including underwriting and advisory services to companies listed or seeking listing in Hong Kong or other stock exchanges and other unlisted corporates, on both equity and debt financing.

The Group's senior executive management monitors the assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and a joint venture and other unallocated head office and corporate assets. Segment liabilities include trade creditors, accruals and borrowings attributable to the operating activities of the individual segments with the exception of unallocated head office and corporate liabilities.

The measures used for reporting segment results are earnings before finance costs and taxes ("EBIT"). Inter-segment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices. To arrive at the Group's profit for the year, the Group's reportable segment results are further adjusted for items not specifically attributed to individual segments, such as share of profits or losses of associates and a joint venture, finance costs, other head office expenses and income tax.

Year ended 31st December 2021

	Asset management HK$'000	Sales and trading business HK$'000	Corporate finance HK$'000	Total HK$'000
Revenue from external customers	**74,774**	**81,683**	**36,121**	**192,578**
Revenue from an associate *(Note 1)*	**12,498**	**–**	**–**	**12,498**
Inter-segment revenue	**–**	**202**	**–**	**202**
Reportable segment revenue	**87,272**	**81,885**	**36,121**	**205,278**
Reportable segment results (EBIT)	**54,188**	**2,992**	**(6,173)**	**51,007**
Interest income from bank deposits	**579**	**1,211**	**11**	**1,801**
Interest expense	**(8,508)**	**(3,728)**	**(211)**	**(12,447)**
Depreciation of property and equipment for the year	**(421)**	**(989)**	**(123)**	**(1,533)**
Reportable segment assets	**778,023**	**678,042**	**62,578**	**1,518,643**
Additions to non-current segment assets during the year *(Note 2)*	**629**	**(984)**	**5**	**(350)**
Reportable segment liabilities	**644,639**	**324,220**	**10,655**	**979,514**

Year ended 31st December 2020

	Asset management HK$'000	Sales and trading business HK$'000	Corporate finance HK$'000	Total HK$'000
Revenue from external customers	58,370	72,496	68,896	199,762
Revenue from an associate *(Note 1)*	13,105	–	–	13,105
Inter-segment revenue	–	268	–	268
Reportable segment revenue	71,475	72,764	68,896	213,135
Reportable segment results (EBIT)	87,770	1,231	16,019	105,020
Interest income from bank deposits	273	3,493	5	3,771
Interest expense	(20,798)	(4,747)	(608)	(26,153)
Depreciation of property and equipment for the year	(471)	(942)	(132)	(1,545)
Reportable segment assets	1,089,908	880,014	70,751	2,040,673
Additions to non-current segment assets during the year (Note 2)	17	6,069	5	6,091
Reportable segment liabilities	922,443	468,954	28,799	1,420,196

Notes:

(1) This represents service fee income received by the Group from an associate. See note 35(b).

(2) Non-current segment assets consist of additions to property and equipment and other assets.

Reconciliations of reportable revenue

	2021 HK$'000	2020 HK$'000
Revenue		
Reportable segment revenue	**205,278**	213,135
Elimination of inter-segment revenue	**(202)**	(268)
Unallocated head office and corporate revenue	**76**	155
Consolidated revenue	**205,152**	213,022

Reconciliations of reportable results

	2021 HK$'000	2020 HK$'000
Results		
Reportable segment profits (EBIT)	**51,007**	105,020
Share of profits of associates and a joint venture, net	**51,906**	46,458
Finance costs	**(19,159)**	(28,981)
Unallocated head office and corporate expenses	**(10,172)**	(28,229)
Consolidated profit before taxation	**73,582**	94,268
Income tax	**(15,788)**	(9,990)
Profit for the year	**57,794**	84,278

Reconciliations of reportable assets and liabilities

	2021 *HK$'000*	2020 *HK$'000*
Assets		
Reportable segment assets	**1,518,643**	2,040,673
Elimination of inter-segment receivables	**(3,546)**	(93,009)
	1,515,097	1,947,664
Interests in associates and a joint venture	**459,276**	417,246
Deferred tax assets	**51**	104
Taxation recoverable	**767**	246
Unallocated head office and corporate assets	**131,260**	186,508
Consolidated total assets	**2,106,451**	2,551,768
Liabilities		
Reportable segment liabilities	**979,514**	1,420,196
Elimination of inter-segment payables	**(17,938)**	(54,355)
	961,576	1,365,841
Taxation payable	**7,965**	4,120
Unallocated head office and corporate liabilities	**114,270**	192,706
Consolidated total liabilities	**1,083,811**	1,562,667

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers (including its associates) and (ii) the Group's property and equipment, intangible assets, right-of-use assets, other assets and interests in associates and a joint venture ("specified non-current assets"). The geographical location of revenue from external customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets in the case of property and equipment; and the location of the core operations in the case of other specified non-current assets.

	Revenue from external customers		**Specified non-current assets**	
	2021 *HK$'000*	2020 *HK$'000*	**2021** *HK$'000*	2020 *HK$'000*
Hong Kong	**155,284**	179,553	**209,140**	211,909
Mainland China	**49,868**	33,469	**298,259**	276,168
	205,152	213,022	**507,399**	488,077

1 (2020: 2) customer(s) contributed over 10% to the total revenue of the Group.

6. STAFF COSTS

	Note	**2021** *HK$'000*	2020 *HK$'000*
Salaries and allowances *(Note)*		**98,865**	110,087
Defined contribution plans	*27*	**2,877**	1,911
		101,742	111,998

Staff costs include directors' emoluments as set out in note 28.

Note: Wage subsidies of HK$6,406,000 granted from the Employment Support Scheme under Anti-Epidemic Fund by the Government of Hong Kong for the use of paying wages of employees have been received during the year ended 31st December 2020. The amount had been offset against staff costs. There are no unfulfilled conditions or contingencies relating to the subsidies. There is no such subsidies during the year ended 31st December 2021.

7. OTHER OPERATING EXPENSES

	2021 *HK$'000*	2020 *HK$'000*
Advertising and promotion	**1,153**	1,223
Auditor's remuneration	**2,066**	2,155
Advisory fee expenses	**6,653**	8,217
Bank charges	**618**	722
Data service fee	**8,619**	8,707
Depreciation of property and equipment *(note 13)*	**3,073**	3,210
Depreciation of right-of-use assets *(note 16)*	**24,164**	23,049
Employee relation expense	**634**	852
Entertainment	**1,529**	679
Impairment allowances charged/(reversed) on:		
– debt instruments at fair value through other comprehensive income	**11,460**	3,003
– loans receivable	**–**	(374)
– trade and other receivables	**(319)**	(167)
Insurance	**2,583**	2,118
Legal and professional fee	**(1,491)**	6,549
Printing and stationery fee	**971**	683
Property management and other related fee	**4,262**	3,897
Repair and maintenance fee	**2,553**	2,566
Service fee	**1,165**	876
Short-term lease payment not included in the measurement of lease liabilities	**–**	957
Staff recruitment fee	**429**	113
Telecommunication fee	**2,463**	2,305
Others	**4,237**	3,902
	76,822	75,242

8. FINANCE COSTS

	2021 *HK$'000*	2020 *HK$'000*
Interest on borrowings:		
– repayable on demand and within one year	**5,939**	16,190
– repayable in more than one year but not more than five years	**10,445**	8,985
Interest on bonds issued:		
– repayable within one year	**1,358**	1,689
– repayable in more than one year but not more than two years	**–**	391
Interest on lease liabilities *(note 16)*	**1,417**	1,726
	19,159	28,981

9. INCOME TAX

Under the Enterprise Income Tax Law of the People's Republic of China ("PRC"), the Corporate Income Tax Rate for domestic entities in the PRC is 25% for the current and prior years.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the current and prior years.

The amount of taxation charged/(credited) to the consolidated statement of profit or loss is as follows:

	2021 *HK$'000*	2020 *HK$'000*
Current taxation – Hong Kong:		
– Charge for current year	**–**	1,389
– (Over)/under-provision in prior year	**43**	(1,181)
Current taxation – PRC:		
– Charge for current year	**15,692**	10,095
	15,735	10,303
Deferred taxation:		
– Hong Kong	**53**	(313)
	15,788	9,990

A reconciliation between tax expense and accounting profit at applicable domestic tax rates in each individual jurisdiction where the Company and its subsidiaries operate is as follows:

	2021	2020
	HK$'000	*HK$'000*
Profit before taxation	**73,582**	94,268
Statutory tax on profit before taxation, calculated at a taxation rate of 16.5% (2020: 16.5%)	**12,141**	15,554
Tax effect of share of profits of associates and a joint venture	**(8,564)**	(7,666)
Tax effect of income not subject to taxation purposes	**(10,661)**	(4,897)
Tax effect of expenses not deductible for taxation purposes	**9,770**	2,812
Utilisation of previously unrecognised tax losses and other temporary differences	**(250)**	(2,336)
Tax losses for which no deferred income tax assets were recognised	**6,845**	4,126
Effect of witholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**1,742**	–
Effect of higher tax rate enacted by PRC tax authority	**4,722**	3,578
(Over) /under provision	**43**	(1,181)
Income tax expense	**15,788**	9,990

10. DIVIDENDS

The Board proposed a final dividend of HK$0.02 per ordinary share for the year ended 31st December 2021 (2020: HK$0.03 per ordinary share). The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and not reflected as dividend payable in the financial statements. The Board paid a final dividend of HK$0.03 per ordinary share for the year ended 31st December 2020 on 9th July 2021.

