CASH 時富

ANNUAL REPORT 2021

We stride forward in unity with innovative changes

Celestial Asia Securities Holdings Limited
(Stock Code: 1049)

Contents

CORPORATE PROFILE

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

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

RETAIL MANAGEMENT – PRICERITE GROUP

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

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

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

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

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

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

ALGO TRADING – CASH ALGO FINANCE GROUP (CAFG)

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

CORPORATE PROFILE

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

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

FINANCIAL SERVICES – CFSG

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

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

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

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

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

At Forefront of FinTech, Innovating Financial Services

CFSG is at the forefront of FinTech development and innovation, investing significantly in its digital platforms to enhance user experience and operational efficiency. Since becoming the first financial institution in Hong Kong to provide online securities and futures trading services in 1998, CFSG has continued improving efficiency of its trading platform – introducing various cutting-edge technology systems and services that meet growing client needs and expectations for speedy and convenient trading services, and thereby increasing client satisfaction. In 2010, CFSG was the first Hong Kong financial institution to launch stocks and futures trading apps for iPhone, iPad and Android. In 2018, CFSG launched the mobile trading app, Alpha i – employing most advanced technology such as big data and artificial intelligence (A.I.) to provide FinTech services to a new generation of tech-savvy and mobile-driven millennial investors. In order to enhance user trading experience, the Group launched a fully upgraded version of Alpha i in 2021.

Professional Management with Wide Range of Expert Experience

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

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

Independent Non-executive:

LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

KWAN Pak Hoo Bankee (committee chairman)
LEUNG Ka Kui Johnny
CHAN Hak Sin

COMPANY SECRETARY

CHEUNG Suet Ping Ada, *ACG, HKACG, CPA, FCCA*

AUTHORISED REPRESENTATIVES

KWAN Pak Hoo Bankee
(alternate: KWAN Teng Hin Jeffrey)

LI Shing Wai Lewis
(alternate: CHEUNG Suet Ping Ada)

PRINCIPAL BANKERS

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

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

SOLICITORS

Sidley Austin

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.cash.com.hk

STOCK CODE ON MAIN BOARD

1049

CONTACTS

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

2021 was a year of adjustments in which the economy slowly recovered from the outbreak of COVID-19 pandemic, which many believed would mean a return to normalcy. However, the Omicron variant rocked the world again, as a fresh reminder that pandemic gloom is still overshadowing most if not all of us.

Locally, the anticipated border reopening between Mainland China and Hong Kong did not ultimately materialise, disappointing most people and hitting the local economy hard.

Yet, thanks to the Board's earlier cautious vision, the Group adopted a corporate strategy of enhancing competitiveness and reducing operating costs to retain our resilience and agility.

PRICERITE GROUP – THE NEW RETAIL INNOVATOR IN HOME FURNISHING

In the first quarter of the year, the repressed furniture market grew by a notable 20.7%, although from an exceptionally low 2020 base. The market then plateaued with low single digit growth, or even decrease, undermining the early growth trend in 2021 for total retail sales up by 8.1%. Consumer demand was also repressed awaiting release of the government's consumption vouchers. During that period, aggressive marketing aimed to excite consumer appetite was launched.

Nonetheless, the long-awaited rollout of the consumption voucher scheme in August and October did not especially favour the furniture market, as staggered disbursements of HK$2,000 and HK$3,000 were not of much help for sales of higher-ticker sized items like furniture. Considering 2020's ultra-low comparative base, the furniture market was barely lifted by the scheme, with only low single digit growth in the two months of consumption voucher disbursement, while decreases were recorded during the rest of 2021.

In these circumstances we continued to increase offerings in four strategic product strategies – "Home Hygiene & Antiseptic", "Home Cooking & Dining", "Home Organising" and "Work from Home" – in demand from customers fighting the pandemic and adjusting to the "stay-at-home" new normal.

Despite the depressed furniture market, our O2O efforts continued to lead growth amid the pandemic. With a satisfying boost in our online sales, we managed to maintain a similar level of revenue for Pricerite Group as last year.

During the slow recovery from COVID-19 in 2021, we continued our investments in digital transformation, which has totally changed the rule book and the need for a more versatile business model. We envisaged that the lines between working in office and working from home will be blurred. We therefore aim to facilitate customers' productivity, comfort and well-being at home.

On the other hand, during this time of the pandemic crisis, the pace of consumer behaviour change has only increased. We always look for new ways to reach our customers and exceed their expectations throughout the entire customer journey. It has always been our priority to fabricate an agile and flexible supply chain, which we consider primary to build our resilience so as to adjust to changes in consumer behaviour. This includes a speedier customer fulfilment of their orders.

Looking forward, the ongoing convergence of digital and physical retailing will result in an intertwined new business model. We therefore ought to reconsider our investment mix between physical and online stores, such that a strategic network of physical stores will offer unique customer journey especially on the product experience. All these call for a reinvention in the physical stores layout and the whole network design.

CASH FINANCIAL SERVICES GROUP – THE TRUSTED INVESTMENT AND WEALTH MANAGEMENT ADVISOR

As the world continues fending-off the COVID-19 pandemic, investors have become more concerned about the post-pandemic economic outlook and strength of recovery. In the latter part of the year, concerns over inflationary pressure escalated as rising prices will only lead to falling living standards, eating into household buying power and stunting economic growth.

Despite ongoing pandemic challenges and market volatility caused by increased uncertainty of the global economic outlook, CFSG's development strategy to become "the trusted investment and wealth management advisor" in China remains on course.

During the year, CFSG delivered its strategic vision as a diversified investment and wealth management specialist as market volatility drove investors to seek protection and diversification from higher-returning assets, especially in light of imminent interest rate hikes.

CHAIRMAN'S LETTER

Thanks to our earlier business transformation efforts, many of our clients started to preserve their assets with a more international allocation. During the year, CFSG recruited teams of high calibre wealth management professionals and started to build our foundation in the Greater Bay Area (GBA). As a result, our wealth management business increased by 116.0%.

Towards the end of the year, we opened our first Wealth Management Centre in Hong Kong, strategically located in the centre of Causeway Bay, dedicated to serving clients across the GBA. Although the long-awaited border reopening did not happen as expected at the end of last year, the launch of the Wealth Management Connect in tandem with the Southbound China-Hong Kong Bond Connect should certainly boost industry growth.

With CFSG's strong presence in the GBA and Yangtze River Delta, our trusted track record in the financial services industry, together with our high brand equity and experienced professionals, CFSG is well-positioned to thrive in the GBA's investment and wealth management market. Apart from serving high-net worth individuals, CFSG has also devised business strategies to serving wealth management needs of corporates and high-net worth families.

To serve tech-savvy millennials we also upgraded our online trading platform with a new trading app "Alpha i 2.0", which facilitates trading across multiple markets with seamlessly synchronised real-time market data at their fingertips.

Looking ahead beyond the pandemic, demand for sustainable investing is on the rise. As we understand that achieving net-zero carbon emissions requires substantial investment by both the public and private sectors, CFSG will accelerate our pace in relevant areas to both seek opportunities to contribute to growing climate finance through greater climate stewardship, and offer more green investments for our climate-friendly clients.

On the other hand, intensifying global inflationary challenges and Russia's invasion of Ukraine threatening energy supplies will surely hit post- pandemic recovery and take a much heavier toll on world GDP growth. In tandem, wages will suffer greatly from declining purchasing power, in particular for the middle class. If wages are not adjusted to inflation, consumption and corporate profits are affected, leading to a possible economic recession. Rising inflation has a direct impact on consumer goods and financial products, especially to all employees who contribute to MPF, and investors for long-term investments.

In light of this, we will continue to bolster our wealth management business, offering more products and services for our clients to diversify their investments and hedge against these global financial risks. As 2022 marks the 50th anniversary of CFSG since being established in 1972, we are confident that our well-developed, fully-fledged service platform can truly help our clients with their asset allocation to achieve their long-term investment objectives.

CFSG will continue to take a prudent development course while adopting a cautious spending approach. As global financial risks increase in tandem with the sea of opportunities, we will always be hoping for the best, while preparing for the worst.

LOOKING AHEAD

The fifth and worst wave of the COVID-19 epidemic has been a catalyst for reconsideration and change, especially on new ways of thinking and doing business critical to building ongoing resilience and agility. On the other hand, international geopolitical tensions, in particular the Russia-Ukraine war, have derailed hope for early global economic and trade recovery. These renewed headwinds prompt businesses to take a closer market watch and maintain healthy financial positions to guard against apparent risk of deglobalisation. Locally, these unprecedented challenges all conspire to shake-up Hong Kong's status as an international financial hub.

In these exceptional circumstances, we will at all times stay vigilant and embrace a sense of crisis on the external operating environment, continuously reviewing our operations while on one hand seeking out expansion opportunities, and on the other hand allaying negative impacts on our businesses. We will continue to focus on simplification, standardisation, digitalisation and automation of the entire value chain, so as to release our human capital for client servicing matters. On the other hand, the epidemic has also refreshed our priority to ensure safety, health, well-being and sustainability of our workforce.

I would like to thank all of our staff for their perseverance, dedication and team spirit demonstrating our resilience during these challenging times. The Group will achieve continuous improvement according to one of our corporate philosophies "change, reform, improve" as we understand that our road to success hinges on our commitment to change, to progress and to strive for continuous improvement.

CHAIRMAN'S LETTER

Last but not least, we have not forgotten about the purpose of our business – maximising long-term value to serve the interest of all stakeholders. During the year, the Group has taken on innovative solutions to Sustainable Development Goals (SDGs) challenges. We have broadened our sustainability efforts to include the new 5 Ps (five pillars), namely People, Prosperity, Planet, Peace and Partnership, so as to ensure the positive impacts we bring to our stakeholders during the course of our business.

Yours sincerely,

Dr Bankee P. Kwan, *JP*
Chairman & CEO

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Facing the challenging global environment, political, economic uncertainties and especially under the landscape of COVID-19 pandemic throughout the year under review, we still managed to weather through the difficulties and maintain revenue similar to previous year. For the year ended 31 December 2021, the Group recorded revenue of HK$1,368.1 million as compared to HK$1,379.5 million in the previous year. After taking into account the impairment loss recognised on interest in an associate of approximately HK$6.0 million, and a share of loss in associate of HK$19.7 million, the Group reported a net loss of HK$43.3 million for the year ended 31 December 2021.

RETAIL MANAGEMENT BUSINESS – PRICERITE GROUP

The year under review was not an easy year for Hong Kong's retailing business which had been full of uncertainties, factory shutdowns and disruption in supply chain at the start of the year, the cross-border lockdowns between Mainland and Hong Kong, and the social distancing measures were tightened and lessened a few times due to changes in epidemic situation in Hong Kong during the year. Hong Kong's GDP resulted in a year-on-year growth of 6.4% in 2021, however it was after contracting by 6.1% in 2020. The unemployment rate decreased to 3.9% in the last three months of 2021 from the peak of 7.2% at the beginning of the year, however the consumer confidence was still weak, evidenced by the value of retail sales which was still 27.3% below the pre-pandemic level. In the first quarter, the repressed furniture market grew by a notable 20.7%, albeit from an exceptionally low comparative base from the prior year. The market then plateaued with low single digit growth, or even decrease. Consumer demand was repressed awaiting consumption voucher disbursement. However, rollout of the long-awaited consumption voucher scheme in August and October turned out to be less beneficial to the furniture market. Given the ultra-low comparative base from the prior year, the furniture market was barely lifted by the scheme. Only low single digit growth was recorded in the two months of consumption voucher disbursement, while decreases were recorded during the rest of 2021. Despite the furniture market doldrums, our O2O efforts continued to lead growth amid the pandemic. With online sales increasing by 55.0%, we managed to maintain a similar level of revenue as last year. On the other hand, to proactively capture market share amidst decreased foot traffic caused by the social distancing measures, aggressive advertising and promotion activities were carried out to boost weak consumer confidence, amid intense e-commerce market competition as well as the appreciation of Chinese yuan against Hong Kong dollar. As a result, our gross profit margin decreased. In tandem, we continued taking a cost leadership approach to contain our spending, in view of increased operational costs in the absence of the Government subsidies under the Employment Support Scheme (ESS), and decrease in rental concessions as a result of the general market recovery in 2021. Overall, our retailing business recorded a net profit before tax of HK$13.3 million for the year ended 31 December 2021, compared to a net profit before tax of HK$77.4 million for the previous year.