Dividend paid to equity holders of the Company attributable to the previous financial year:

	2021	2020
	HK$'000	*HK$'000*
2020 Final dividend paid in 2021: HK3 cents per ordinary share	**19,236**	–

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$57,794,000(2020: HK$83,671,000) and the number of 641,205,600 ordinary shares (2020: 641,205,600 ordinary shares) in issue during the year. The calculation is as follows:

(i) Earnings attributable to equity holders of the Company

	2021 ***HK$'000***	2020 *HK$'000*
Earnings for the year attributable to equity holders of the Company	**57,794**	83,671

(ii) Number of ordinary shares

	2021	2020
Issued ordinary shares at 1st January and at 31st December	**641,205,600**	641,205,600

(b) Diluted earnings per share

No diluted earnings per share were presented for both years because there were no potential dilutive ordinary shares during both the current and prior years.

12. INTANGIBLE ASSETS

	Stock Exchange trading rights ***HK$'000***	**Futures Exchange trading rights** ***HK$'000***	**Club membership** ***HK$'000***	**Total** ***HK$'000***
Cost and carrying amount				
At 1st January 2020, 31st December 2020, 1st January 2021 and 31st December 2021	913	406	120	1,439

13. PROPERTY AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture & fixtures *HK$'000*	Office & computer equipment and computer software *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:					
At 1st January 2020	6,612	2,985	28,545	1,338	39,480
Additions	–	–	1,821	–	1,821
Disposals	(151)	–	(815)	–	(966)
Exchange difference	19	5	10	–	34
At 31st December 2020 and 1st January 2021	6,480	2,990	29,561	1,338	40,369
Additions	834	131	4,235	–	5,200
Disposals	(430)	(89)	(246)	–	(765)
Exchange difference	(10)	(6)	(21)	–	(37)
At 31st December 2021	**6,874**	**3,026**	**33,529**	**1,338**	**44,767**
Accumulated depreciation:					
At 1st January 2020	6,019	2,176	21,116	1,338	30,649
Charge for the year	506	267	2,437	–	3,210
Disposals	(151)	–	(815)	–	(966)
Exchange difference	19	4	–	–	23
At 31st December 2020 and 1st January 2021	6,393	2,447	22,738	1,338	32,916
Charge for the year	145	262	2,667	–	3,074
Disposals	(463)	(83)	(199)	–	(745)
Exchange difference	10	5	20	–	35
At 31st December 2021	**6,085**	**2,631**	**25,226**	**1,338**	**35,280**
Net book value:					
At 31st December 2021	**789**	**395**	**8,303**	**–**	**9,487**
At 31st December 2020	87	543	6,823	–	7,453

14. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 ***HK$'000***	2020 *HK$'000*
Listed debt investments:		
– debt securities with fixed interest	**283,843**	621,861

As at 31st December 2021 and 31st December 2020, an analysis of the ending balance of the carrying amount in debt instruments at fair value through other comprehensive income ("FVOCI") subject to impairment allowances is as follows:

	Stage 1 ***HK$'000***	**Stage 2** ***HK$'000***	**Stage 3** ***HK$'000***	**Total** ***HK$'000***
Fair value as at 31st December 2021	**267,999**	**–**	**15,844**	**283,843**
Fair value as at 31st December 2020	621,861	–	–	621,861

The expected credit losses ("ECLs") for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remain at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in other comprehensive income as an accumulated impairment allowance, with a corresponding charge to profit or loss.

During the year, an impairment charge of HK$11,460,000 (2020: HK$3,003,000) was recognised in profit or loss. As at 31st December 2021, an impairment allowance of HK$18,564,000(2020: HK$7,104,000) was provided.

An analysis of the maturity profile of listed debt securities of the Group analysed by the remaining tenor from the end of the reporting period to the contractual maturity date is as follows:

	Within 1 year ***HK$'000***	**Between 1 and 2 years** ***HK$'000***	**Between 2 and 5 years** ***HK$'000***	**Over 5 years** ***HK$'000***	**Total** ***HK$'000***
31st December 2021	**117,051**	**90,990**	**75,802**	**–**	**283,843**
31st December 2020	206,251	241,389	172,466	1,755	621,861

Listed debt securities of HK$261,899,000 (2020: HK$280,703,000) were collateralised against the borrowings under repurchase agreements (note 25).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 *HK$'000*	2020 *HK$'000*
Non-current:		
Unlisted private equity funds	**15,846**	15,557
	15,846	15,557
Current:		
Listed debt securities fund	**23,676**	–
Listed debt securities *(notes (a) and (b))*	**40,047**	–
Unlisted equity securities	**1**	1
	63,724	1
	79,570	15,558

Notes:

(a) As at 31st December 2021, the debt securities with fair value of HK$40,047,000 (2020: nil) were listed perpetual bonds.

(b) As at 31st December 2021, certain listed perpetual bonds with fair value of HK$31,248,000 (2020: nil) were collateralised against the borrowings under repurchase agreements (note 25).

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Right-of-use assets and lease liabilities

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year are as follows:

	Right-of-use assets Land and buildings *HK$'000*	**Lease liabilities** *HK$'000*
As at 1st January 2020	43,188	44,627
Addition	23,990	23,990
Depreciation expenses *(note 7)*	(23,049)	–
Interest expense *(note 8)*	–	1,726
Payments	–	(24,216)
Rent concessions from lessor	–	(490)
As at 31st December 2020 and 1st January 2021	44,129	45,637
Addition	5,606	5,606
Depreciation expenses *(note 7)*	(24,164)	–
Interest expense *(note 8)*	–	1,417
Payments	–	(26,755)
As at 31st December 2021	**25,571**	**25,905**

	2021 *HK$'000*	2020 *HK$'000*
Lease liabilities analysed into:		
Current portion	**15,575**	24,768
Non-current portion	**10,330**	20,869
As at 31st December	**25,905**	45,637

The maturity analysis of lease liabilities is disclosed in note 34.1(c) to the financial statements.

17. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

	2021 *HK$'000*	2020 *HK$'000*
Interests in associates	**444,317**	407,910
Interest in a joint venture	**14,959**	9,336
	459,276	417,246

(a) Interests in associates

	2021 *HK$'000*	2020 *HK$'000*
Share of net assets at 1st January	**407,910**	366,721
Share of profits for the year, net	**47,147**	45,082
Share of other comprehensive income for the year	**3,294**	6,743
Dividend income from an associate	**(14,034)**	(10,636)
	36,407	41,189
Share of net assets at 31st December	**444,317**	407,910

The Group's interests in its principal associates, all of which are unlisted, are as follows:

Name	Particulars of issued shares held	Place of incorporation	Effective equity interest to the Group 2021	2020	Principal activities
Sino-Rock Investment Management Company Limited ("Sino-Rock") *(note 1)*	18,000,000 ordinary shares of HK$1 each	Hong Kong	**27.6%**	27.6%	Investment holding and provision of capital management and consultancy services
Cinda Plunkett International Holdings Limited ("CPHL")	4,000,000 ordinary shares of HK$1 each	Cayman Islands	**40%**	40%	Fund management
Cinda Plunkett International Absolute Return Fund ("CPIAR Fund") (formerly known as Cinda Plunkett International Asia Absolute Return Fund) *(note 2)*	100,000 units of US$100 each	Cayman Islands	**12.93%**	13.58%	Investment fund
Cinda International Investment Holdings Limited ("CIIH")	2,820,000 Class – A shares	British Virgin Islands	**47%**	47%	Investment holding

Notes:

1. As at 31st December 2021, the Group held 18,000,000 ordinary shares (2020: 18,000,000 ordinary shares), representing 27.6% (2020: 27.6%) equity interests in Sino-Rock Investment Management Company Limited ("Sino-Rock"), a private company incorporated in Hong Kong which is considered as an associate of the Group, and principally engaged in investment holding and the provision of capital management and consultancy services. The Group recognised Sino-Rock as a significant investment for the years ended 31st December 2021 and 31st December 2020. The Group's share of net assets in Sino-Rock was HK$282,144,000 at 31st December 2021 (2020: HK$266,318,000), which accounted for approximately 13.38% (2020: 10.44%) of the total assets of the Group. The aggregate cost of investment in Sino-Rock was HK$107,014,000 (2020: HK$107,014,000). The Group treats Sino-Rock as a long-term investment and a business partner in its asset management business.

2. It is considered that the Group had significant influence over CPIAR Fund through the Group's significant influence over the investment manager of CPIAR Fund which has wide discretion over the relevant activities of CPIAR Fund. Note 4.6 provides more details about the management judgement.

Summarised consolidated financial information of associates

Summarised consolidated financial information in respect of the Group's material associates is set out below.

The associates have a reporting date of 31st December and are accounted for using the equity method in these consolidated financial statements prepared in accordance with HKFRSs.

Sino-Rock

	2021 HK$'000	2020 HK$'000
Current assets		
– Bank balances and cash	**328,006**	250,034
– Other current assets	**63,891**	74,701
	391,897	324,735
Non-current assets		
– Financial assets at fair value through profit or loss		
– Level 1 and 2	**96,750**	64,929
– Level 3	**542,563**	584,722
– Other non-current assets	**134,144**	121,148
	773,457	770,799
Current liabilities	**(75,918)**	(81,475)
Non-current liabilities	**(58,994)**	(43,441)
Net assets	**1,030,442**	970,618
Revenue	**100,302**	109,044
Other income, other gains and losses, net	**95,532**	82,967
Profit for the year	**95,337**	98,395
Other comprehensive income for the year	**12,852**	24,431
Total comprehensive income for the year	**108,189**	122,826
Group's effective interest on profit for the year	**26,313**	27,157
Group's effective interest on other comprehensive income for the year	**3,547**	6,743
Dividend from associate	**(14,034)**	(10,636)

A reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements is as follows:

	2021 **HK$'000**	2020 HK$'000
Net assets of Sino-Rock	**1,030,442**	970,618
Total equity attributed to owners of the Company	**1,022,262**	964,920
Proportion of the Group's ownership interest in Sino-Rock	**27.6%**	27.6%
Carrying amount of the Group's interest in Sino-Rock	**282,144**	266,318

CPHL

	2021 **HK$'000**	2020 HK$'000
Current assets		
– Bank balances and cash	**56,633**	8,656
– Financial assets at fair value through profit or loss	**143,429**	166,437
– Trade and other receivables	**82,142**	67,900
	282,204	242,993
Non-current assets	**–**	–
Current liabilities	**(118,351)**	(130,135)
Net assets	**163,853**	112,858
Revenue, other gains and losses, net	**100,875**	76,617
Profit and total comprehensive income for the year	**50,996**	35,733
Group's effective interest on profit and total comprehensive income for the year	**20,398**	14,293
Net assets of CPHL	**163,853**	112,858
Proportion of the Group's ownership interest in CPHL	**40%**	40%
Carrying amount of the Group's interest in CPHL	**65,541**	45,143

CPIAR Fund

	2021 HK$'000	2020 HK$'000
Current assets		
– Financial assets at fair value through profit or loss	**716,040**	665,818
– Bank balances and cash	**32,851**	23,497
– Other current assets	**1,611**	14,950
	750,502	704,265
Current liabilities	**(16,522)**	(9,048)
Net assets	**733,980**	695,217
Revenue, other gains and losses, net	**20,080**	42,341
Profit and total comprehensive income for the year	**10,711**	26,842
Group's share of profit and total comprehensive income for the year	**484**	3,752
Net assets of CPIAR Fund	**733,980**	695,217
Proportion of the Group's ownership interest in CPIAR Fund	**12.93%**	13.58%
Carrying amount of the Group's interest in CPIAR Fund	**94,903**	94,419

CIIH

The Group recognised a loss of HK$48,000 (31st December 2020: loss of HK$120,000) from the interest in CIIH for the year ended 31st December 2021.

(b) Interest in a joint venture

	2021 *HK$'000*	2020 *HK$'000*
Share of net assets at 1st January	**9,336**	8,953
Share of profit for the year	**4,759**	1,376
Share of other comprehensive income for the year	**529**	138
Translation difference	**335**	502
Dividend income	**–**	(1,633)
	5,623	383
Share of net assets at 31st December	**14,959**	9,336

Details of the Group's interest in an unlisted joint venture are as follows:

Name	Particulars of share capital held	Country of establishment	Effective equity interest to the Group		Principal activity
			31st December 2021	31st December 2020	
JianXinGuoMao (Xiamen) Private Equity Fund	RMB7,000,000 of registered capital	PRC	**35%**	35%	Private equity investment and fund management

Note: JianXinGuoMao (Xiamen) Private Equity Fund Management Limited is a limited liability company (equity joint venture enterprise) registered under PRC law.

Summarised financial information of a joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The joint venture has a reporting date of 31st December and is accounted for using the equity method in these consolidated financial statements.

	2021 *HK$'000*	2020 *HK$'000*
Non-current assets	**51,969**	31,461
Current assets	**25,084**	16,852
Non-current liabilities	**(3,631)**	–
Current liabilities	**(30,682)**	(21,639)
Net assets	**42,740**	26,674
Revenue	**24,675**	22,754
Profit for the year	**13,597**	3,931
Other comprehensive income for the year	**1,511**	394
Total comprehensive income for the year	**15,108**	4,325
Group's effective interest on profit for the year	**4,759**	1,376
Group's effective interest on total comprehensive income for the year	**5,288**	1,514

18. OTHER ASSETS

	2021 HK$'000	2020 HK$'000
Stock Exchange stamp duty deposit	**500**	500
Stock Exchange Fidelity Fund deposit	**100**	100
Stock Exchange Compensation Fund deposit	**100**	100
Guarantee Fund deposits with the Hong Kong Securities Clearing Company Limited	**4,649**	6,464
Clearing link deposits with Hong Kong Securities Clearing Company Limited	**329**	351
Statutory deposits and deposits with the Hong Kong Futures Exchange Limited ("HKFE")	**1,500**	1,500
Reserve fund deposit with the SEHK Options Clearing House Limited ("SEOCH")	**1,704**	1,613
Rental deposits	**2,597**	7,071
Others	**147**	111
	11,626	17,810

19. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation payable

	2021 HK$'000	2020 HK$'000
Provision for		
Hong Kong Profits Tax	**1,833**	1,896
PRC Corporate Income Tax	**6,132**	2,224
	7,965	4,120

(b) Deferred income tax

The movements in deferred tax (assets)/liabilities during the year are as follows:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Impairment allowances HK$'000	Total HK$'000
At 1st January 2020	4,319	(3,890)	(192)	237
Charged to consolidated statement of profit or loss	1,979	(2,408)	88	(341)
At 31st December 2020 and 1st January 2021	6,298	(6,298)	(104)	(104)
Charged to consolidated statement of profit or loss	(2,052)	2,052	53	53
At 31st December 2021	**4,246**	**(4,246)**	**(51)**	**(51)**

The Group has unrecognised tax losses and temporary differences arising from depreciation of property and equipment in excess of related depreciation allowances as at 31st December 2021 of HK$273,750,000 (2020: HK$182,205,000) and HK$6,602,000 (2020: HK$4,737,000), respectively. These tax losses have no expiry dates.

Other than the above, no other deferred tax asset is recognised as the management of the Group considers that it is not probable that future assessable profits will be available to utilise the recognised deferred tax assets.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021	2020
	HK$'000	*HK$'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**(51)**	(104)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**–**	–
Net deferred tax (assets)/liabilities in respect of continuing operations	**(51)**	(104)

20. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables from clients arising from		
– corporate finance *(note (a))*	**15,031**	15,625
– securities brokering *(note (b))*	**141,392**	277,710
Margin and other trade-related deposits with brokers and financial institutions arising from *(note (c))*		
– commodities and futures brokering	**46,404**	46,548
– securities brokering	**1,019**	6,334
Margin loans arising from securities brokering *(note (d))*	**181,572**	188,683
Trade receivables from clearing houses arising from securities brokering *(note (e))*	**19,439**	56,477
Less: impairment allowances for trade receivables arising from		
– corporate finance *(notes (a) and (f))*	**(3,373)**	(3,373)
– securities brokering *(notes (d) and (f))*	**(13,238)**	(13,557)
Total trade receivables *(note (g))*	**388,246**	574,447
Deposits	**6,074**	1,628
Other receivables	**47,220**	33,321
Less: impairment allowances for other receivables *(note (f))*	**–**	(82)
Total trade and other receivables	**441,540**	609,314

The carrying amounts of trade and other receivables approximate to their fair values. All of the trade and other receivables, other than margin loans arising from securities brokering, are expected to be recovered or realised within one year.

Notes:

(a) For trade receivables related to corporate finance, no additional impairment allowance was provided for the year (31st December 2020: Nil). As at 31st December 2021, impairment allowances of HK$3,373,000 (31st December 2020: HK$3,373,000) were provided. The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice. The relevant ageing analysis based on the date of invoice at the reporting date was as follows:

	2021 *HK$'000*	2020 *HK$'000*
Current	**2,948**	8,042
30–60 days	**2,451**	360
Over 60 days	**9,632**	7,223
	15,031	15,625
Less: impairment allowances	**(3,373)**	(3,373)
	11,658	12,252

(b) For trade receivables from clients arising from securities brokering, the amounts represent outstanding unsettled trades due from clients as of the period end. It normally takes two to three days to settle after the trade date of those transactions. As at 31st December 2021, it included overdue balances of HK$17,423,000 (31st December 2020: HK$11,644,000). These overdue balances are either subsequently settled after the reporting date or fully collateralised by listed securities. The Directors of the Company did not consider that there was a significant change in credit quality of the balance. No impairment allowance was provided.

(c) The settlement terms of margin and other deposits from brokers and financial institutions are at specific agreed terms. Clients trading in commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures contracts, initial margins are required before trading and thereafter clients are required to keep the equity position at a prescribed maintenance margin level. The effective interest rate for margins and other trade-related deposits is 0.01% per annum (2020: 0.01%).

In addition, margin and trade-related deposits are deposited with high-credit-quality financial institutions. No impairment allowance has been provided as the related allowances were considered to be immaterial and there was no credit default history.

(d) Margin clients of the securities brokering business are repayable on demand and are required to pledge their shares to the Group for credit facilities for securities trading. The effective interest rates ranged from 8% to 13% per annum (2020: 8% to 13%).

The amount of credit facilities granted to margin clients is determined by the discounted value of shares acceptable by the Group after making reference to industry practice. As at 31st December 2021, the fair value of shares accepted as collateral amounted to HK$1,439,080,000 (2020: HK$1,574,870,000) and the fair value of the majority of clients' listed securities exceeds the carrying amount of those individual loans to margin clients.

Credits are extended to brokerage clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and the collateral available to the Group.

Special approvals from the Group were granted to those clients whose fair values of collaterals were less than the carrying amount of their individual loans by considering their historical repayment records, credit quality of those margin clients and other factors affecting the market prices of collateral. Credit risks from those margin clients were considered to be minimal.

The Group is allowed to use clients' securities up to the amount of 140% of the loans to margin clients as collateral of the Group's bank facilities (with client's consent). However, no securities held as collateral have been repledged to secure the Group's bank facilities for the years ended 31st December 2021 and 31st December 2020.