ALGO TRADING BUSINESS – CAFG

The US stock market was benefited by the Federal Reserve kept interest rates near zero throughout 2021 and continued pumping billions of dollars into markets each month and the commodity futures market also enjoyed the recover as the economies in the developed countries recovered gradually. Our managed portfolio recorded a smooth uptrend throughout 2021 with a 40% gain. Due to the good performance, the Fund AUM has received a healthy growth during the year under review. Our asset management business reported revenue of HK$6.0 million and net profit of HK$2.3 million for the year ended 31 December 2021 as compared to a net loss of HK$0.6 million last year.

CFSG – The Group's Associated Company

FINANCIAL SERVICES BUSINESS – CFSG

For the year ended 31 December 2021, CFSG recorded revenue of HK$96.9 million, representing a decrease of 6.6% as compared with HK$103.7 million in 2020.

As global economic recovery was on track in 2021, most global stock markets rebounded and recorded highs. The US stock market turned in a solid performance, amid historically high inflation and supply chain disruptions. S&P 500 gained 26.9% and the Dow Jones Industrial Average gained 18.7%. The stock market benefited from the US Federal Reserve keeping interest rates near zero throughout 2021, while continuing to pump billions of dollars into markets each month – measures that encouraged investors to seek out higher-returning assets, like stocks, and contributed to higher inflation. Our earlier efforts to transform our business into a diversified investment and wealth management specialist paid off, as the market volatility encouraged our clients to start preserving their assets with more international diversification. With strong, high calibre wealth management professionals to promote this diversification, our wealth management business recorded 116.0% growth. Hong Kong's economy also started to pick up in the second quarter of 2021. However, the Hong Kong stock market continued to languish in negative sentiment of the pandemic, tightening control over internet-related business in China, and fear of tightening monetary policy by the Federal Reserve. The Hang Seng Index closed at 23,398 at 2021 year-end, down 14.08% from 2020, while the H-share index closed 23.3% down at 8,236. Both benchmark indices underperformed global and Asian stock markets, and Hong Kong was one of the world's worst-performing major equity markets of the year. While average daily turnover in Hong Kong's securities market increased compared to 2020, the number of newly listed companies dropped by 36.4%, and funds raised by IPOs also decreased by 17.8%. As the local stock market exhibited considerable volatility in 2021, more clients opted for the CFSG's asset management business, preferring high quality tailor-made investment strategies to cope with market changes. As a result, despite the downturn of Hong Kong's stock market and uncertain economic outlook, CFSG's asset management business recorded 62.2% growth in revenue compared with 2020. On the other hand, our other retail clients chose to flee the highly volatile stock markets to avoid suffering huge trading and investment losses. As a result, our brokerage business recorded a drop of 19.2% in commission income for 2021, while our interest income maintained nearly the same as last year's performance. Pursuant to CFSG's continuous effort to contain our operating costs within its cost rationalisation programme - such as streamlining our workforce and reviewing organisational structure - our operating costs had been reduced as compared with last year. For treasury function, CFSG recorded a net loss of HK$14.7 million on its portfolio of investment securities held for trading due to the downturn of Hong Kong stock market in 2021.

Taking into account the aforesaid net loss on portfolio of investment securities held for trading, CFSG recorded a net loss of HK$53.5 million for the year ended 31 December 2021 as compared to a net loss of HK$39.1 million last year. As part of our response to the pandemic, we have followed business continuity processes from CFSG's board-endorsed COVID-19 Business Continuity Plan. CFSG's Business Continuity Plan places the perseverance of their staff's health and wellbeing at the highest priority by implementing work from home arrangements for non-essential and vulnerable employees. Due to the effective mitigation efforts from our COVID-19 Business Continuity Plan, COVID-19 had limited impact on CFSG's financial results.

Impairment Allowances

Impairment allowance consisted of provision for credit losses on accounts receivables arising from margin financing and loans receivable, CFSG performs impairment assessment on these financial assets under the impairment framework and methodology of expected credit loss ("ECL") model established by CFSG in accordance to HKFRS 9 "Financial instruments". In order to minimise the credit risk on accounts receivables arising from margin financing and loans receivable, the Credit and Risk Management Committee is set up to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on delinquent receivables. The assessment is based on a close monitoring and evaluation of collectability and on management's judgement, including but not limited to ageing analysis of receivables, the current creditworthiness, account executives concentration analysis, collateral distribution and concentration analysis and the past collection history of each client, and consideration of forward looking factors. In this regard, the directors of CFSG consider that CFSG's credit risk is significantly reduced. The accounts receivables arising from margin financing are collateralised by pledged shares of margin clients. As at 31 December 2021, CFSG had concentration of credit risk on the accounts receivable from margin clients as the aggregate balances with the five largest clients represent approximately 45.7% of total accounts receivable from margin clients. During the year, additional impairment allowance of approximately HK$0.5 million for a total of HK$98.3 million margin loans on the accounts receivables arising from margin financing was recognised, where the underlying collaterals were less than the outstanding loan amounts. As at 31 December 2021, CFSG had concentration risk on loans receivable as 37.6% of the outstanding balance is from the top borrower. During the year, additional impairment allowance of approximately HK$1.4 million on the loan receivable was recognised for a total of HK$42.6 million loan receivables. CFSG adopts a prudent provisioning policy in respect of these margin loans. For credit-impaired accounts receivable from margin clients, the management of CFSG performs individual assessment for each client by considering various factors, including the realisable value of securities or collateral from clients which are held by CFSG and subsequent settlement.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's equity attributable to owners of the Company amounted to HK$240.6 million as at 31 December 2021 as compared to HK$296.9 million at the end of the previous year. The decrease in equity was mainly due to the dividend paid and the net loss reported for the year.

As at 31 December 2021, the Group had total outstanding borrowings of approximately HK$235.6 million as compared to HK$162.3 million as at 31 December 2020. The increase in borrowings was mainly due to cash outflow from operating activities. The borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately HK$162.9 million and secured loans of approximately HK$72.7 million. The above bank loans of approximately HK$195.4 million were secured by the Group's pledged deposits of HK$55.5 million and corporate guarantees.

As at 31 December 2021, our cash and bank balances totalled HK$222.7 million as compared to HK$215.4 million at the end of the previous year. The increase in cash and bank balances was mainly due to the net effect of increase in the long-term borrowing and the dividend paid and the net loss reported for the year. The Group derives its revenue mainly in Hong Kong dollars and maintains its cash and bank balances mainly in Hong Kong dollars.

The liquidity ratio stayed the same as at 31 December 2020 and at 31 December 2021 at 0.7 times because the ratio of current assets and current liabilities had been kept at similar level.

The gearing ratio, which represents the ratio of interest bearing borrowings excluding lease liabilities of the Group divided by the total equity, was 116.2% as at 31 December 2021 as compared to 62.7% as at 31 December 2020. The increase in gearing ratio was mainly due to the increase in interest bearing borrowings for the year under review and decrease in total equity. On the other hand, we have no material contingent liabilities at the end of the year. The Group's treasury policies are to secure healthy liquidity for running its operations smoothly and to maintain a sound financial position at all time throughout the year. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investments needs while making sure all relevant financial regulations have been duly complied.

Foreign Exchange Risks

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

Material Acquisitions and Disposals

On 31 December 2020, CIGL (a wholly-owned subsidiary of the Company) proposed to acquire additional shareholding interests in CFSG from vendors upon exercise of their options in CFSG at a price of HK$0.75 per CFSG share. The acquisitions triggered a conditional mandatory cash offers for shares in CFSG upon completion and the acquisitions were approved by the independent shareholders at a special general meeting of the Company held on 14 May 2021. The cash offers were subsequently closed on 23 June 2021. The shareholding interest of the Company in CFSG was increased from 86,140,854 CFSG shares (approximately 35.5% of issued share capital of CFSG) to 97,960,854 CFSG shares (approximately 37.5% of issued share capital of CFSG) upon the close of the cash offers. Details of the transaction were disclosed in the joint announcement dated 31 December 2020 and the subsequent announcements of the Company and CFSG during the period from 12 January 2021 to 23 June 2021, the circular of the Company dated 23 April 2021 and the composite offer document of CFSG dated 2 June 2021.

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

Capital Commitment

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

Material Investments

The market value of financial assets at FVTPL increased from HK$11.5 million as at 31 December 2020 to approximately HK$16.0 million as at 31 December 2021. A net gain on financial assets at FVTPL of HK$11.2 million was recorded for the year.

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

FINANCIAL REVIEW

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Revenue

(HK$'m)	**2021**	2020	% change
Retailing	**1,362.1**	1,375.9	(1.0%)
Asset management	**6.0**	3.6	66.7%
Group total	**1,368.1**	1,379.5	(0.8%)

Key Financial Metrics

	2021	2020	% change
The Group			
Net (loss) profit attributable to shareholders (HK$'m)	**(43.1)**	40.0	(207.8%)
(Loss) earnings per share (HK cents)	**(53.33)**	65.47	(181.5%)
Total assets (HK$'m)	**1,012.0**	1,103.2	(8.3%)
Cash on hand (HK$'m)	**222.7**	215.4	3.4%
Borrowings (HK$'m)	**235.6**	162.3	45.2%
Retailing			
Revenue per sq. ft. (HK$)	**4,402**	4,199	4.8%
Growth for same stores (vs last year)	**(1.3%)**	(2.6%)	N/A
Inventory turnover days	**32.7**	30.8	6.2%

RETAIL MANAGEMENT BUSINESS – PRICERITE GROUP

Industry Review

Amid an unpredictable rollercoaster ride for Hong Kong's economy, the prolonged pandemic, continued absence of cross-border visitors and geopolitical risks all conspired to create strong headwinds in the year 2021, gloomily culminating with the most severe wave of coronavirus infections – countered by most stringent anti-epidemic measures.

Until 2021 year-end, cautiously optimistic signals indicated gradual recovery, albeit from a low base. Hong Kong's unemployment rate fell to 3.9% in the fourth quarter, dipping encouragingly from 4.1% in the three months ending November. Unemployment fell most notably in the construction, retail, accommodation & food services, and education sectors. Full year GDP growth meanwhile increased to 6.4% in 2021, sharply recovering from an unprecedented 6.1% contraction in 2020.

With Hong Kong's improving vaccination rate and rollout of government consumption vouchers, there was cautious optimism that long-repressed consumer sentiment would rebound in the second half of the year – with total retail sales increased by 8.1% in value and 6.5% in volume in 2021.

But these figures were still 27.2% below the 2018 pre-pandemic level before tourism came to a standstill and the recession; and the vacancy rate of street shops remained over 10%.

However, the unstable macro-economic backdrop and renewed surge of the pandemic – now heralding even tighter social restrictions, testing and the 'vaccine pass' – is once again testing resilience of the retail sector. With the Hong Kong Retail Management Association direly predicting a further business slump of 20-60%, the sector is under intense pressure to reform and increasingly focused on 'new retail' transformation, enhancing customer experiences for a stay-at-home era.

Business Review

To manage the uncertain and unpredictable market situation, Pricerite Group proactively managed costs and remained vigilant on expenses, focusing on cost leadership, while flexibly and swiftly expanding product range according to market demand. Marketing and promotional activity also intensified – with a particular focus on social media. Collaboration with various partners meanwhile enhanced our reach and efficiency to customers.

Pricerite Home (PHL)

Focus on expanding product range in response to pressing market demand amid the pandemic and 'stay-at-home' economy was in four key areas – "Home Hygiene & Antiseptic", "Home Cooking & Dining", "Home Organising" and "Work from Home".

In line with Pricerite Home's distinctive competency in meeting mass market expectations through a product differentiation strategy, R&D initiatives included developing various new brands with exclusive models and unique design. More value-for-money quality products were introduced, including several quality brands of our own as well as international brands, expanding our products and designs catering for Hong Kong's limited spaces.

New solutions to bedroom furnishing included Lofti Bed series, offering more storage space with upgraded functional design. Space Cube 3.0 is a one-stop solution for quality wardrobe, study room and dining room furnishing. Especially for styled public housing, Wall Cube fully utilises high level and limited small spaces. Among new imported specialties, premium quality Italian mattress LUSSO upgrades comfort to enhance quality living, complemented by our new, affordable house brand mattress Gaialand.

Among storage products, our top-selling MESH series was expanded to domestic households. New items kicked-off with the launch of newly-designed Mesh Wardrobe, adopting an 'urban camping' style for young, stylish customers with fabric covers new to the Mesh series, made of durable canvas in khaki and olive colours. More new styles are in design stage for launching soon.

Due to cautious customer spending, more vigorous marketing and promotional efforts focused particularly on social media. Festive and seasonal promotions were also offered – such as during the UEFA European Football Championships, launching the first O2O 'flower market' over Chinese New Year, and to debut pre-consumption vouchers.

Evolution of our pioneering "New Retail" business model meanwhile continued to bring more value-added benefits to customers and expand our reach and efficiency through its more agile and versatile supply chain with state-of-the-art retail technologies, warehousing, logistic and marketing strategies. Collaboration with several industry players to increase our logistics and marketing exposure included partnering TMALL HK in the debut of a furniture sector in its online business.

Mindful that logistics efficiency is critical in winning the O2O battle, Pricerite also partnered ZEEK, an innovative and "smart last-mile" logistics platform, to introduce a 4-hour point-to-point express home delivery service. Leveraging economies of scale in operation, we consolidated logistics partners and equipped an advanced delivery track-and-trace system, simplifying workflows for lean, paperless operation. This not only greatly increases order fulfilment capability, but also substantially improves delivery service in the home improvement market.

Pricerite was also the first home furnishing specialist to join the Atome payment platform, offering customers "buy now pay later" flexible payment. Along with a flexible interest-free payment option, this strengthens our O2O service, enabling customers aspiring for dream homes to access and afford quality products and services with convenience.

Our commitment to developing "New Retail" is further augmented by advancing online and offline capabilities. Upgrading of our mobile app aligns functions with our web and offline services. This represents an important move to integrate our online and offline customer experiences, offering truly omni-channel benefits.

TMF

TMF is increasingly renowned as a professional and reliable brand for space management of small apartments requiring substantial storage capacity while also being reasonably spacious.

Growth strategy remained on course by raising brand awareness across various channels of TMF's customer-centric 'Five Service Commitments' – unique to the local furniture sector market with 24-hour order tracking service, 30-day delivery fulfillment, one-to-one after sales service, 10-year structural warranty and 200% quality assurance.

Enhancing this outstanding service, TMF opened a new shop in a key market – the new, fast-growing residential district of Lohas Park. Product range also continued strengthening with new furniture materials and products that set living spaces apart, such as kid's furniture and cabinets.

We envisage that demand for space management will inevitably continue to mount in the stay-at-home economy. In response, more products will be introduced tailoring for this 'new normal', along with increasing integration of O2O operations to continuously enhance customer service and experiences.

SECO

Responding to heightened awareness of personal well-being and home hygiene in these challenging times of the pandemic and other health hazards, SECO Living's well-being specialty stores further expanded their range of highly sought-after, value-for-money brands.

New offerings are continuously being developed to meet ongoing, increasing demand for high-quality and safe hygiene products – including medical-grade masks, alcoholic hand-rubs, anti-bacterial insect repellent spray, and disinfecting and anti-bacterial spray.

Among these newly-developed products, SECO Disinfectant Sprays can be used on skin or surfaces of different types of objects – proven by laboratory test for long-lasting safeguard from coronavirus infection for up to 12 hours. With a mild and alcohol free formula, it is also safe and non-irritating to skin – and to support local business, it is made in Hong Kong.

With face masks another necessity of daily life, high-quality yet affordable masks certified to ASTM Level 3 standard have also been developed. To offer more product variety, both 2D and 3D face masks with different mask and ear-loop colours are launched, for customers to match with their daily outfits. These are also made in Hong Kong to support the local community. With the pandemic continuing, SECO face masks will be continuously upgraded and styled for launching in coming seasons to satisfy different customer needs and expectations.

Pricerite Food

Responding to a growing trend for cooking at home as a result of restricted restaurant opening hours and social distancing, Pricerite Food expanded its product range. Among products in especially hot demand were frozen meat and Japanese eggs, and cooking ingredients.

In addition to hand-picked food items and ingredients, a suite of cooking utensils, appliances and accessories was added to enhance customer experience.

In line with growing demand, Pricerite Food's first independent store for premium Asian food opened in Tsuen Wan, bringing a 'one-stop-shop' O2O experience for customers converting to cooking at home.

Leveraging logistics strengths, a partnership with ZEEK enhanced "one-stop delivery" to customers. Together, our ordering, pickup and express delivery services continue to be tailored to meet soaring demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Pricerite Pet

Pricerite Pet is committed to taking care of Hong Kong's growing number of 'pet-loving families'. To enhance convenience in uncertain times, new online and offline sales channels were launched for one-stop shopping for a complete range of pet products, from large-scale pet furniture and household products to daily necessities and pet food.

Several shop-in-shops were also launched to extend a truly O2O experience – along with more homeware, daily supplies and even pet-wear introduced to our product portfolio.

Looking forward, Pricerite Pet is developing pet-specific small furniture, while cooperating with sister household space management brand TMF to provide 'pet-loving families' with personalised space and furniture design.

ESG Highlights

During the year, our ESG efforts focused on helping underprivileged families to survive pandemic hardships, while protecting the health and safety of colleagues.

Pricerite donations to help grassroots families included air purifiers for a healthier living environment, transparent masks to help the hearing impaired to break communication barriers under government mask-wearing orders, hand sanitisers for students' back-to-school preparation, and also Hong Kong-invented photo-catalyst masks for local students.

Furniture was donated through both Pricerite and TMF to a family living in a subdivided flat, including a bunk-bed, table and bookshelf, together with other household and anti-epidemic items.

In support of Hong Kong athletes, Pricerite Group offered free household and furniture items to all 2020 Tokyo Olympics medal-winners, recognising their outstanding achievements for Hong Kong sport.

Following the government's cancellation of traditional Lunar New Year fairs, Pricerite was the first in Hong Kong to organise the inaugural O2O flower market, offering a platform for farmers to sell CNY flowers.

Enabling our colleagues to continue working under the critical situation, we invested heavily in IT infrastructure and hardware for them to work flexibly at home or in office, with ease of virtual video meetings.

Outlook

Looking ahead into 2022, a new "hybrid-workplace lifestyle" has evolved. Our customers are spending more time at home, both with work arrangements and socially.

As this "stay-at-home 2.0" new normal develops, customers are seeking convenient and flexible shopping; paying more attention to household and personal hygiene; increasingly cooking and dining at home; organising living spaces to adjust to working from home; and "sportainment".

At the same time, with growing dependence on e-commerce purchases since the pandemic, a "quick commerce" model incorporating technology upgrades is under development to ensure a comprehensive solution to deliveries.

Leveraging 'quick commerce' will cater for specific immediate needs of different groups of customers with time-sensitive delivery within hours – from seasonal and home products to hygiene and festive items. Pricerite Group's technology innovation to accelerate 'quick commerce' includes a new 'Talk+ crypto wallet' for payment, introduced in offline stores in the first quarter of 2022.

Pricerite excels in offering customers unparalleled O2O experiences. This is now being enhanced with faster store delivery on par with distribution centres to continue competing ahead in the market.

Despite uncertain outlook amid the weak economy, Pricerite has demonstrated resilience in the adverse operating environment, effective in cost control while enhancing operational efficiency.

Pricerite will therefore continue to be cautious with spending in 2022, while remaining proactive in increasing our sales, innovation and marketing efforts, developing long-term strategy for customer relationship management (CRM), and target marketing to remain ahead of a competitive market.

Strategic initiatives enhancing our "New Retail" business model, while adding value and versatility in our supply chain, will continue. With Pricerite Group's multi-brand strategy and solid foundation in O2O business, we are well positioned to take advantage of post-pandemic economic rebound.

Changing consumer behaviour will make business models of Hong Kong retailers continue to transform drastically in the years ahead – driven largely by broad-based application of digital technologies and the evolving stay-at-home economy – the demarcation between physical and online sales will blur and intertwine; making retailers reconsider the store network strategy.

While ongoing success hinges on the smart balance between technologies and the human touch, Pricerite will relentlessly review investments in the mix between physical and online stores, aiming to provide best services and values to our customers.

ALGO TRADING BUSINESS – CAFG

In 2021, the US stock market turned in a solid performance and the commodity futures market also enjoyed the rally as the economies in the developed countries gradually recovered amid the low interest environment and the belief that the COVID-19 pandemic was under control. The commodities traders benefited from the strong goods demand and high trading volume. Our managed futures portfolio recorded a smooth uptrend throughout 2021 and ended the year with a 40% gain. The Fund AUM has seen healthy growth thanks to the good performance and the investors shied away from the volatile stocks markets during Q4.

The market capitalization of the cryptocurrency market tripled during the year as speculative funds poured into the market. The expanding market size created an opportunity for algorithm traders. We pilot tested a momentum cryptocurrency portfolio the result was promising. The plan is to gradually scale up the trading capital if the market remains euphoric.

Our investment portfolio has a low correlation with the traditional assets class. It serves as an effective diversifier for high-net-worth investors. We, therefore, will continue to work closely with our partners to promote our portfolio management products. Our goal is to expand the business scope from proprietary trading to asset management as a sustainable long-term growth strategy.

CFSG – The Group's Associated Company

FINANCIAL SERVICES BUSINESS – CFSG

Industry Review

The worst economic condition due to the COVID-19 pandemic may have come to pass for Hong Kong and other locations around the world. With the global economic recovery on track, the Hong Kong economy started to recover in the second quarter of 2021. The recovery has been sustained with the economy having expanded by 6.4% in real terms in 2021. Meanwhile, the unemployment rate was down from the cyclical peak of 7.2% in Dec 2020-Feb 2021 to 3.9% in Oct-Dec 2021 and is expected to edge down further should economic activities continue to revive.

While most global stock markets rebounded and recorded highs in 2021, the Hong Kong stock market took a battering, with the Hang Seng Index ("HSI") having registered its biggest annual loss in a decade. Hong Kong is one of the world's worst-performing major equity markets in 2021, particularly due to a series of Mainland China's regulatory crackdown which resulted in unexpected policy headwinds for sectors such as technology, e-commerce, videogames, gambling and education since the first quarter. Some other market stalwarts, such as Chinese banks, insurers and property developers, also had share prices retreated in 2021. The tightened regulatory measures in China called for a revaluation of all technology-related and platform economy Chinese companies.

The average daily turnover in Hong Kong's securities market in 2021 was HK$166.7 billion, up 29% when compared with the HK$129.5 billion in 2020. The funds raised by IPOs in 2021 was HK$328.8 billion, down 17.8% over 2020, while the number of newly listed companies in 2021 was 98, a decrease of 36.4% when compared with the 154 in 2020. The local stock market exhibited considerable volatility in 2021, with the HSI trading in a range of close to 8,500 points. The HSI ended lower by 14.1% to 23,398 at year-end.

Another bout of risk-off sentiment came in December, due to heightened concern over the growth outlook in the face of resurgence in COVID cases with virus variant – Omicron & Delta.

Given the elevated level of US inflation and further improvement in the US labour market, the Federal Reserve have announced a faster tapering of the central bank's asset purchase program while having its first interest rate hike in March 2022. An expectedly higher interest rate environment in 2022 was seen as hurting business in general. The stock market shall stay volatile in the coming year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Despite inflation hitting a 39-year high and the persistent waves of Covid-19 infections, Wall Street's main indexes hit new record highs during 2021. However, the HSI has been on track for the worst year in a decade and Hong Kong IPOs also shrank for the first time since 2007, as China's clampdown on its biggest tech firms chilled sentiment. During the year, the brokerage business of CFSG recorded a 19.2% decline in commission, while our IPO interest income decreased 28.0%.

Amid heightened regulatory challenges and a tense geopolitical stand-off between the US and China, there have been increasing concerns about the future of some Chinese Technology, Media, and Telecom (TMT) companies listed or planned to list in the US. Chinese TMT companies are accelerating their 'homecoming' plans and opting for secondary listing in Mainland China or Hong Kong. 2021 saw secondary listings of Baidu and Bilibili in Hong Kong and China Telecom in Shanghai. It is expected the momentum of IPO activities, especially for the Chinese TMT companies, will remain strong in 2022. CFSG will continue leveraging the demand for IPO margin financing by promoting the business prudently to further grow our interest income.

Over the course of 2021, the relatively low interest rate environment had favourably amplified interest in wealth management products and services, due to their potentially higher investment yields and stronger preservation of purchasing power. CFSG's Asset under Management (AUM) dropped by 5.4% compared with 2020, as we focused on top blue-chip stocks with visible and promising outlook for our clients.

To diversify and further broaden our revenue streams, CFSG is committed to transforming into a fully-fledged Wealth Management Advisory Group, providing 'one-stop' wealth management services to clients in Hong Kong and Mainland China, with particular focus on the Greater Bay Area (GBA) and Yangtze River Area. During the year, the wealth management business of CFSG recorded a 116.0% increase compared to 2020.