As at 31st December 2021, the Group had concentration of credit risk of 53% (31st December 2020: 51%) of the trade receivables from margin loans due from the five largest margin clients.

During the year, impairment allowances of HK$319,000 (31st December 2020: HK$167,000) were reversed. As at 31st December 2021, impairment allowances of HK$13,238,000 (31st December 2020: HK$13,557,000) for the receivables from margin clients was provided. No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of revolving margin loans.

(e) The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

Furthermore, the Group maintains designated accounts with the SEOCH and HKFE Clearing Corporation Limited ("HKFECC") as a result of its normal business transactions. At 31st December 2021, the designated accounts with the SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK$7,970,000(2020: HK$5,368,000) and HK$11,096,000 (2020: HK$6,016,000) respectively.

(f) The movements in the impairment allowances for trade and other receivables during the year are as follows:

	Movement *HK$'000*
At 1st January 2020	17,179
Reversal of impairment allowances	(167)
At 31st December 2020 and 1st January 2021	17,012
Reversal of impairment allowances	(319)
Written off of impairment allowance	(82)
At 31st December 2021	**16,611**

As at 31st December 2021 and 31st December 2020, an analysis of the gross amount of trade and other receivables is as follows:

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
2021					
Gross amount as at 31st December 2021					
Trade receivables from clients	**141,392**	**–**	**–**	**15,031**	**156,423**
Margin and other trade-related deposits with brokers and financial institutions	**47,423**	**–**	**–**	**–**	**47,423**
Margin loans arising from securities brokering	**168,544**	**99**	**12,929**	**–**	**181,572**
Trade receivables from clearing houses arising from securities brokering	**19,439**	**–**	**–**	**–**	**19,439**
Deposits	**6,074**	**–**	**–**	**–**	**6,074**
Other receivables	**47,220**	**–**		**–**	**47,220**
	430,092	**99**	**12,929**	**15,031**	**458,151**

Expected credit losses as at 31st December 2021	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
As at 1st January 2021	**627**	**1**	**13,011**	**3,373**	**17,012**
Change due to financial instrument recognised as at 1st January:					
– Repayment and derecognition	**–**	**(1)**	**(82)**	**–**	**(83)**
– Remeasurement of ECL	**(318)**	**–**	**–**	**–**	**(318)**
New financial assets originated or purchased	**–**	**–**	**–**	**–**	**–**
As 31st December 2021	**309**	**–**	**12,929**	**3,373**	**16,611**

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Trade receivables from clients	**–**	**–**	**–**	**(3,373)**	**(3,373)**
Margin and other trade-related deposits with brokers and financial institutions	**–**	**–**	**–**	**–**	**–**
Margin loans arising from securities brokering	**(309)**	**–**	**(12,929)**	**–**	**(13,238)**
Trade receivables from clearing houses arising from securities brokering	**–**	**–**	**–**	**–**	**–**
Deposits	**–**	**–**	**–**	**–**	**–**
Other receivables	**–**	**–**	**–**	**–**	**–**
	(309)	**–**	**(12,929)**	**(3,373)**	**(16,611)**

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
2020					
Gross amount as at 31st December 2020					
Trade receivables from clients	277,710	–	–	15,625	293,335
Margin and other trade-related deposits with brokers and financial institutions	52,882	–	–	–	52,822
Margin loans arising from securities brokering	175,448	306	12,929	–	188,683
Trade receivables from clearing houses arising from securities brokering	56,477	–	–	–	56,477
Deposits	1,628	–	–	–	1,628
Other receivables	33,239	–	82	–	33,321
	597,384	306	13,011	15,625	626,326

Expected credit losses as at 31st December 2020	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
As at 1st January 2020	794	1	13,011	3,373	17,179
Change due to financial instrument Recognised as at 1st January:					
– Repayment and derecognition	(189)	–	–	–	(189)
– Remeasurement of ECL	(102)	–	–	–	(102)
New financial assets originated or purchased	124	–	–	–	124
As 31st December 2020	627	1	13,011	3,373	17,012

	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Simplified approach HK$'000**	**Total HK$'000**
Trade receivables from clients	–	–	–	(3,373)	(3,373)
Margin and other trade-related deposits with brokers and financial institutions	–	–	–	–	–
Margin loans arising from securities brokering	(627)	(1)	(12,929)	–	(13,557)
Trade receivables from clearing houses arising from securities brokering	–	–	–	–	–
Deposits	–	–	–	–	–
Other receivables	–	–	(82)	–	(82)
	(627)	(1)	(13,011)	(3,373)	(17,012)
Expected credit losses rate as at 31st December 2021					
Trade receivables from clients	**–**	**–**	**–**	**22.44%**	**2.16%**
Margin loans arising from securities brokering	**0.18%**	**0.18%**	**100.00%**	**–**	**7.29%**
Other receivables	**–**	**–**	**–**	**–**	**–**
Expected credit losses rate as at 31st December 2020					
Trade receivables from clients	–	–	–	21.59%	1.15%
Margin loans arising from securities brokering	0.36%	0.40%	100.00%	–	7.19%
Other receivables	–	–	100.00%	–	0.25%

No impairment allowance has been provided for the remaining trade and other receivables as the related allowances were considered immaterial and there was no credit default history.

(g) Other than the trade receivables from margin loans, the Group does not have any other significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, which are widely dispersed.

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2021	2020
	HK$'000	*HK$'000*
Cash in hand	**21**	21
Bank balances		
– pledged deposits	**12,139**	12,137
– general accounts	**781,121**	804,450
	793,260	816,587
	793,281	816,608
By maturity:		
Bank balances		
– current and savings accounts	**781,121**	804,450
– fixed deposits (maturing within three months)	**12,139**	12,137
	793,260	816,587

As at 31st December 2021, bank deposits amounting to HK$12,139,000 (31st December 2020: HK$12,137,000), which included a principal of HK$12,000,000 (31st December 2020: HK$12,000,000) plus accrued interest, have been pledged to banks as security for the provision of securities brokering facilities for a total amount of HK$200 million (31st December 2020: HK$200 million).

Certain subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. As at 31st December 2021, segregated trust accounts not dealt with in these consolidated financial statements amounted to HK$758,510,000 (2020: HK$1,213,898,000).

As at 31st December 2021, the bank balances and deposits bore interest at rates from 0.01% to 0.5% (2020: 0.01% to 0.5%) per annum.

Cash and cash equivalents

	2021 *HK$'000*	2020 *HK$'000*
Analysis of balances of cash and cash equivalents		
Cash in hand and at banks (excluding pledged bank deposits)	**781,142**	804,471
Cash and cash equivalents at the end of the year	**781,142**	804,471

22. SHARE CAPITAL

	2021		2020	
	No. of shares	**Amount** *HK$'000*	No. of shares	Amount *HK$'000*
Authorised share capital				
Ordinary shares	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid				
Ordinary shares				
At 1st January	**641,205,600**	**64,121**	641,205,600	64,121
At 31st December	**641,205,600**	**64,121**	641,205,600	64,121

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. In addition, subsidiaries of the Group licensed by the SFC are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") at all times.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures that each of them maintains a liquid capital level adequate to support the activities level with sufficient buffer to accommodate the increase in liquidity requirements arising from potential increases in business activities. SF(FR)R returns are filed to the SFC by the licensed subsidiaries on a monthly or semi-annually basis as required. During the current and prior financial years, all the licensed subsidiaries complied with the liquid capital requirements under the SF(FR)R.

The Group defined gearing ratio as net debt-to-adjusted capital ratio. The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose, the Group defines net debt as total debt (which includes interest-bearing borrowings and bonds issued, trade and other payables and lease liabilities) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

Further, the Group strived to maintain highly liquid assets to prepare for any unexpected sudden changes in the market. As at the end of the reporting period, the current ratio was 302% (2020: 208%).

The net debt-to-adjusted capital ratios at 31st December 2021 and 2020 are as follows:

	Notes	**2021** ***HK$'000***	2020 *HK$'000*
Current liabilities:			
Trade and other payables	*24*	**276,972**	517,696
Borrowings	*25*	**214,169**	394,414
Lease liabilities	*16*	**15,575**	24,768
Bonds issued	*26*	**10,000**	42,000
		516,716	978,878
Non-current liabilities:			
Bonds issued	*26*	**–**	10,000
Borrowings	*25*	**548,800**	548,800
Lease liabilities	*16*	**10,330**	20,869
		559,130	579,669
Total debt		**1,075,846**	1,558,547
Add: Proposed dividends	*10*	**12,824**	19,236
Less: Bank balances and cash	*21*	**(793,281)**	(816,608)
Net debt		**295,389**	761,175
Total equity		**1,022,640**	989,101
Less: Proposed dividends	*10*	**(12,824)**	(19,236)
Adjusted capital		**1,009,816**	969,865
Adjusted net debt-to-capital ratio		**29.25%**	78.48%

23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 *HK$'000*	2020 *HK$'000*
NON-CURRENT ASSETS		
Intangible assets	**120**	120
Investments in subsidiaries	**522,836**	312,680
Investments in associates	**215,784**	80,820
	738,740	393,620
CURRENT ASSETS		
Other receivables	**15,037**	14,228
Debt investments at fair value through other comprehensive income	**283,843**	621,860
Financial assets at fair value through profit or loss	**63,722**	–
Amounts due from subsidiaries	**330,031**	779,046
Bank balances	**106,328**	112,574
	798,961	1,527,708
CURRENT LIABILITIES		
Other payables	**21,835**	37,091
Borrowings	**214,169**	394,414
Amounts due to subsidiaries	**55,728**	286,149
Bonds issued	**10,000**	42,000
	301,732	759,654
NET CURRENT ASSETS	**497,229**	768,054
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,235,969**	1,161,674