With the formal launch of the two cross-border investment schemes - Wealth Management Connect and the Southbound China-Hong Kong Bond Connect by the PRC government in September 2021, the two-way opening-up of financial markets within the GBA not only facilitate the interaction of capitals which potentially attract a stronger influx of southbound fund flow into Hong Kong, but also allow retail investors to directly open investment accounts to satisfy their cross-border wealth management needs. We have already taken the first-mover advantage to leverage synergy with our long-established offices in China's financial centres Shenzhen and Shanghai and our customer services centers in Guangzhou and Dongguan to capitalise on this golden opportunity in all respects.

In light of the ever-increasing cross-border demand for wealth management products and services, CFSG announced the Grand Opening of its first Wealth Management Centre ("the Centre"), which provides premium and one-stop customer service in the city centre of Hong Kong Island in November 2021. CFSG is planning to recruit more than 200 front-line wealth management professionals within the GBA by the end of 2022 to better serve our wealth management clients. CFSG is set to continue to deliver fully-fledged wealth management solutions including brokerage, margin financing, IPO subscription, corporate wealth management, insurance products, asset management, funds, bonds, MPF products and etc., and to provide our GBA's customers with top-notch services to precisely satisfy their personalised wealth management needs. By further enhancing customer experience and to bring value to our clients, the Centre will also host a wide range of free workshops and seminars on topics covering family office services, financial trends, market outlook, overseas immigration and education planning advice.

Simultaneously, CFSG have completed a major overhaul of our core online trading application, Alpha i, which was launched back in 2018. The all-new and fully-enhanced trading application namely "Alpha i 2.0 (阿爾發易)" was launched in Dec 2021, allowing our clients to trade across multiple markets with seamlessly synchronised real-time market data ranging from US stocks trading to grey market trading. By standardising and upgrading our front and back office trading systems, a more advanced and consistent trading experience can be reached across our mobile app, download version and web trading portal. Alpha i 2.0 greatly enhances our clients' user experience and further propels us into the era of financial digitalisation.

On the other hand, despite the escalating compliance-related and system-related costs in fulfilling the more stringent regulatory and supervisory requirements, CFSG will continue to adopt prudent capital management and liquidity risk management to preserve adequate buffer to overcome the challenges ahead and pursue long-term business and profitability growth in line with our corporate mission and goals.

In light of vaccines availability upon the launch of a territory-wide COVID-19 Vaccination Programme by the HKSAR Government, CFSG has strongly encouraged its critical personnel to get inoculated by offering incentives such as compensated and medical leaves, to mitigate business disruptive risks amid COVID-19. It is in CFSG's view as the vaccination rate goes higher, restrictions can be lifted gradually and eventually a high degree of normalcy can resume.

ESG Highlights

To enable our people and facilitate their work under the critical pandemic situation, we invested in our IT infrastructure and hardware for them to work flexibly at home or in office while having video meetings at ease.

In support of Hong Kong athletes and recognition of their outstanding achievements, CFSG offered a free HK$100,000 wealth management and investment plan to all 2020 Tokyo Olympics medal-winners to help them manage their investments, enabling them to pursue their life goals while meeting their investment and wealth management needs at every stage of their life.

Outlook

Hong Kong was hit by the fifth wave of local epidemic in early 2022, with more stringent anti-pandemic and social distancing measures in response. The COVID-19 situation in Hong Kong has become more worrying. The plan for an orderly reopening of the border could be delayed, should the epidemic situation not be put under control in a timely manner. The prospect remains for a gradually resumption of quarantine-free travel with Mainland China, followed by the reopening of the border with the rest of the world, when a high vaccination rate among the local population is attained.

During the unstable pandemic situation prevalent throughout 2021, CFSG opted to take a conservative approach to preserve its capital strength by adopting cost containment measures, restructuring its back-office and taking a cautious stance in its lending and credit advance services.

Looking ahead, the mainland Chinese and Hong Kong economies are anticipated to recover gradually. China's policy makers are expected to unveil further supportive monetary and fiscal measures to cushion the domestic economic slowdown. The financial sector is expected to stay resilient, and may expand further against a more favourable economic environment and an improved business sentiment. We have faith in the prospect of Hong Kong brokerage and wealth management business and trust they are turning more reassuring and having adequate room for further growth.

By further demonstrating our confidence in the development of the Greater Bay Area under the National 14th Five-Year Plan, CFSG will further optimise its business footprint and continue to invest in its second brand new Wealth Management Centre in New Territories in the second half of 2022 to offer top-notch financial services to our GBA's customers to satisfy their personalised wealth management needs.

The COVID-19 pandemic has accelerated a wave of digital transformation at an unprecedented pace with many companies switching to full digitalisation mode. Moving forward, CFSG is committed to accelerating innovative technology enhancement in its cross-platform trading solution, such as upgrading the functionality and performance of its web trading platform and mobile trading app. We strive for serving our customers aptly and elevating their Fintech experience.

By raising both CFSG's brand exposure and new Alpha-i 2.0 mobile trading app awareness, we will continue to kick-start a slew of digital and traditional promotion and marketing campaigns at reasonable costs to expand clientele; and to optimise user experience to attract more investors to open investment accounts through their mobile devices.

The tightening of listing requirements in the US for foreign companies is speeding up the seconding listing of US-listed Chinese companies in the Hong Kong stock market. These listings help attract more fund inflow, while also bringing diversity and vibrancy to Hong Kong's capital markets, further reinforcing Hong Kong's role as a fundraising centre. With sustained demand for IPO brokerage business, CFSG will continue to leverage IPO share subscriptions and margin financing to expand our Mainland clientele in order to boost relevant interest income.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking into 2022, the low interest rate environment amidst the pandemic era is unlikely to prolong, as the US Federal Reserve attempts to adopt a more hawkish stance towards monetary policy to control inflation which likely will entail interest rate hikes, and the shrinking of the Fed's balance sheet, with adverse impact on investment return on interest-bearing assets. Given the road to normalising policy, CFSG will continue to adopt prudent lending policies for our loan and margin finance business in view of the expected high market volatility and interest rate hikes. We strive for a well-diversified income stream by building a fee-based wealth management products, asset management business and stable interest income from margin financing and loan businesses. We also expect our AUM to further increase along with the launch of our first CASH Prime Value Public Fund and OFC Private Fund within the second half of 2022 and will continue to pursue sustainable business growth prudently. With a decent AUM portfolio enabling us to capture business opportunities and synergies in the lucrative GBA market, we anticipate that the launch of this public fund will make a positive contribution to CFSG in 2023, in terms of on-boarding new clients and introduction of new products.

As the brokerage market has been squeezed by cut-throat competition with zero commission fees and ultra-low interest rates, a market consolidation is anticipated ahead. We will look for business prospects there arise and seize the opportunity to further strengthen our presence serving our clients in the GBA.

Riding on CFSG's well-established brand - rooting in Hong Kong for 50 years, award-winning services and unique wealth management products, we are confident that CFSG will emerge as a leading Hong Kong-based technology driven financial services company, specialising in wealth management and investment products in the Greater Bay Area. We strive to deliver personalised and dedicated professional services to our clients with a holistic approach, helping them better plan wealth accumulation, preservation and heritage, while driving CFSG's sales and sustainable growth. We are also committed to fostering a caring corporate culture to unify teamwork - "One Team • One Mission" with shared vision, mission and values by every employee.

EMPLOYEE INFORMATION

At 31 December 2021, the Group had 752 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$195.7 million.

BENEFITS

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

TRAINING

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

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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Bankee Pak-hoo KWAN, JP

Chairman, ED & CEO

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

Dr Kwan, aged 62, joined the Board on 9 March 1998. He is responsible for devising the overall business strategy of the Group. Dr Kwan has extensive experience in corporate management, strategic planning, marketing management, financial advisory and banking. An MBA graduate from The Murdoch University of Perth, Australia and a BBA graduate from The Chinese University of Hong Kong, Dr Kwan was also conferred an Honorary Doctorate degree in Business Administration. Dr Kwan is also a fellow of the Institute of Financial Accountants, UK, the Hong Kong Securities and Investment Institute and the Hong Kong Institute of Marketing (HKIM). He is a Certified Professional Marketer (HK) of HKIM. He is a Justice of Peace (JP) of the HKSAR.

Dr Kwan is a firm believer in youth education and development. He is a John Harvard fellow of The Harvard University, US; a member of the Harvard University Asia Center Advisory Committee; a trustee of New Asia College of The Chinese University of Hong Kong; an honorary fellow of The Hong Kong Metropolitan University; a member of the Court of City University of Hong Kong, an Adjunct Professor of The Hang Seng University of Hong Kong, an honorary director of the Pan Sutong Shanghai-Hong Kong Economic Policy Research Institute (PSEI) of Lingnan University of Hong Kong and an advisory professor and a honorary member of the Board of Trustees of Nanjing University. Dr Kwan is also an honorary advisor of several higher education institutions, including the LiPACE of The Hong Kong Metropolitan University and the Academy of Oriental Studies of Peking University.

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

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

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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

James Siu-pong LEUNG

ED

MBA, BSocSc

Mr Leung, aged 59, joined the Board on 2 September 2019. He is in charge of the overall strategic development and business management of Pricerite Group. He has extensive experience in the fields of banking, debt capital market and retail management businesses. Mr Leung received a Master of Business Administration Degree from Heriot-Watt University, UK and a Bachelor of Social Sciences (Management and Economics) Degree from The University of Hong Kong. Mr Leung is also the executive director and chief executive officer of Pricerite Group.

Lewis Shing-wai LI

ED & CFO

BBus, CPA(Aus), CPA

Mr Li, aged 48, joined the Board on 9 September 2020. He oversees the accounting and financial management functions of the Group. He has extensive experience in the fields of financial and accounting management. Mr Li received a Bachelor of Business Degree from Swinburne University of Technology, Australia. He is a Certified Practising Accountant of CPA Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr Li is also an executive director and chief financial officer of CFSG.

Jeffrey Teng-hin KWAN

ED

BA, MHKSI

Mr Kwan, aged 32, joined the Board on 2 September 2019. He is in charge of corporate management and strategic investments of the Group. He has extensive experience in financial technology, corporate and strategic management, private equity and investment management. Mr Kwan received a Bachelor of Arts Degree in Psychology from the Johns Hopkins University, US. He is a member of the Hong Kong Securities and Investment Institute. He is the son of Dr Kwan Pak Hoo Bankee (the Chairman of the Group). Mr Kwan is also an executive director of CFSG.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Johnny Ka-kui LEUNG

INED

LL.B

Mr Leung, aged 64, joined the Board on 25 October 2000. Mr Leung has extensive experience in the legal field and is the managing partner of a legal firm in Hong Kong. He is a qualified solicitor in Hong Kong, England & Wales and Singapore, and is a Notary Public and China Appointed Attesting Officer. Mr Leung received a Bachelor of Laws Degree (LL.B) from The University of London, UK. Mr Leung is also the chairman of the Audit Committee and the Remuneration Committee; and a member of the Nomination Committee. Mr Leung was appointed as an independent non-executive director, member of the remuneration committee and the nomination committee of Janco Holdings Limited (stock code: 8035), a company listed on the Main Board of the Stock Exchange, on 10 November 2021.

Chuk-yan WONG

INED

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

Mr Wong, aged 60, joined the Board on 3 June 1998. He has extensive investment management experience in the global financial markets. Mr Wong received a Master of Science Degree in Business Administration from The University of British Columbia, Canada and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. He is a Chartered Financial Analyst (CFA) charterholder and a Chartered Professional Accountant of Canada (CPA, CGA). Mr Wong is also a member of the Audit Committee and the Remuneration Committee.

Hak-sin CHAN

INED

PhD, MBA, BBA

Dr Chan, aged 60, joined the Board on 25 October 2000. He has extensive experience in the academia in the US as professor, researcher and consultant in the fields of corporate finance and international marketing. Dr Chan is a head of and an associate professor in the Department of Marketing at The Hang Seng University of Hong Kong. Dr Chan received a Doctor of Philosophy Degree in Business, a Master of Business Administration Degree from The University of Wisconsin-Madison, US and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. Dr Chan is also a member of the Audit Committee and the Nomination Committee.

SENIOR MANAGEMENT

Ada Suet-ping CHEUNG

Company Secretary

ACG, HKACG, CPA, FCCA

Ms Cheung, aged 49, joined the Group in August 2021. She is in charge of the company secretarial matters of the Group. She has extensive listed company secretarial experience. She is an associate of The Chartered Governance Institute, UK and The Hong Kong Chartered Governance Institute, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. In addition to taking the role as company secretary of the Company, Ms Cheung is also the company secretary of CFSG.

Carrie Chiu-mei LAW

Director, Human Resources & Administration

BBA

Ms Law, aged 48, joined the Group in August 2001. She is in charge of the human resources and administrative functions of the Group. She has extensive experience in human capital management, including strategic human resources planning, talent management, succession planning and human resources measurements. She is also experienced in managing human resources and administrative operations across regional offices. Ms Law received a Bachelor of Business Administration (Hons) Degree in Human Resources Management from the Hong Kong Baptist University. She is a professional member of Hong Kong Institute of Human Resources Management. She is also appointed as Assessor for the Recognition of Prior Learning Scheme with Vocational Training Council. Ms Law is also the Director of Human Resources & Administration of CFSG.

William Wai-lim CHEUNG

Executive Director & Chief Operating Officer, CFSG

MBS, BA, CPA

Mr Cheung, aged 46, joined CFSG in September 2016. He is in charge of the overall administrative and operational functions of CFSG. He has extensive experience in the fields of banking, accounting and auditing. Mr Cheung received a Master of Business Studies Degree from the University of Kent at Canterbury, UK and a Bachelor of Arts (Hons) in Accountancy Degree from City University of Hong Kong. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Angela Sze-kai WONG

Deputy Chief Executive Officer, CAFG

EMBA, CFA

Ms Wong, aged 54, joined the Group in February 2004. She is in charge of the overall operations of CASH Algo Finance Group. She has extensive experience in financial services and wealth management in North America, Hong Kong and Mainland China. Ms Wong is an Executive MBA of Tsinghua University, Beijing and a Chartered Financial Analyst of CFA Institute, US.

Alfred Ka-chun MA

Managing Director, CAFG

PhD, MPhil, BSc, CIPM, ASA, PRM

Dr Ma, aged 42, joined the Group in December 2021. He is in charge of research and development for algorithmic trading and data analytics. He has extensive experience in the field of financial engineering and algorithmic trading. Dr Ma received a Doctor of Philosophy Degree in Operations Research from the Columbia University, US, a Master of Philosophy Degree in Mathematics and a Bachelor of Science Degree in Mathematics from The Chinese University of Hong Kong. He is a holder of Certificate in Investment Performance Measurement from the CFA Institute, US, an associate of the Society of Actuaries, US and a Professional Risk Manager of The Professional Risk Managers' International Association, US.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Deon Chui-yee WON

General Manager & Head of Merchandising (Furniture Section), Pricerite Group

Ms Won, aged 53, joined the Group in May 2004. She is in charge of the furniture business of supply chain management of Pricerite Group. She has over 20 years' experience in the field of supply chain management.

Bonnie Yee-sin HUNG

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

BBA

Ms Hung, aged 44, joined the Group in July 2017. She is in charge of the marketing and brand management of Pricerite Group. She has extensive experience in the field of marketing. Ms Hung received a Bachelor of Business Administration (Hons) Degree from City University of Hong Kong.

Katherine Kit-Yi TAM

General Manager & Head of Retail Operations, Pricerite Group

BA

Ms Tam, aged 54, joined the Group in January 2022. She is in charge of the retail operations of Pricerite Group. She has extensive experience in the retail operations fields. Ms Tam received a Bachelor of Arts from The University of Winnipeg, Canada.

Boris Ting-pong TAM

General Manager of iRetail, Pricerite Group

BAS

Mr Tam, aged 40, joined the Group in May 2016. He is in charge of the e-commerce business of Pricerite Group. He has extensive experience in the fields of e-commerce and information technology. Mr Tam received a Bachelor of Applied Science Degree in Computing from Swinburne University of Technology, Australia.

Rico Wai-kwong LEUNG

General Manager, Business & Merchandising Development, Pricerite Group

Mr Leung, aged 56, joined the Group in January 2018. He is in charge of the supply chain management of Pricerite Group. He has over 20 years' experience in home furnishing industry in Hong Kong.

Kenny Wai-ming SIU

Deputy General Manager & Head of Merchandising (Non-furniture Section), Pricerite Group

BSc

Mr Siu, aged 38, joined the Group in September 2020. He is in charge of the household merchandising business of Pricerite Group. He has over 15 years' experience in the field of retail business. Mr Siu received a Bachelor of Science Degree in Food and Nutritional from The Chinese University of Hong Kong.

Oliver Ka-Kuen HO

Deputy General Manager & Head of Operations, Central Service Office, Pricerite Group

MBA

Mr Ho, aged 58, joined the Group in May 2019. He is in charge of overseeing a number of back-office and operations department of Pricerite Group. He has extensive experience in the fields of retail industry, specifically store management and supply chain management. Mr Ho received a Master of Business Administration from University of Wales, UK.

Rafael Hoi-wai NG

Head of E-Commerce, Pricerite Group

BBA

Mr Ng, aged 33, joined the Group in April 2021. He is in charge of the e-commerce operation of Pricerite Group. He has extensive experience in the e-commerce fields. Mr Ng received a Bachelor of Business Administration (Honours) in Marketing from City University of Hong Kong.

CORPORATE GOVERNANCE REPORT

The Directors of the Company have adopted various policies to ensure compliance with the code provisions of the CG Code under Appendix 14 of the Listing Rules. For the year ended 31 December 2021, the Company has complied with all the code provisions of the CG Code, except for the deviations with explanation described below:

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

    Subsequent to the date of this report, the Nomination Committee has been established with specific written terms of reference, as revised from time to time, stipulating its authorities and duties, which are available on the Company's website and the HKEXnews. The Nomination Committee consists of three members, namely Dr Kwan Pak Hoo Bankee, Mr Leung Ka Kui Johnny and Dr Chan Hak Sin, a majority of whom are INEDs. Dr Kwan Pak Hoo Bankee is elected as the chairman of the Nomination Committee.

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

THE BOARD COMPOSITION

Up to the publication date of this report, the Board comprised 7 Directors (4 EDs and 3 INEDs) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The INEDs will also share their valuable impartial view on matters to be discussed at the board meetings. The biographies of the Directors are set out from pages 20 to 23 of this annual report under the "Board of Directors and Senior Management" section.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

ROLES AND RESPONSIBILITIES OF THE BOARD

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

DELEGATION TO THE MANAGEMENT

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

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

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

RELATIONSHIP BETWEEN THE BOARD MEMBERS

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

INDUCTION, SUPPORT AND PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

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

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

Name of Directors	**Covered areas** *(Notes)*
Kwan Pak Hoo Bankee	(a) to (e)
Li Shing Wai Lewis	(b), (c), (e)
Leung Siu Pong James	(a), (b), (d), (e)
Kwan Teng Hin Jeffrey	(a) to (e)
Leung Ka Kui Johnny	(b), (c)
Wong Chuk Yan	(b)
Chan Hak Sin	(b), (e)

Notes:

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

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

(c) Finance, law and taxation

(d) Leadership, management and language skills

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

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

DIRECTORS' INSURANCE

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

DIRECTORS' ATTENDANCE AND TIME COMMITMENT

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

	Meetings attended/held					
Name of Directors	**Executive Committee Meeting**	**Full Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Annual General Meeting**	**Special General Meeting**
EDs						
Kwan Pak Hoo Bankee	12/12	7/7	N/A	1/1	1/1	1/2
Li Shing Wai Lewis	12/12	7/7	N/A	N/A	1/1	2/2
Leung Siu Pong James	12/12	7/7	N/A	N/A	1/1	2/2
Kwan Teng Hin Jeffrey	12/12	7/7	N/A	N/A	1/1	2/2
INEDs						
Leung Ka Kui Johnny	N/A	7/7	4/4	1/1	0/1	1/2
Wong Chuk Yan	N/A	6/7	3/4	0/1	1/1	2/2
Chan Hak Sin	N/A	7/7	4/4	N/A	1/1	0/2
Total number of meetings held:	12	7	4	1	1	2

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

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

BOARD MEETINGS AND PROCEEDINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOMINATION POLICY FOR THE DIRECTORS

Nomination of the Directors

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

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

Since there is no appointment and resignation of Director during the year under review, no meeting was held by the EDs for resolving such issues.

Remuneration policy of the Directors

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

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

The remuneration of EDs generally consists of:

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

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

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

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

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

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

DIVIDEND POLICY

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

1. Purpose

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

2. Vision

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

3. Power of the Board

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

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

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

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

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

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

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

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

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

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

4. Governing rules

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

5. Approval

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

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

6. Review of this policy

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

7. Legal validity

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

SECURITIES TRANSACTIONS OF DIRECTORS

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

ACCOUNTABILITY AND AUDIT

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

(ii) Risk management process

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

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

(iii) Changes in market condition/external environment

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

(iv) Financial reporting

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

(v) Internal audit

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

(vi) Inside information

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

(vii) Whistle-blowing channels

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

Overall assessment

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

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

During the year ended 31 December 2021, the Board is not aware of any material internal control deficiency or significant areas of concern that may affect Shareholders' interests.

COMMUNICATION WITH SHAREHOLDERS

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

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

Separate resolutions are proposed at each general meetings of the Company. The Company's notice to the Shareholders for the AGM was sent to Shareholders at least 20 clear business days before the meeting and notices of the SGMs were sent to Shareholders at least 10 clear business days before such meetings in year 2021.

CONSTITUTIONAL DOCUMENTS

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

SHAREHOLDERS' RIGHTS

Convening a SGM and putting forward proposals at general meetings

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

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

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

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

Enquiries from Shareholders

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

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

AUDITOR'S INDEPENDENCE AND REMUNERATION

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

Services rendered	**Fees paid/payable** HK$
Audit services	2,000,000
Non-audit services:	
Tax advisory	39,200
Preparation for share offer and very substantial acquisition circulars	1,010,000
Preparation for sales report	55,000
	3,104,200

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

Hong Kong, 25 March 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

SCOPE OF REPORTING

Unless stated otherwise, the ESG Report covers the Group's business activities of subsidiaries in Hong Kong, which represent the Group's major source of investment and income. The ESG data and related ESG key performance indicator ("KPI") that the Group has direct access to and is under the Group's direct operational control of the office in Kowloon Bay and 26 Pricerite retail stores in Hong Kong have been included in the ESG Report.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the preparation for this ESG Report, the Group has applied the reporting principles stipulated in the ESG Reporting Guide as the following:

Materiality The materiality assessment was conducted to identify material issues during the financial year ended 31 December 2021 (the "Reporting Period"), thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the ESG committee. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.

Quantitative Supplementary notes are added along with quantitative data disclosed in the ESG Report to explain any standards, methodologies, and source of conversion factors used during the calculation of emissions and energy consumption.

Consistency The preparation approach of this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

Information relating to the Group's corporate governance practices can be found in the Corporate Governance Report on pages 24 to 35 of this annual report.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges, measures taken by, compliance and results of the Group during the financial year ended 31 December 2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

Oversight of ESG Issues

The board of directors (the "Board") holds the ultimate responsibility on monitoring the Group's ESG issues, including ESG management approach, strategy, and policies. In order to better manage the Group's ESG performance and identify potential risks, the Board conducts materiality assessment where necessary with the assistance of the ESG committee to evaluate and prioritise material ESG-related issues with reference to the opinions of our stakeholders.

The ESG Committee

The ESG committee, composing of core members from different departments, is established to facilitates the Board's oversight of ESG matters. The ESG committee is responsible for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. The ESG committee arranges meetings when required to evaluate the effectiveness of current policies and procedures and formulate appropriate solutions to improve the overall performance of ESG policies. At meetings, the ESG committee discussed the existing and upcoming plans to monitor and manage the Group's strategic goals in terms of sustainable development, mitigate potential risks, and minimise their negative impacts on our business operations. By setting ESG-related goals and targets to minimise the environmental impacts from the Group's operation, the Group affirmed its commitment in embedding sustainability into the business operation and fulfil its corporate responsibility. The ESG committee would report to the Board, assist in assessing and identifying the Group ESG risks and opportunities, evaluate the implementation and effectiveness of internal control mechanism, and review the progress of the set goals and targets.

TOTAL CARING ORGANISATION

To become a Total Caring Organisation, the Group is dedicated to:

- Meeting the needs of our customers with quality products and innovative services;
- Creating an enjoyable work environment to highly engage our employees so as to maximise their potential;
- Minimising our operational impact on the natural environment; and
- Contributing to the betterment of the community, especially that of the next generation.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG performance. To understand and address their key concerns, the Group has maintained close communication with its key stakeholders, including but not limited to employees, shareholders and investors, customers, suppliers and business partners, government and regulatory authorities, and the community.