	2021 *HK$'000*	2020 *HK$'000*
CAPITAL AND RESERVES		
Share capital	**64,121**	64,121
Other reserves	**585,873**	508,446
Retained earnings	**37,175**	30,307
TOTAL EQUITY	**687,169**	602,874
NON-CURRENT LIABILITIES		
Bonds issued	–	10,000
Borrowings	**548,800**	548,800
	548,800	558,800
	1,235,969	1,161,674

Zhang Yi
Executive Director

Lau Mun Chung
Executive Director

Reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of reserves during the year are set out below:

	The Company					
	Share premium* *HK$'000*	Capital reserve* *HK$'000*	Investment revaluation reserve* *HK$'000*	Contributed surplus* *HK$'000*	(Accumulated losses)/ Retained earnings *HK$'000*	Total *HK$'000*
At 1st January 2020	421,419	22,468	4,611	53,023	(45,979)	455,542
Profit for the year	–	–	–	–	76,286	76,286
Other comprehensive income	–	–	6,925	–	–	6,925
Total comprehensive income for the year	–	–	6,925	–	76,286	83,211
At 31st December 2020 and 1st January 2021	421,419	22,468	11,536	53,023	30,307	538,753
Profit for the year	–	–	–	–	26,104	26,104
Other comprehensive income	–	92,190	(14,763)	–	–	77,427
Dividend paid	–	–	–	–	(19,236)	(19,236)
Total comprehensive income for the year	–	92,190	(14,763)	–	6,868	84,295
At 31st December 2021	**421,419**	**114,658**	**(3,227)**	**53,023**	**37,175**	**623,048**

Notes:

1. The capital reserve of the Group represents (i) capital contribution from the Company's shareholders, (ii) notional capital contribution from the Company's shareholders arising on acquisition of an associate, (iii) the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the deferred share capital of a subsidiary acquired in 2000 and (iv) the fair value of the actual or estimated number of unexercised share options granted to employees of the Company. All share options were cancelled in prior years.

2. The contributed surplus arose as a result of the Group's reorganisation in 2000 and represents the difference between the aggregate net asset value of subsidiaries acquired and the nominal amount of the Company's shares issued for the acquisition.

* These reserve accounts comprise the other reserves of HK$585,873,000 (2020: HK$508,446,000) in the statement of financial position of the Company.

24. TRADE AND OTHER PAYABLES

	2021 *HK$'000*	2020 *HK$'000*
Trade payables to margin clients arising from securities brokering	**6,743**	32,423
Trade payables to securities trading clients arising from securities brokering	**128,957**	301,782
Margin and other deposits payable to clients arising from commodity and futures brokering	**46,374**	46,448
Trade payables to brokers arising from securities brokering	**7,280**	5,545
Trade payables to clearing houses arising from securities brokering	**17,729**	19,343
Total trade payables	**207,083**	405,541
Accruals, provision and other payables (note)	**62,939**	96,797
Deferred revenue	**6,950**	15,358
Total trade and other payables	**276,972**	517,696

The carrying amounts of trade and other payables approximate to their fair values. The majority of trade and other payables are expected to be settled within one year. The trade payables are aged within 30 days.

The settlement terms of payables to clearing houses and securities trading clients from the ordinary course of business of brokering in securities range from two to three days after the trade date of those transactions. Margin and other deposits received from clients for their trading of commodities and futures contracts, which exceeded the margin maintenance requirement, were repayable on demand.

Note: Cinda International Securities Limited, an indirectly wholly-owned subsidiary of the Company, as a defendant received a writ of summons on 12th November 2019, through its instructed solicitors, under action number HCA 2085 issued in the High Court of Hong Kong by the solicitors acting for a client as a plaintiff. On 25th March 2021, CISL entered into a settlement agreement with the plaintiff. Hence, the plaintiff's claim against CISL in this action has been wholly discontinued. All the excess provision was reversed during the year.

25. BORROWINGS

	2021 **HK$'000**	2020 HK$'000
NON-CURRENT		
Bank loans *(note (a))*	**548,800**	548,800
CURRENT		
Bank loans *(note (a))*	**–**	185,000
Borrowings under repurchase agreements *(note (b))*	**214,169**	209,414
	214,169	394,414
	762,969	943,214

Notes:

(a) At 31st December 2021 and 31st December 2020, the bank loans were repayable and carried interest with reference to the HIBOR/LIBOR as follows:

	2021 **HK$'000**	2020 HK$'000
Within a period not exceeding one year	**–**	185,000
Within a period of more than one year but not exceeding two years	**548,800**	–
Within a period of more than two years but not exceeding five years	**–**	548,800
	548,800	733,800

As at 31st December 2021, the Group had total banking facilities of HK$1,954,000,000(31st December 2020: HK$2,054,000,000).

Among these banking facilities, HK$200,000,000 (31st December 2020: HK$200,000,000) of it was secured by pledged deposits with a principal of HK$12,000,000 (31st December 2020: HK$12,000,000).

Further, HK$1,620,000,000 (31st December 2020: HK$1,720,000,000) was under specific performance obligation on the Company's controlling shareholder, for which the current controlling shareholder shall hold over 50% (or 51% in one of the facilities) of the entire issued share capital of the Company.

As at 31st December 2021, HK$548,800,000(31st December 2020: HK$658,800,000) was drawn from the banking facilities under the specific performance obligation. Among these banking facilities, US$24,000,000 (equivalent to HK$187,200,000) (31st December 2020: US$24,000,000 (equivalent to HK$187,200,000)) was drawn in US dollars.

As at 31st December 2021 and 2020, the Group has not utilised any of the banking facilities secured by the pledged deposits.

The effective interest rate of the bank loans is also equal to the contracted interest rate.

(b) The Group has entered into several repurchase agreements with financial institutions in which the Group sold a portfolio of debt securities it held to the financial institutions in exchange for a cash consideration of US$27,458,000 (equivalent to HK$214,169,000) (31st December 2020: US$26,848,000 (equivalent to HK$209,414,000)). There are no maturity dates stated in the agreements and the interest is calculated with reference to the LIBOR. The Group is required to repurchase the debt securities at US$27,458,000 (equivalent to HK$214,169,000) (31st December 2020: US$26,848,000 (equivalent to HK$209,414,000) plus interest at variable rates calculated with reference to the LIBOR upon the termination of the agreements. As at 31st December 2021, the borrowings under repurchase agreements were collateralised by the Group's debt securities with a fair value of HK$293,147,000 (31st December 2020: HK$280,703,000).

26. BONDS ISSUED

Bonds issued represented a number of fixed rate coupon bonds at an interest rate of 4% per annum, payable semi-annually and with a principal amount in aggregate of HK$10,000,000 (31st December 2020: HK$52,000,000). The exposure and the contractual maturity dates of the bonds are as follows:

	2021	2020
	HK$'000	*HK$'000*
Within a period not exceeding one year	**10,000**	42,000
Within a period of more than one year but not exceeding two years	**–**	10,000
	10,000	52,000

The bonds are unsecured, non-guaranteed and issued to independent third parties without any early redemption options. The carrying amounts of the bonds issued approximate to their fair values.

27. DEFINED CONTRIBUTION PLANS

The aggregate employer's contributions, net of forfeited contributions, which have been dealt with in the consolidated statement of profit or loss for the year are shown as follows:

	2021	2020
	HK$'000	*HK$'000*
Employer's contributions charged to the consolidated statement of profit or loss	**2,877**	1,911

28. DIRECTORS' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is shown below.

The remuneration of the directors for the year ended 31st December 2021 is set out below:

Name of Director	Fee *HK$'000*	Basic salaries *HK$'000*	Housing allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Employer's contribution to pension scheme *HK$'000*	Total *HK$'000*
Executive Directors						
Yu Fan	97	883	155	–	199	1,334
Gong Zhijian	97	845	155	–	141	1,238
Zhang Yi [1]	–	375	240	–	79	694
Lau Mun Chung	240	2,317	–	–	18	2,575
Non-executive Director						
Chow Kwok Wai	240	–	–	–	–	240
Independent Non-executive Directors						
Hung Muk Ming	240	–	–	–	–	240
Xia Zhidong	240	–	–	–	–	240
Liu Xiaofeng	240	–	–	–	–	240
	1,394	4,420	550	–	437	6,801

Note:

1. Zhang Yi has been re-designated from a non-executive Director to an Executive Director on 26th April 2021.

2. The evaluation of the performance of the Executive Directors has not yet been finalised. The discretionary bonuses payable are not finalised and the final amount will be disclosed in due course. The discretionary bonuses of certain executive directors are payable by instalments.

The remuneration of the directors for the year ended 31st December 2020 is set out below:

Name of Director	Fee *HK$'000*	Basic salaries *HK$'000*	Housing allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000* (restated)	Employer's contribution to pension scheme *HK$'000*	Total *HK$'000*
Executive Directors						
Yu Fan	300	2,538	1,220	752	88	4,898
Gong Zhijian	300	2,312	1,575	977	88	5,252
Lau Mun Chung	240	2,269	191	2,479	18	5,197
Non-executive Directors						
Chow Kwok Wai	240	–	–	–	–	240
Zhang Yi [1]	–	–	–	–	–	–
Zheng Yi [1]	–	–	–	–	–	–
Independent Non-executive Directors						
Hung Muk Ming	240	–	–	–	–	240
Xia Zhidong	240	–	–	–	–	240
Liu Xiaofeng	240	–	–	–	–	240
	1,800	7,119	2,986	4,208	194	16,307

Note:

1. Zheng Yi resigned as a non-executive Director effective from 31st March 2020, and Zhang Yi was appointed as a non-executive Director effective from 31st March 2020.