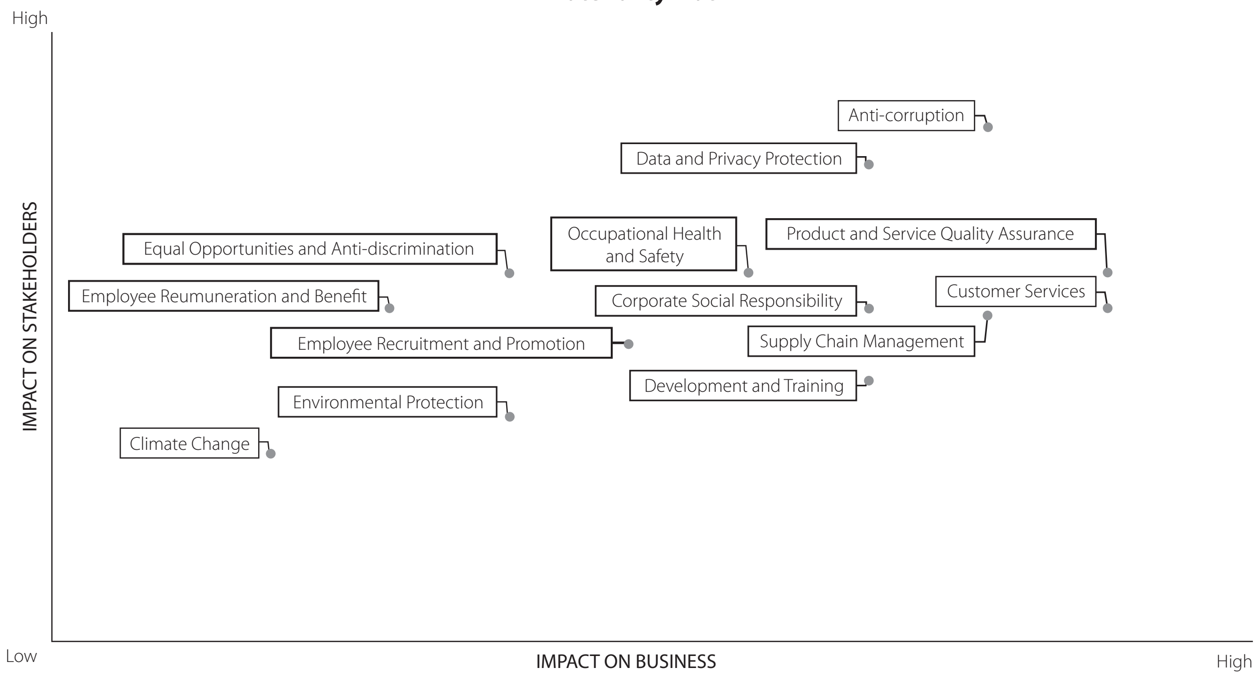
In formulating operational and ESG strategies, the Group considers stakeholders' expectations through a diverse range of engagement methods and communication channels, as shown below:

Stakeholders	Communication Channels	Expectations
Employees	• Regular performance appraisal • Training and workshops • Internal announcement	• Remuneration and benefits • Equal opportunities • Career development • Occupational health and safety
Shareholders and investors	• Annual general meeting • Financial reports • Announcements and circulars	• Financial performance • Information transparency • Shareholder rights protection • Complaint operation
Customers	• Customer service hotline and email • Company website	• Customer privacy protection • High quality customer services • Business ethic and integrity
Suppliers and business partners	• Supplier conferences and meetings	• Supply chain management • Fair and open procurement • Mutual benefit
Government and regulatory authorities	• Regular performance supervision and evaluation • Written or electronic correspondences • Publications	• Compliance with laws and regulations • Corporate governance
Community	• Community events • ESG reports	• Community participation • Corporate social responsibility • Providing job opportunities • Environmental protection

MATERIALITY ASSESSMENT

A materiality assessment in the form of surveys was conducted during the Reporting Period, where the Group identified sustainability factors that were material to our business operations. The management and employees who are responsible for the key functions of the Group have participated in preparing the ESG Report, assisted the Group in reviewing its operations, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders. The Group has compiled a questionnaire in reference to the identified material ESG aspects to collect the information from relevant departments and business units of the Group. The Group's material sustainability aspects will be covered in the ESG Report and the materiality matrix is as follow:

Materiality Matrix



CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide your valuable advice with regard to the ESG Report or the Group's performances in sustainable development by visiting our website at www.cash.com.hk.

A. ENVIRONMENTAL

A1. Emissions

Environmental protection and sustainable development rely on concerted and continuous efforts from all industries and society. We strive to promote the vision of "Green CASH", by being an environmentally responsible company. The Group proactively seeks opportunities to conserve energy, utilise resources more efficiently and reduce waste. Besides establishing environmental policies and communicating measurable environmental objectives to our employees, we also keep ourselves up-to-date with local environmental standards.

During the Reporting Period, the Group and its subsidiaries had received several awards which recognised our effort in promoting environmental protection. The Group and its subsidiaries, CFSG and Pricerite, received the "Excellence Level" Wastewi$e Certificate in the 2020 Hong Kong Awards for Environment Excellence (HKAEE) from the Environmental Campaign Committee. CFSG and Pricerite also received the Certificate of Merit in "Servicing and Trading" sector and "Shops and Retailers" sector respectively, as well as the Hong Kong Green Organisation Certificate from the Committee. Pricerite gained Outstanding CSR in Environmental Conservation Award from Greater-China Association of Branding Industry at 100% HK Branding Award 2021. The Group strives to continuously improve our performance on environmental management.

During the Reporting Period, the Group was not aware of any material non- compliance with laws and regulations relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. The said laws and regulations include but are not limited to the Air Pollution Control Ordinance and the Waste Disposal Ordinance.

Air Emissions

Due to the Group's business nature, only an immaterial amount of air emissions was generated from the use of company vehicle. Description of mitigation measures of emissions are described in the following section headed "GHG Emissions".

Summary of air emissions performances:

Types of air emissions	**Unit**	**2021**	2020
Nitrogen Oxides (NOx)	kg	**11.73**	–
Sulphur Oxides (SOx)	kg	**0.04**	–
Particulate Matter (PM)	kg	**0.86**	–

GHG Emissions

The principal GHG emissions of the Group were generated from purchased electricity consumed in offices (Scope 2). To mitigate the biggest attributor of the GHG emissions, the Group has active adopted energy conservation measures to achieve green office which are described in the section headed "Energy Management" under aspect A2.

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

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

On the other hand, video-conferencing systems have been installed in offices to reduce travel and as a result reduce other indirect GHG emissions.

The Group's total GHG emissions intensity during the Reporting Period decreased by approximately 21.43%. To ensuring the effectiveness of the measures, the Group decided to set a target of reducing the total GHG emissions intensity (tCO_2e / million revenue) by 2025 compared to the Reporting Period.

Summary of GHG emissions performances:

Scope of GHG emissions[1]	**Unit**[2]	**2021**	2020
Direct GHG emissions (Scope 1)	tCO_2e	**6.63**	–
Energy indirect GHG emissions (Scope 2)	tCO_2e	**1,955.18**	2,515.05
Total GHG emissions	tCO_2e	**1,961.81**	2,515.05
Total GHG emissions intensity[3]	tCO_2e / million revenue	**1.43**	1.82

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the Global Warming Potential Values from the IPCC Fifth Assessment Report, 2014 (AR5), the Sustainability Report 2020 issued by Hong Kong Electric, and the Sustainability Report 2020 issued by CLP Holdings Limited.

2. tCO_2e is defined as tonnes of carbon dioxide equivalent.

3. During the Reporting Period, the Group recorded a revenue of approximately HK$1,368,066,000 (2020: HK$1,379,513,000). The data is also used for calculating other intensity data.

Sewage Discharge

Due to the Group's business nature, the sewage discharge into land is insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged; used water was discharged to the municipal sewage network to the regional water treatment plant.

Waste Management

Due to the Group's business nature, no significant hazardous waste is generated during operation. The waste generated from the business activities in offices and retail stores of the Group is mostly paper. The Group pursues high standard in waste reduction and educates all staff on the importance of sustainability while providing them with the skills and support to implement it.

A series of programmes and activities have been launched in the office to encourage the participation of staff towards waste management, which include:

- Implementing a Green Information and Communication Technology (ICT) Platform, including systems such as E-workflow and CASHARE (intranet) to build a highly efficient "paperless, IT-driven and systematic" working environment;
- Setting pull printing features on copy machines which is an efficient way to reduce paper waste in the office by preventing uncollected printouts from piling up in the printer tray;
- Achieving waste reduction goals set under the Wastewi$e Certificate recognition scheme;
- Purchasing paper made from the Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) certified plantations to minimise logging in natural forest;
- Posting a "Green message" reminder at all office equipment;
- Applying used envelopes for internal document circulation; and
- Recommending duplex or 2-on-1 page copying on recycled paper.

The Group hopes that our stakeholders will join us and pursue a sustainable operation. We encourage reduced paper consumption by offering shareholders choices to consent to receiving corporate communications materials by electronic means. We also encourage customers to use e-statements on our online portal in order to save paper.

The Group's paper disposal intensity during the Reporting Period increased by approximately 29.94%. To ensuring the effectiveness of the measures, the Group decided to set a target of reducing the total non-hazardous wastes intensity (kg / million revenue) by 2025 compared to the Reporting Period.

Summary of major non-hazardous waste discharge performance:

Types of waste	**Unit**	**2021**	2020
Office paper	kg	**16,571.07**	12,863.27
Total non-hazardous wastes	kg	**16,571.07**	12,863.27
Total non-hazardous wastes intensity	kg / million revenue	**12.11**	9.32

In our offices, waste separation facilities have been implemented. We provide recycle bins for collecting scrap paper, plastic bottles, aluminum cans, and recyclable toner cartridges, which are then delivered to the recycling agents for further processing. In Pricerite retail stores, recycling bins are implemented to facilitate recycling for customers, and we have engaged qualified service providers for the collection and recycling on a regular basis.

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

Types of waste	**Unit**	**2021**	2020
Paper	kg	**3,608**	4,683
Aluminium cans	Pieces	**815**	654
Plastic bottles	Pieces	**742**	722
Toner cartridges	Pieces	**78**	17
Battery	kg	**273**	330
Lighting tube	Pieces	**303**	498
Light bulb	Pieces	**1,693**	999

A2. Use of Resources

The Group recognises its responsibility to take the initiative in efficiently utilising finite resources and carries out its corporate social responsibility to introduce additional eco-friendly approaches to enhance the Group's sustainability performance. Therefore, the Group has established the Green Office Policy to achieve energy conservation.

Energy Management

In daily operation, the Group's major energy consumption are electricity consumed in office. In order to reduce our energy consumption, the Group has launched a wide variety of green measures for awareness building towards energy conservation:

1) Lighting

- T5 energy-efficient lighting tubes have been installed at offices;
- Staff is encouraged to switch off lighting while they are duty-off;
- Partial lighting should be switched off provided that sufficient sunlight is available indoors; and
- "Light-off" during lunch hour is highly recommended.

2) Office equipment

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

Apart from the measures adopted at office, the Group participated in the "Earth Hour" campaign by turning off the offices' lighting for one hour with an aim to encourage the participation of staff and arise their concern.

The Group's energy consumption intensity during the Reporting Period slightly increased by approximately 2.15%. To ensuring the effectiveness of the measures, the Group decided to set a target of reducing the total energy consumption intensity (kWh / million revenue) by 2025 compared to the Reporting Period.

Summary of energy consumption performance:

Types of energy	**Unit**	**2021**	2020
Direct energy consumption • Petrol	kWh	**24,140.59**	–
Indirect energy consumption • Electricity	kWh	**4,566,856.00**	4,531,821.00
Total energy consumption	kWh	**4,590,996.59**	4,531,821.00
Total energy consumption intensity	kWh / million revenue	**3,355.83**	3,285.09

Water Management

The Group does not consume significant amounts of water through our business activities. Water usage in the office in Kowloon Bay and Pricerite retail stores is included in the management fee as water supply facilities are provided and managed by property managers on our rental premises, no meter reading is therefore available.

Although the water consumption is considered minimal, we also encourage saving by driving behavioural changes in the workplace. Green messages are posted in pantries and washrooms as reminders for using water efficiently. During the Reporting Period, the Group targets to promote water conservation in our offices and retail stores in the coming year.

Use of Packaging Material

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

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

Summary of packaging material consumption performance:

Types of packaging material	**Unit**	**2021**	2020
Plastic bags	pieces	**278,500**	256,500

A3. The Environment and Natural Resources

The Group is committed to minimising negative environmental impacts occasioned by the Group's business operations. Despite that the business activities of the Group do not significantly impact the environment and natural resources, we continue to be vigilant to the potential environmental impacts arising from its business operations.

Working Environment

The Group is committed to providing employees with a comfortable and green working environment to increase work efficiency. We strive to maintain a hygienic and neat environment in the workplace. The Group signed the Hong Kong General Chamber of Commerce's Clean Air Charter to reduce emissions and create cleaner air. We acted on the Chamber's 7-7-7 Care-for-Air Guidelines for the public and called on our staff to take practical steps to contribute to improving air quality at home, at work, and while travelling. Besides, the Group engaged in many different governmental environmental protection campaigns, including Green Office Education, Green Day, Biz Green Dress Day, Reuse and Recycle Program and Action Blue Sky.

Light Pollution

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

A4. Climate Change

The Group recognises the importance of the identification and mitigation of significant climate-related issues, therefore closely monitors the potential impact of climate change on our business and operations. In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures, there are two major categories of climate-related risks, physical and transition risks.

Physical Risks

The increased frequency and severity of extreme weather events such as typhoons, storms, heavy rains, and extreme cold or heat pose acute and chronic physical risks to the Group's business. The Group's assets may be damaged and store operations disrupted, resulting in reduced revenue from lower sales and higher maintenance costs. Climate change may also adversely impact our employees in terms of health and commuting and cause displacements in communities where we operate.

To minimise the potential risks and hazards of extreme weather events, such as typhoon and black rainstorm, which might cause interruptions on our business, the Group has established mitigation plans including flexible working arrangements, and precautionary measures such as regular inspection of office premises. Moreover, we maintain comprehensive insurance coverage for assets that are prone to damage by extreme weather conditions, minimising the potential maintenance and repair costs required.

Transition Risks

To achieve the global vision on carbon neutrality, the Group expects evolution of the regulatory, technological and market landscape due to climate change, including the tightening of national policies and listing rules and the emergence of environmentally related taxes. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits, which might incur additional compliance costs and affect the reputation of the Group.

In response to the policy and legal risks as well as the reputation risks, the Group constantly monitors any changes in laws or regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to delayed response. In addition, the Group has been taking comprehensive environmental protection measures, including GHG reduction measures, has set targets to gradually reduce the Group's energy consumption and GHG emissions in the future.

B. SOCIAL

B1. Employment

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

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance, the Minimum Wage Ordinance, the Employees' Compensation Ordinance, the Sex Discrimination Ordinance, and the Disability Discrimination Ordinance of Hong Kong.

As at 31 December 2021, the Group had a total of 752 employees (2020: total 777 employees). Total workforce by gender, age group, geographical region and employment type is as follows:

	2021	2020
Total number of employees	**752**	777
Gender		
Male	**321**	340
Female	**431**	437
Age Group		
Below 30 years old	**138**	183
30 – 50 years old	**449**	453
Over 50 years old	**165**	142
Geographical region		
Hong Kong	**752**	777
Employment Type		
Full-time	**614**	620
Part-time	**120**	134
Temporary contract	**18**	23

Recruitment, Promotion and Dismissal

The Group has set out the Staff Recruitment Policy for our Human Resources Department to ensure that appropriate and standardised recruitment process is maintained. The policy will be reviewed regularly, and modified as required, to reflect changes in the Group's development, best practice in recruitment process and compliance with the relevant legislation.

The Group devised an effective performance management system where regular performance appraisal is carried out to provide a two-way communication platform for improved employee relationships with the support of timely coaching and counseling and to give feedback on employees' performance and help identify individual training needs so as to enhance performance and to develop the potential of the employee for further advancement. Procedures are set out in the Employee Handbook. Through the performance appraisal, the Group review and adjusts salary based on our transparent incentive structure.

The termination of employment contract is set out in the Employee Handbook and governed by internal policies to ensure all dismissal comply with relevant laws and regulations in Hong Kong. The Group strictly prohibits any kinds of unfair or illegitimate dismissals.

During the Reporting Period, the Group recorded a turnover rate of approximately 30.87% (2020: 16.65%). The table below shows the employee turnover rate by gender, age group and geographical region:

	2021 Turnover rate[4]
Gender	
Male	**15.04%**
Female	**15.83%**
Age Group	
Below 30 years old	**7.72%**
30 – 50 years old	**18.71%**
Over 50 years old	**4.45%**
Geographical region	
Hong Kong	**30.87%**

Note:

4. Calculation methodology of turnover rate: employees in the specified category leaving employment divided by the average of total number of employees of the Group at the beginning and the end of the financial year.

Remuneration and Benefits

As a multi-faceted service conglomerate, the Group fully understands that our success lies in the quality of service we provide to our customers and therefore our ability to attract, retain and motivate quality employees. The Employee Handbook is formulated to stipulate general practices and policies related to employment, compensation and benefits. To stay competitive, our base salaries are within industry norms, contributing to our ability to attract and retain highly skilled and motivated staff.

To attract talented people, the Group provides fair and competitive remuneration and benefits to our employees. We benchmark our remuneration system with the market to ensure our ability to motivate our talent pool. The Group adopts a comprehensive and people-oriented leave system, where comprehensive benefits are provided to all staff, including annual leave, birthday leave, marriage leave, maternity leave, compassionate leave, and paternity leave. We have pioneered the introduction of the following benefits for employees, including marriage gift coupon, red packet for new-born babies, purchase discount and financial trade discount for our employees. In addition, to express our appreciation to staff who have contributed to the Group for many years, we regularly show our gratitude with long service awards.

Pricerite has set up the "Best Staff" and "Best Manager" award schemes, held quarterly, to recognise top-performing employees and teams and to raise morale. Competition is also held on a monthly basis to present awards to recognise outstanding frontline employees and boost their confidence from time to time. The Group believes that our employees' dedication deserves recognition.

Diversity and Equal Opportunities

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

Work-life Balance

The Group strives to help employees maintain a good work-life balance, which we believe helps them to sustain their performance at work and our business. To assist employees to balance their lives, we arrange activities under three different themes: wellness, happiness and vivacity. The Group introduces family-friendly employment practices, including offering family leave benefits and employee support schemes. To promote well-being and enhance their relationships, the Group also organised after-work activities for employees.

B2. Health and Safety

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

The Group attaches prime importance to ensuring a safe working environment, with measures in place to deal with natural disasters, fire, disease and accidents. We encourage our employees to treat health and safety as parts of their individual responsibility. The Group's health and safety procedures are revised from time to time to ensure that they are risk-focused and that responsibilities are clearly defined.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group including but not limited to the Occupational Safety and Health Ordinance and the Employees' Compensation Ordinance of Hong Kong. The Group has achieved zero work-related fatalities in the past three years, including the Reporting Period. During the Reporting Period, there were 520 lost days due to 11 cases of work-related injuries, mainly occurred on our frontline staff during products and inventories transportation. Immediate investigation was carried out and the effectiveness of occupational health and safety measures was evaluated with the aim of improving the safety of workers. To avoid similar accidents in the future, the Group provided frontline staff with training regarding personal safety during operation, equipment handling, and report procedures for accidents.

Occupational Health and Safety

Occupational health and safety record is maintained to ensure that a healthy and safe workplace is provided for our employees at all times. Preventive measures were undertaken with the use of appropriate office equipment as well as performing periodic office risk assessment to enhance workplace safety. We also regularly arrange vaccination programme to protect our staff from various diseases, including influenza, eye care seminar to deliver eye care knowledge and protection measures against popular eye diseases, and dental packages to subsidise scaling and check-ups. In addition, we purchase comprehensive medical insurance plans for our employees and their families.

Under the COVID-19 pandemic, the Group places close attention to our employees health condition and strives to protect them from the diseases. Emergency Contingency Plan has been implemented and the Group has adopted various working arrangement as precautionary measures. The Human Resources and Administration Department has circulated internal memo to our employees regarding the flexible working arrangement, office hygiene measures, and personal health monitoring measures. We also provide COVID-19 antigen rapid test swab for our employees to self-test effectively.

B3. Development and Training

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

Our training programmes are developed based on business needs and competencies of employees. We provide tailor-made management training workshops for management-level employees of the Group to enhance communication skills, the ability to face adversity as well as team spirit. During the Reporting Period, we organised numbers of in-house classes including training in areas such as customer service, knowledge on products, operational and selling techniques, career orientation, risk and compliance, graduate development, Continuous Professional Training (CPT) of professional qualifications, and professional license examinations preparation. To improve our frontline performance, we provide language enhancement programmes continuously to help enhance employees' language proficiency and sales culture training to develop a competitive spirit and inspires team spirit among sales teams and support teams.

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

During the Reporting Period, the Group has achieved a total training hour of 8,105.5 hours. The table below shows the employee training data by gender and employee category:

	Percentage of employees trained[5]	**Average training hours (hours)**[6]
Gender		
Male	75.46%	11.09
Female	75.54%	10.69
Employee Category		
Senior Management	35.00%	20.79
Middle Management	38.71%	17.50
General	77.59%	10.66

Notes:

5. Calculation methodology of percentage of employees trained: number of employees in the specified category who took part in training divided by number of employees in the specified category.

6. Calculation methodology of average training hours: total training hours of employees in the specified category divided by number of employees in the specified category who took part in training.

B4. Labour Standards

Prevention of Child and Forced Labour

The Group prohibits the recruitment of child and forced labour as prescribed by laws and regulations. The Group strictly complies with local laws and shall not provide job opportunities to those who are under the legal working age of respective jurisdictions.

To avoid illegal employment of child labour and underage workers, the Human Resources and Administration Department of the Group is responsible for verifying personal data such as the identification card during the recruitment process. If violation is involved, it will be dealt with according to circumstances. No employee shall be compelled to work against his or her will through force or intimidation of any form or subjected to corporal punishment or coercion of any type related to work. Overtime compensation procedures are set out in the Employee Handbook where overtime compensation leave will be provided to eligible employees when they are required to work overtime.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group including but not limited to the Employment of Children Regulations and the Employment Ordinance of Hong Kong.

B5. Supply Chain Management

The Group is committed to creating a sustainable relationship with our suppliers and consultants through operating in an open and fair manner. Our major suppliers are mainly engaged by Pricerite Home Limited, Pricerite Food Limited, and Pricerite Pet Necessities. During the Reporting Period, the Group has engaged 443 suppliers (2020: 415 suppliers), which breakdown by geographical regions as below:

	2021	2020
Geographical Regions		
Hong Kong	**394**	358
China (excluding Hong Kong, Macau and Taiwan)	**36**	42
South Korea	**5**	5
Japan	**2**	3
Taiwan	**2**	3
India	**1**	1
Singapore	**0**	1
Thailand	**1**	1
United Kingdom	**1**	0
Vietnam	**1**	1
Total number of suppliers	**443**	415

To ensure that the suppliers meet our requirements in regard to quality, environmental and social standards, we carry out assessment for review, approval and disapproval of suppliers and subcontractors. Prior to making any procurement decisions, we will conduct assessments on suppliers and consultants to avoid environmental and social risks. We maintain a list of approved suppliers and consultants; they may be suspended or removed from the approved list if they fail to fulfil the agreed standards.

Green Procurement

To support sustainability, our Green Supply Chain initiative applies strict environmental, social and ethical criteria to the suppliers of our business. We place high demands on suppliers and the Group shall select suppliers with similar standards set by the Group as our prefer suppliers. We have incorporated sustainability considerations into our sourcing and outsourcing practices, requiring suppliers to meet the basic standards. For example, all suppliers are expected to adhere to these basic principles:

- Operating as an equal opportunity employer and recognising the right to collective bargaining as well as minimum and prevailing wages and benefits;
- Maintaining probity and accountability standards;
- Minimising discrimination against small and medium-sized enterprises or local vendors;
- Providing a healthy and safe working environment, not using any forced or child labour, and refraining from harassment or abuse of employees; and
- Supporting sustainable development, acting responsibly with regard to the environment, observing environmental criteria to conserve resources, minimising the negative environmental effects of the production, application and disposal of products, and reducing the use of hazardous products as much as possible.

B6. Product Responsibility

As a total caring organisation, it is our mission to provide our customers with a meaningful experience when utilising our services, therefore the Group understands the importance of expertise for ensuring service quality. Satisfying our clients is our central focus. This principle guides all our activities and applies to all business divisions. The key elements are transparency and high-quality advice, which enable us to improve client satisfaction and achieve customer loyalty in the long term.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to the Trade Descriptions Ordinance and the Personal Data (Privacy) Ordinance of Hong Kong, concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress.

Quality Assurance

In the sales of furniture and household items, the Group strives to achieve the highest standard in terms of quality, safety, and consistency. We have implemented the Product Approval & Pre-Shipment Inspection Policy to regulate the quality assurance procedure regarding our products, covering the New Product Quality Assurance Approval for our electrical appliances, household products, and pet products. Pricerite has received Q-Mark Service Certification from Hong Kong Q-Mark Council since 2006, and TMF has received the certification since 2018. The certification recognises our competency on providing high standards of service to customers.