2. The evaluation of the performance of the Executive Directors for the year ended 31st December 2020 was finalised in 2021 and the amount was restated accordingly. The discretionary bonuses of certain executive directors are payable by installments.

29. KEY MANAGEMENT PERSONNEL'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Key management personnel's emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including Executive Directors and Executive Officers, Non-Executive Directors and Independent Non-Executive Directors.

The remuneration of key management personnel during the year is as follows:

	Group	
	2021	2020
	HK$'000	*HK$'000*
Basic salaries, discretionary bonuses, housing allowances and benefits in kind	**14,987**	30,383
Defined contribution plans	**522**	268
	15,509	30,651

The remuneration of Executive Directors is reviewed by the Remuneration Committee having regard to the performance of individuals and market trends.

The number of the key management personnel whose emoluments fell within the following bands is as follows:

	Number of individuals	
	2021	2020
Emolument bands		
HK$Nil–HK$1,000,000	**8**	7
HK$1,000,001–HK$1,500,000	**1**	1
HK$1,500,001–HK$2,000,000	**2**	1
HK$2,000,001–HK$2,500,000	**1**	–
HK$2,500,001–HK$3,000,000	**1**	–
HK$3,000,001–HK$3,500,000	**1**	–
HK$3,500,001–HK$4,000,000	**–**	–
HK$4,000,001–HK$4,500,000	**–**	1
HK$4,500,001–HK$5,000,000	**–**	1
HK$5,000,001–HK$5,500,000	**–**	2
HK$5,500,001–HK$6,000,000	**–**	–
HK$6,000,001–HK$6,500,000	**–**	1
	14	14

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one director (2020: three), whose emoluments are reflected in note 28. The emoluments payable to the remaining four (2020: two) individuals during the year are as follows:

	2021	2020
	HK$'000	*HK$'000*
Basic salaries, discretionary bonuses, housing allowances and benefits in kind	**8,879**	10,509
Defined contribution plans	**72**	36
	8,951	10,545

The emoluments of the remaining four (2020: Two) individuals fell within the following bands:

	Number of individuals	
	2021	2020
Emolument bands		
HK$Nil–HK$1,000,000	**–**	–
HK$1,000,001–HK$1,500,000	**–**	–
HK$1,500,001–HK$2,000,000	**2**	–
HK$2,000,001–HK$2,500,000	**1**	–
HK$2,500,001–HK$3,000,000	**–**	–
HK$3,000,001–HK$3,500,000	**1**	–
HK$3,500,001–HK$4,000,000	**–**	–
HK$4,000,001–HK$4,500,000	**–**	1
HK$4,500,001–HK$5,000,000	**–**	–
HK$5,000,001–HK$5,500,000	**–**	–
HK$5,500,001–HK$6,000,000	**–**	–
HK$6,000,001–HK$6,500,000	**–**	1
	4	2

30. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

All share options were cancelled in prior years.

During the years ended 31st December 2021 and 2020, no share options were granted nor outstanding.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A reconciliation of profit before taxation to net cash inflow/(outflow) from operating activities is as follows:

	2021 *HK$'000*	2020 *HK$'000*
Profit before taxation	**73,582**	94,268
Adjustments for:		
Depreciation of property and equipment	**3,074**	3,210
Loss on sales of disposal of property and equipment	**9**	–
Depreciation of right-of-use assets	**24,164**	23,049
Gains from changes in fair value of financial assets at fair value through profit or loss	**(1,246)**	(525)
Net gains on disposal of financial assets at fair value through profit or loss	**(102)**	(7,446)
Net losses on disposal of debt instruments at fair value through other comprehensive income	**26,216**	4,349
Interest expenses (other than interest on lease liabilities)	**17,742**	27,255
Interest expenses on lease liabilities	**1,417**	1,726
Interest income from debt securities	**(31,570)**	(38,665)
Share of profits of associates and a joint ventures, net	**(51,906)**	(46,458)
Impairment allowances provided/(reversed)	**11,141**	2,462
Increase in pledged deposits	**(2)**	(8)
Rent concessions from lessor	**–**	(490)
Operating profit before working capital changes	**72,519**	62,727
Decrease/(increase) in other assets	**6,184**	(6,844)
Decrease in loans receivable	**–**	71,920
Decrease/(increase) in trade and other receivables	**163,070**	(149,791)
(Increase)/decrease in trade and other payables	**(239,775)**	232,625
Cash (outflow)/inflow from operations	**1,998**	210,637
Hong Kong profits tax paid	**(530)**	(6,130)
Overseas profits tax paid	**(12,258)**	(10,331)
Net cash (outflow)/inflow from operating activities	**(10,790)**	194,176

Change in liabilities arising from financing activities

	Bank and other loans *HK$'000*	**Bonds issued** *HK$'000*	**Interest payable** *HK$'000*	**Lease liabilities** *HK$'000*
At 1st January 2021	**943,214**	**52,000**	**1,711**	**45,637**
Changes from financing cash flows				
New bank borrowings	**545,000**	**–**	**–**	**–**
Repayment	**(730,000)**	**–**	**–**	**–**
Proceeds from borrowings under repurchase agreements	**308,837**	**–**	**–**	**–**
Payment of borrowings under repurchase agreements	**(304,082)**	**–**	**–**	**–**
Redemption of bond	**–**	**(42,000)**	**–**	**–**
New Leases	**–**	**–**	**–**	**5,606**
Principal portion of lease liabilities	**–**	**–**	**–**	**(26,755)**
Changes in liabilities arising from financing activities				
Interest paid	**–**	**–**	**(18,691)**	**–**
Non-cash changes				
Interest expense	**–**	**–**	**17,742**	**1,417**
At 31st December 2021	**762,969**	**10,000**	**762**	**25,905**

	Bank and other loans *HK$'000*	Bonds issued *HK$'000*	Interest payable *HK$'000*	Lease liabilities *HK$'000*
At 1st January 2020	722,425	52,000	4,860	44,627
Changes from financing cash flows				
New bank borrowings	836,600	–	–	–
Repayment	(582,800)	–	–	–
Proceeds from borrowings under repurchase agreements	374,397	–	–	–
Payment of borrowings under repurchase agreements	(407,408)	–	–	–
New lease	–	–	–	23,990
Rent concessions from lessor	–	–	–	(490)
Principal portion of lease liabilities	–	–	–	(24,216)
Changes in liabilities arising from financing activities				
Interest paid	–	–	(30,404)	–
Non-cash changes				
Interest expense	–	–	27,255	1,726
At 31st December 2020	943,214	52,000	1,711	45,637

32. CONTINGENT LIABILITIES

32.1 Outstanding litigation cases

A company named Hantec Investment Limited (the "Plaintiff"), which is unrelated to the Group, filed a writ to the Company on 28th July 2000, seeking for injunction to restrain the Company from using the Plaintiff's alleged trade name and damages. The Plaintiff has not taken further action after the Company filed a defence.

Under the share sale agreement dated 13th August 2008 (the "Agreement"), Hantec Holdings Investment Limited ("HHIL", formerly known as Hantec Holdings Limited) and the then chairman of the Company, Mr. Tang Yu Lap ("Mr. Tang"), have undertaken to indemnify and keep indemnified the Company on a fully indemnified basis of any loss or liability suffered by the Group as a result of or in connection with this outstanding litigation case mentioned above. Based on the merits of this case, the directors considered that it was unlikely that any material claim against the Company will crystallise and hence no provision has been made.

For a discontinued litigation and its provision, see note 4.9 and 24 for details.

32.2 Financial guarantees issued

As at 31st December 2021, a subsidiary of the Company engaging in securities brokering and providing securities margin financing has secured banking facilities from certain authorised institutions for a total amount of HK$300 million (31st December 2020: HK$300 million). In addition, the Company has issued corporate guarantees for a total principal amount of HK$300 million (31st December 2020: HK$300 million) for these facilities. As at 31st December 2021, no bank loan (31st December 2020: Nil) was drawn under the banking facilities.

33. CAPITAL AND INVESTMENT COMMITMENTS

(a) Capital commitments

Capital commitments in respect of property and equipment outstanding but not provided for in the consolidated financial statements are as follows:

	2021	2020
	HK$'000	*HK$'000*
Contracted but not provided for	**2,057**	653

(b) Investment commitments

As part of the Group's asset management business, the Group sets up structured entities (for example, investment funds) and generate fees from managing assets on behalf of third party investors. The Group may also co-invest in these structured entities in the capacity as general partners or investment managers of these structured entities. The Group did not control and did not consolidate these structured entities.

As at 31st December 2021, the carrying values of the interests held by the Group in the above unconsolidated structured entities managed by the Group amounted to HK$15,846,000 (2020: HK$15,556,000), which was recognised in financial assets at fair value through profit or loss. The maximum exposure to loss is the carrying value of the assets held. Other than the invested amounts above, the Group has no significant outstanding capital commitments to these unconsolidated structured entities. Other than the committed capital, the Group has no intention to provide financial or other support to these structured entities.

As at the date of this report, the Group has no plan for material investments or purchases of capital assets.

34. FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, equity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Risk Management Committee (the "RMC") under policies approved by the Board of Directors. The RMC identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The RMC also recommends the overall risk management policy for the approval of the Board or the Executive Management Committee (the "EMC") of the Group, covering specific areas, such as foreign exchange risk, equity price risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

(a) Market risk

The exposures of the Group to market risk include foreign exchange risk, equity price risk and interest rate risk.

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from its financial assets and financial liabilities denominated in foreign currencies. The currencies giving rise to this risk are primarily Renminbi and the United States Dollar. The RMC reviews the exposures from time to time to cope with changes in volatility in the market.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Japanese Yen *HK$'000*	United States Dollar *HK$'000*	Renminbi *HK$'000*	Others *HK$'000*
At 31st December 2021				
Debt instruments at fair value through other comprehensive income	**–**	**262,295**	**–**	**–**
Financial assets at fair value through profit or loss	**–**	**40,495**	**–**	**–**
Loans receivable, trade and other receivables and other assets	**889**	**75,563**	**2,370**	**160**
Cash and cash equivalents	**188**	**122,608**	**28,268**	**117**
Trade and other payables	**–**	**(409,286)**	**(99)**	**–**
Net exposure arising from recognised net assets	**1,077**	**91,675**	**30,539**	**277**
At 31st December 2020				
Debt instruments at fair value through other comprehensive income	–	621,861	–	–
Loans receivable, trade and other receivables and other assets	–	75,334	2,694	57
Cash and cash equivalents	89	138,696	29,789	257
Trade and other payables	–	(404,134)	(3,230)	–
Net exposure arising from recognised net assets	89	431,757	29,253	314

Sensitivity analysis

The following table indicates the approximate change in the Group's profit before tax in response to possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2021		2020	
	Appreciation/ depreciation of foreign currencies	**Effect on profit before tax** *HK$'000*	Appreciation/ depreciation of foreign currencies	Effect on profit before tax *HK$'000*
RMB	**+ 10%**	**3,054**	+ 10%	2,925
	– 10%	**(3,054)**	– 10%	(2,925)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for monetary assets and liabilities in existence at that date, and that all other variables, in particular interest rates, remain constant. Effects of changes in foreign exchange rates on certain non-monetary financial assets are included in equity price risk.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollar and the United States Dollar would be materially unaffected by any changes in movement in value of the United States Dollar against other currencies. Accordingly, no sensitivity analysis has been prepared.

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit before tax measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2020.

Equity price risk

At 31st December 2021 and 2020, the Group was mainly exposed to equity price changes arising from unlisted private equity fund classified as financial assets at fair value through profit or loss (note 15).

At 31st December 2021, it was estimated that an increase/(decrease) of 10% in the fair value of the relevant private equity fund, with all other variables held constant, would have significantly increased/decreased the Group's profit before tax as follows:

	Increase/ decrease	**2021 Effect on profit before taxation** *HK$'000*	2020 Effect on profit before taxation *HK$'000*
Unlisted private equity fund classified as financial assets at fair value through profit or loss	10%	**1,585**	1,556
	(10%)	**(1,585)**	(1,556)

The sensitivity analysis indicates the instantaneous change in the Group's profit before tax and equity that would arise assuming the changes in the fair value of the relevant private equity fund had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which exposed the Group to equity price risk at the reporting date. The market risk associated with the debt securities is included in interest rate risk.

Interest rate risk

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the financial instruments subject to floating interest rates. Financial assets subject to cash flow interest rate risk mainly include margin loans arising from securities brokering and bank balances. Financial liabilities subject to floating interest rates are bank loans and borrowings under repurchase agreements. The Group currently does not have a cash flow interest rate hedging policy. However, management is closely monitoring the Group's exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The cash flow interest rate risk exposure of the Group at the end of the reporting period is as follows:

	2021		2020	
	Effective interest rate	***HK$'000***	Effective interest rate	*HK$'000*
Assets				
Bank balances	**0.01%**	**466,580**	0.01%	488,192
Margin finance loans	**8.125%**	**181,572**	8.125%	188,683
		648,152		676,875
Liabilities				
Bank loans	**1.671%**	**(548,800)**	1.728%	(733,800)
Borrowings under repurchase agreements	**0.72%**	**(214,169)**	1.015%	(209,414)
		(114,817)		(266,339)
Sensitivity analysis				
Assuming the interest rate increased/(decreased) by		**0.25%/(0.25%)**		0.25%/(0.25%)
Profit before taxation (decreased)/increased by		**(287)/1,407**		(666)/1,838

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 25 basis points increase/decrease (2020: 25 basis points increase/decrease) represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

Fair value interest rate risk

At 31st December 2021 and 2020, the Group is also exposed to fair value interest rate risk in relation to debt securities with fixed interest classified as debt instruments at fair value through other comprehensive income (note 14) and financial assets at fair value through profit or loss (note 15). The Group does not have a fair value interest rate hedging policy. However, management is closely monitoring the Group's exposure arising from debt securities investments by regularly performing quantitative analysis, including periodic sensitivity analysis.

A sensitivity analysis of the Group's fair value interest rate risk arising from the debt securities classified as debt instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss is as follows:

Change in market interest rate	**2021** **Effect on equity** ***HK$'000***	2020 Effect on equity *HK$'000*
Increase by 25 basis points	**(3,629)**	(2,103)
Decrease by 25 basis points	**4,057**	2,118

(b) Credit risk

The Group's credit risk is primarily attributable to its debt instruments at fair value through other comprehensive income, pledged bank deposits, bank balances and cash, trade and other receivables (including margin loans arising from securities brokering) and financial assets at fair value through profit or loss. It has policies in place to ensure that credits are granted to customers with an appropriate credit history and/or collateral deposited with the Group.

For trade receivables arising from securities brokering, credits are granted to a large population of clients, and hence, there is no significant concentration risk. The margin clients' listed securities can be sold at the Group's discretion upon margin shortfall situation to fulfil any margin call.

Further quantitative data in respect of the Group's exposure to credit risk for margin loans arising from securities brokering is disclosed in note 20(d). The margin clients' listed securities can be sold at the Group's discretion upon margin shortfall situation to fulfil any margin call. For trade receivables arising from securities brokering except for margin loans, credits are granted to a large population of clients and hence there is no significant concentration risk.

For commodities and futures brokering, an initial margin will be collected before the opening of trading positions. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and only brokers having sound credit rating will be accepted.

The open positions of the margin clients of the trading of commodities and futures contracts can be closed at the Group's discretion in margin shortfall situation to settle any margin call requirements imposed by their respective commodities and futures contracts transactions.

The Group's pledged bank deposits, bank balances and cash are deposited in respectable and large commercial banks. The credit risk of pledged bank deposits, bank balances and cash is considered to be manageable.

For debt securities in financial assets at fair value through profit or loss, the Group structures the levels of credit risk it undertakes by placing limits on the amount of advance in relation to any borrower or issuer. The fair value of the listed securities was determined by reference to the quoted price of the shares and exceeded the carrying amount of the fair value through profit or loss debt securities as at 31st December 2021 and 2020.

Debt instruments at fair value through other comprehensive income are listed debt securities with fixed interest. The Group has a policy in place of spreading the aggregate value of transactions concluded amongst approved counterparties with an appropriate credit quality. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group primarily invested in rated debt securities with credit ratings of at least B+ or equivalent as determined by Standard & Poor's, Moody's or Fitch. Any exception shall be approved by the management of the Group. As at 31st December 2021, over 94% (31st December 2020: over 69%) of the debt securities invested by the Company were B+ or above; 4% (31st December 2020: 24%) were B or below; and 1% (31st December 2020: 7%) were non-rated. The management of the Group reviews the portfolio of debt securities on a regular basis to ensure that there is no significant concentration risk. In this regard, the management of the Group considers that the credit risk relating to investments in debt securities is closely monitored.

The Group has maintained relationship with various financial institutions, and has policies to limit the amount of credit exposure to any financial institution. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

The maximum credit exposure is the worst case scenario of exposure to the Group without taking into account any collateral held or other credit enhancements. For on-balance sheet assets, the maximum exposure to credit risk equals their carrying amount. For loan commitments and other credit related liabilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31st December 2021 and 2020.

			Lifetime ECLs		
As at 31st December 2021	**12-month ECLs Stage 1**	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Debt investment at fair value through other comprehensive income					
– B + and above	**267,999**	**–**	**–**	**–**	**267,999**
– B to N/A	**–**	**–**	**15,844**	**–**	**15,844**
Trade and other receivables					
– Normal	**430,092**	**99**	**–**	**11,658**	**441,849**
– Doubtful	**–**	**–**	**12,929**	**3,373**	**16,302**
Pledged deposits					
– Not yet past due	**12,139**	**–**	**–**	**–**	**12,139**
Cash and cash equivalents					
– Not yet past due	**781,142**	**–**	**–**	**–**	**781,142**
	1,491,372	**99**	**28,773**	**15,031**	**1,535,275**

			Lifetime ECLs		
As at 31st December 2020	12-month ECLs Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Debt investment at fair value through other comprehensive income					
– B + and above	429,084	–			429,084
– B to N/A	192,777	–			192,777
Trade and other receivables					
– Normal	597,384	306	–	12,252	609,942
– Doubtful	–	–	13,011	3,373	16,384
Pledged deposits					
– Not yet past due	12,137	–	–	–	12,137
Cash and cash equivalents					
– Not yet past due	804,471	–	–	–	804,471
	2,035,853	306	13,011	15,625	2,064,795

The Group applies the general approach for impairment of financial assets except for impairment of trade and other receivables arising from corporate finance, which the simplified approach was applied.

The credit quality of the financial assets included in trade and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group employs a prudent liquidity policy.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Weighted average effective interest rate	Carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within 1 year or on demand *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 6 years *HK$'000*
At 31st December 2021						
Trade and other payables	**N/A**	**276,972**	**276,972**	**276,972**	**–**	**–**
Non-current bank loans	**1.671%**	**548,800**	**562,259**	**9,169**	**553,090**	**–**
Current bank loans	**–**	**–**	**–**	**–**	**–**	**–**
Borrowings under repurchase agreements	**0.72%**	**214,169**	**214,481**	**214,481**	**–**	**–**
Bonds issued	**4%**	**10,000**	**10,272**	**10,272**	**–**	**–**
Lease liabilities	**3.695%**	**25,905**	**27,814**	**15,716**	**5,375**	**6,723**
		1,075,846	**1,091,798**	**526,610**	**558,465**	**6,723**
At 31st December 2020						
Trade and other payables	N/A	517,696	517,696	517,696	–	–
Non-current bank loans	1.725%	548,800	572,159	9,467	9,467	553,225
Current bank loans	1.738%	185,000	185,717	185,717	–	–
Borrowings under repurchase agreements	1.015%	209,414	209,993	209,993	–	–
Bonds issued	4%	52,000	53,630	43,358	10,272	–
Lease liabilities	3.676%	45,637	47,669	26,060	15,020	6,589
		1,558,547	1,586,864	992,291	34,759	559,814

The Company's policy is to regularly monitor its liquidity requirements including borrowings from subsidiaries, bonds issued to independent third parties, dividend payments to shareholders and accrued payments to ensure that it maintains sufficient reserves of cash to satisfy its contractual and foreseeable obligations as they fall due.

34.2 Fair value measurement of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurement is categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable. For investment funds, the categorisation will depend on the valuation techniques used by the investment funds to derive its net asset value.

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets 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 instruments	**Fair value as at 31st December 2021** ***HK$'000***	Fair value as at 31st December 2020 *HK$'000*	Fair value hierarchy	Valuation technique(s) key input(s)
(a) Financial assets at fair value through				
Listed debt securities	**40,047**	–	Level 1	Quoted prices in an active market
Listed debt securities fund	**23,676**	–	Level 1	Quoted prices in an active market
Unlisted private equity funds *(note (i))*	**15,846**	15,557	Level 3	Adjusted Net Asset Value ("NAV") of private equity fund or cost
Unlisted equity securities	**1**	1	Level 2	Adjusted Net Asset Value ("NAV") of equity security
(b) Debt investments at fair value through other comprehensive income				
Listed debt investments	**283,843**	621,861	Level 1	Quoted prices in an active market

Note:

(i) Financial assets at fair value through profit or loss – unlisted private equity fund

The fair values of unlisted equity funds are determined with reference to its net asset value. Accordingly, no sensitivity analysis was prepared.

Reconciliation of Level 3 fair value measurements of financial instruments

	Financial assets at fair value through profit or loss *HK$'000*
At 1st January 2020	9,584
Additions	10,799
Exchange difference	370
Disposal	(5,196)
At 31st December 2020 and 1st January 2021	15,557
Additions	2,935
Exchange difference	354
Disposal	(3,000)
At 31st December 2021	**15,846**

Fair value measurement and valuation process

The management is responsible for determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the financial instruments, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group maximises its use of other observable market data relevant to the assets or the liabilities. For example, the Group estimates the fair value with reference to the net asset value report of the investment funds as provided by the fund manager.

35. RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

The following is a summary of significant related party and connected party (as defined in the Listing Rules) transactions which were carried out in the normal course of the Group's business:

	2021 ***HK$'000***	2020 *HK$'000*
Brokering commission for securities dealing *(note (a))*	**5,133**	4,981
Service fee income *(note (b))*	**11,231**	13,412
Placing commission *(note (c))*	**3,187**	2,718
Fund management fee and advisory fee income *(note (d))*	**61,082**	49,594
Bank interest income *(note (e))*	**252**	723
Payment of lease liabilities *(note (f))*	**(77)**	(435)
Interest income *(note (g))*	**–**	24
Capital distribution to non-controlling interests *(note (h))*	**–**	9,248
Advisory fee expense *(note (i))*	**(6,571)**	(8,110)
Corporate finance service income *(note (j))*	**–**	760

(a) In 2021 and 2020, the Group received commission income from its directors and fellow subsidiaries for providing securities brokerage services.

(b) In 2021 and 2020, the Group received service fee income from an associate and its fellow subsidiaries for providing administrative supporting and consulting services.

(c) In 2021 and 2020, the Group received placing commission from its fellow subsidiaries and ultimate holding company for placing securities.

(d) In 2021 and 2020, the Group received management fee income from its connected persons for providing asset management services. The total amount represented continuing connected transactions.

(e) In 2021 and 2020, the Group received bank interest income from its fellow subsidiary.

(f) In 2021 and 2020, the Group paid rental expenses to its fellow subsidiaries for the use of office premises.

(g) In 2020, the Group received interest income from the unlisted investment funds which were also owned by its fellow subsidiaries and a joint venture.

(h) In 2020, the Group distributed cash of HK$9,248,000 to the non-controlling interests of FJSC, which is its fellow subsidiary.

(i) In 2021 and 2020, the Group paid an advisory fee expense to an associate for obtaining consulting services.

(j) In 2020, the Group received corporate finance service income from a fellow subsidiary for providing advisory services.

(k) The Group is indirectly controlled by China Cinda Asset Management Co., Ltd. ("China Cinda"), which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). The MOF is the major shareholder of China Cinda as at 31st December 2021 and 2020. For the current and prior years, the Group undertakes some transactions with certain entities directly or indirectly owned by the PRC government, including but not limited to, making bank deposits, receiving banking facilities, renting properties and rendering and obtaining other services. The Group is of the opinion that these transactions are in normal business terms that do not require separate disclosure.

(l) Compensation of key management personnel is disclosed in note 29(a).

36. IMMEDIATE AND ULTIMATE HOLDING COMPANY

At 31st December 2021 and 31st December 2020, the directors consider the immediate parent and ultimate controlling party of the Group to be Cinda Securities Co., Ltd. and China Cinda Asset Management Co., Ltd., respectively, which are both established in the People's Republic of China.

37. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following trade receivables and trade payables as the Group currently has a legally enforceable right to set off the balance, and intends either to settle on net basis, or to realise the balance simultaneously.

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the Group's consolidated statement of financial position as the offsetting criteria are not met.

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 money obligation receivable and payable with HKSCC on the same settlement date and the Group intends to settle them on a net basis. In addition, the Group has a legally enforceable right to set off the trade receivables and payables 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.

Other balances with HKSCC and brokerage clients that are not to be settled on the same date, or can only be set off in an event of default, are presented in gross.

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position: Financial instruments received as collateral *(note 3)*	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31st December 2021					
Financial assets by counterparty					
Trade receivables from:					
– Margin clients *(note 1)*	**223,856**	**(42,284)**	**181,572**	**(164,984)**	**16,588**
– Clearing houses *(note 2)*	**160,350**	**(140,911)**	**19,439**	**–**	**19,439**
Total	**384,206**	**(183,195)**	**201,011**	**(164,984)**	**36,027**
As at 31st December 2020					
Financial assets by counterparty					
Trade receivables from:					
– Margin clients *(note 1)*	710,028	(521,345)	188,683	(171,820)	16,863
– Clearing houses *(note 2)*	805,049	(748,573)	56,476	–	56,476
Total	1,515,077	(1,269,918)	245,159	(171,820)	73,339

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position: Financial instruments pledged as collateral *(note 3)*	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31st December 2021					
Financial liabilities by counterparty					
Trade payable to:					
– Margin clients *(note 1)*	**(49,027)**	**42,284**	**(6,743)**	**–**	**(6,743)**
– *Clearing houses (note 2)*	**(158,640)**	**140,911**	**(17,729)**	**–**	**(17,729)**
Total	**(207,667)**	**183,195**	**(24,472)**	**–**	**(24,472)**
As at 31st December 2020					
Financial liabilities by counterparty					
Trade payable to:					
– Margin clients *(note 1)*	(553,768)	521,345	(32,423)	–	(32,423)
– Clearing houses *(note 2)*	(767,916)	748,573	(19,343)	–	(19,343)
Total	(1,321,684)	1,269,918	(51,766)	–	(51,766)

Notes:

1. Under the agreement signed between the Group and the customers, money obligations receivable and payable with the same customer on the same date are settled on a net basis simultaneously.

2. Under the agreement of the Continuous Net Settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), money obligations receivable and payable with HKSCC on the same settlement date are settled on a net basis.

3. Financial instruments represent the margin clients' listed securities measured at fair value determined by reference to their respective quoted prices pledged to the Group for credit facilities for securities trading.

38. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture3*
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018–2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*[1]

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

2 Effective for annual periods beginning on or after 1st January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion.

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1st January 2023.

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1st January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1st January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1st January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1st January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1st January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1st January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1st January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

Five Year Financial Summary

31st December 2021

Results	Year ended 31st December				
	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit attributable to equity holders	**57,794**	83,671	51,559	55,174	66,361

Assets and liabilities	As at 31st December				
	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**2,106,451**	2,551,768	2,002,834	1,737,066	2,102,313
Total liabilities	**(1,083,811)**	(1,562,667)	(1,117,830)	(909,164)	(1,267,758)
Total equity	**1,022,640**	989,101	885,004	827,902	834,555

Notes:

1. The Company was incorporated in Bermuda on 19th April 2000 and became the holding company of the companies now comprising the Group on 10th July 2000.

2. Segregated trust accounts maintained by the Group to hold clients' monies and the corresponding amounts classified under accounts payable are treated as items not recognised in the consolidated statement of financial position.