To safeguard our baseline, we involve an independent Quality Assurance Team in assuring product quality and safety. The team assures the satisfaction of customer expectations by the following means:

- Product development – review of new designs, examination of product specifications, analysis of customer expectation conformance;
- Supplier assessment – inspection of suppliers' capability in satisfying quality requirements, solving supply problem by establishing communication channels with suppliers;

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

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

As part of the standard operating procedure, the Group also has in place the Product Recall Procedure to mitigate the distribution and sale of the affected product, so as to protect customer health and safety. With the procedure, we ensure that the removal of affected product from the marketplace as well as the stores is carried out efficiently. After the recall procedure, Improvement Note will be completed by the quality assurance department to analyse the root cause and determine the nature of the problem while corrective action plan is implemented to prevent another recall. During the Reporting Period, the Group did not recall any products for safety and health reasons.

During the Reporting Period, the Group received approximately 310 complaints regarding product issues, such as product defect and missing parts, and approximately 720 complaints regarding delivery and installation services. To conduct immediate investigation, we collected information, including sales transaction, detailed complaints content with photo and video, and acknowledge the customer's case within 3 working days to provide solution that meet customer's need. All follow up action were ensured to be strictly complied with our standard operating procedures and tickets in CRM System were created for record.

The Group considers the customers' feedback as an opportunity to improve our product quality and business operation. After the follow-up actions were taken, the root causes of complaints are analysed and review meetings with stakeholders are conducted. We implement remedy plans such as continuous quality improvement plan (CQI) and scorecard marking scheme. To ensure the effectiveness of our procedures, the Group sets relevant KPIs and reviews standard operating procedure periodically through monthly performance tracking reports, so that prompt adjustment can be made and action plan can be fine-tunes where necessary.

Customer Services

The Group is committed to providing the highest quality of service to its customers. We aim to customise our solutions based on the unique needs of customers, in delivering sustainable value and fostering long-term relationship with our customers. During advertising, we ensure information and marketing materials are easily understood and provide all relevant information in facilitating the decision making of investors. Our employees are committed to providing professional advice to clients in understanding the characteristics, functions and risks of a financial instrument.

The Group maintains an open and welcoming attitude to feedback and complaints from the Group's customers and guests, as the Group views it as an opportunity to improve its service. Procedures for handling complaints are detailed in the Complaint and Suggestion Handling Policy for the reference of relevant employees. Should the Group receive any complaints, the Group will strive to act immediately to resolve the issue with effective corrective actions.

During the Reporting Period, the Group received approximately 60 complaints regarding customer services. With immediate response to the customers, investigation and interview were conducted by store operation management with the staff concerned. To ensure similar issues will be avoided, relevant staff is provided with intensive training course, while case study and field sharing are conducted by staff training department with frontline staff. The improvement plan regarding the complaints is closely monitored and reviewed by staff training department and operation management team.

Handling of Personal Data

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

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

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

Protection of Intellectual Property Rights

Policies and measures regarding the protection of intellectual property rights are in place. For any infringement of the Group's intellectual property rights, the Group will urge infringers to cease such action. The legal department of the Group shall take further action should infringement continue.

B7. Anti-corruption

The Group strives to promote and maintain the highest standards of honesty, integrity and fairness. All of our staff must ensure that the Group's reputation is not tarnished by dishonesty, disloyalty or corruption. Policies on the aforementioned matters are clearly stated within the Employee Handbook.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Bribery Ordinance of Hong Kong that would have a significant impact on the Group. During the Reporting Period, there were no concluded legal cases regarding any forms of fraud brought against the Group or its employees.

Whistle-blowing channels

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

Anti-corruption Training

Training related to anti-corruption are rendered to our management and employees to boost their awareness on the prevention of any kind of unethical behaviour such as bribery, extortion, fraud and money laundering. During the Reporting Period, 8 directors of the Group attended training on ethics legacy, while all employees attended training on Prevention of Bribery Ordinance for a total of 18 training sessions with 523 hours. Training for employees was carried out virtually for the sake of our employees' health and safety.

B8. Community Investment

Adhering to the core value of "Total Caring", the Group has been caring for different sectors and groups in the society for many years. We and our employees are dedicated to working hand-in-hand with the local communities in a variety of initiatives ranging from job creation to youth education and disaster reliefs.

The Group gained the ESG Care Prize at the InnoESG Prize 2021 from UNESCO HK Glocal Peace Centre and SocietyNext Foundation in recognition of the Group's contribution to the sustainability of the society.

"Total Caring" During the Pandemic

During the COVID-19 pandemic, the Group continues to join hands with Hong Kong people in hard times and encourage all citizens to fight the virus together.

- Lunar New Year symbolises new beginning and luck in Chinese traditional culture. Unfortunately, the society has to celebrate the Chinese New Year in 2021 under the COVID-19 pandemic, where the Lunar New Year Eve Fair was canceled for the sake of public health. As a result, the florists were suffered from significant loss. To offer support, Pricerite communicated with the local florists proactively and organised online and offline flower market. With effectively promotion, the flower market lowered their burden successfully and was appreciated by the florists.

- In January 2021, in view of the serious outbreak, Pricerite offered discount on hygiene products such as surgical masks and sanitisers lower than the cost value. The Group aims to let all citizens to afford high quality hygiene products, so as to encourage the city to fight the virus together.

- The Group believes that we can contribute to both public health and sustainability at the same time. In January 2021, the Group collaborated with b-Mola, an air purifier brand with innovative NCCO technology, to organise a trade in campaign. Customers could return their used air purifier at Pricerite stores and purchase the latest model with significant discount. Used air purifiers were collected and sent to b-Mola where they were examined, repaired, and renewed before distributed to different charities and needy.

- The Group is committed to taking care of people with different needs in the society. In February 2021, Pricerite organised a donation campaign of the I-SEE Mask, the masks designed by Caring For Children Foundation (CFCF) and Skypro Medical Supplies that have a transparent section over the mouth for the hearing impaired to read lips. Through this campaign, we encouraged our customers to participate in charity with us.

- In April 2021, to support the school reopening and recovery, Pricerite distributed 10 thousand bottles of sanitiser to students and offered discount on hygiene products, aiming to safeguard the children's health.

- To echo with the "Early Vaccination for All" campaign launched by the government, Pricerite offered free membership upgrade to VIP for vaccinated customers in June 2021.

- In September 2021, Pricerite donated over 1,000 photocatalyst masks with Mr Chan Yik Hei to Hong Kong New Generation Cultural Association, which were distributed to students participated in different scientific competitions. The photocatalyst mask, invented by Mr Chan who was recognised as "Son of the Star", is the result of local scientific research and a solution to waste problem created by the large number of disposable masks. The aim of the donation was to share the achievement of Hong Kong scientific research with students as well as supporting talent development.

Community Engagement

The Group believes that contributing to society is the due responsibility of every local organisation. Every year the Group contributes to a variety of causes in Hong Kong. Apart from taking care of the needy due to pandemic, the Group also contributed to the community and engaged in every activities, big and small, during the Reporting Period.

- To help the needy in the community and protect the environment, Pricerite became the partner of Food Resources Recycling Centre in Feb 2021. The Company donates still edible food to the Centre regularly for the socially vulnerable groups and also minimises the wastage of food.

- As a tailor made furniture brand, TMF provides customised space management products and services including multifunctional furniture for kids. In July 2021, collaborating with Make-A-Wish Hong Kong, TMF made donation for children upon each order on kids' furniture. In addition, our space management team designed a multifunctional cabinet for the families with disabled children, whose apartment had limited spaces. With the team's customised solution, the cabinet with hidden dining table has not only provided effective storage, but also allowed larger area to lower the risk of children getting injured while creating an aesthetic living environment.

- In August 2021, the city was cheering for the athletes participated in the 32nd Summer Olympics held in Tokyo, which was the most successful Games ever for Hong Kong as the athletes have taken home six medals. In the light of our unity, Pricerite Group offered Hong Kong Olympic Medalists household furniture products and services for free and CASH Wealth Management Limited, a subsidiary of the Group, gave each Hong Kong award-winning athlete a cash wealth management plan of HK$100,000 to show our appreciation and encouragement.

- Our future lies in the hands of the next generation, therefore the Group is dedicated to promoting education. In September 2021, Pricerite sponsored HK$3,500 gift vouchers and CFSG sponsored insurance schemes and securities services discount for CUHK Entrepreneur Day held by CUHK Alumni Torch Fund to support entrepreneur development.

- The Group embraces diversity and respect individual needs. To support breastfeeding friendly premises, Pricerite set up "breastfeeding area" in our store so as to promote the campaign#SayYesToBreastfeeding. Our effort was recognised by UNICEF and the Department of Health with a Blue Label certificate presented to Pricerite Home Limited.

- In support of environmental protection, the Group promoted donation to World Wide Fund for Nature (WWF) for ocean biodiversity to employees in August 2021.

- Caring about the living environment of Hong Kong families, Pricerite and TMF donated furniture to a family living in a subdivided flat in November 2021 to improve their living environment.

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

Hong Kong, 25 March 2022

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions (Not applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources
KPI A2.2	Water consumption in total and intensity.	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 75 of this annual report.

The Board recommends the payment of a final dividend of 15 HK cents per share in cash for the year ended 31 December 2021 (2020: 25 HK cents) to Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 7 June 2022, subject to approval by the Shareholders at the forthcoming AGM.

The final dividend is intended to be funded through the Share Premium Reduction. A special resolution will be proposed at the forthcoming AGM to approve the Share Premium Reduction for the purpose of, among others, distribution of final dividend.

Conditional upon the approval of the proposed Share Premium Reduction as well as the proposed distribution of final dividend by the Shareholders at the AGM and that the Share Premium Reduction has become effective, it is expected that the final dividend will be paid to the Shareholders entitled thereto on or about Tuesday, 21 June 2022.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the forthcoming AGM

The forthcoming AGM is scheduled to be held on Tuesday, 31 May 2022. For determining the entitlement to attend and vote at the forthcoming AGM, the Company's register of members will be closed from Thursday, 26 May 2022 to Tuesday, 31 May 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the forthcoming AGM, unregistered holders of shares of the Company should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on Wednesday, 25 May 2022.

Entitlement to receive the proposed final dividend

For determining the entitlement of the Shareholders to receive the proposed final dividend, the Company's register of members will be closed on Tuesday, 7 June 2022, on which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend (subject to shareholders' approval at the forthcoming AGM), all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on Monday, 6 June 2022.

DIRECTORS' REPORT

BUSINESS REVIEW

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

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

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

Save as disclosed in this annual report, there is no important event affecting the Group that have occurred since the end of the financial year ended 31 December 2021.

RELATIONSHIPS WITH STAKEHOLDERS

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

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

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

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

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

Shareholders

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

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

Employees

Our staff is regarded as the most important asset of the Group. We offer a competitive remuneration package and great opportunities for career advancement based on performance-linked appraisal system. Our passion in fostering a learning culture is recognised. The honour of "Super MD" from Employees Retraining Board ("ERB") Manpower Developer Award Scheme recognises the Group's efforts and commitment to training and development. We also provide our staff with regular trainings, including internal trainings and refresher courses offered by professional organisations, so as to keep them abreast of the latest development in the market, industry and various businesses.

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

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

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

Pricerite has been recognised as "QF Star Employer" by the Education Bureau for its contribution in applying Qualifications Framework in human resources management and encouraging employees to apply for "Recognition of Prior Learning Qualifications".

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

Customers

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

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

In recognition of Pricerite's excellent quality service performance, the Company was accredited with Hong Kong Retail Management Association's (HKRMA) "Quality Service Recognition". Pricerite and TMF has been recognised as "QTS Certified Retail Shop" by Hong Kong Tourim Board for their high standards of product quality and service.

Hong Kong O2O E-commerce Federation awarded the O2O Award to Pricerite in recognition of its outstanding O2O performance during the pandemic. Pricerite gained the "O2O Customer Experience Recognition" and Top 10 O2O Customer Experience Award from HKRMA for its excellence in delivering online and offline customer experience. Pricerite also received the honour of "Trust eshop" and Top 10 Quality E-Shop Award from HKRMA in recognition of its excellent service in delivering best online customer experience.

Pricerite gained the honour of "No.1 Household Retailer" at Headline No. 1 Awards 2021 and Q-Mark Elite Brand Award, proving that the service provided by the Company is excellent and well received by the public. Pricerite Food received 2021 Excellence in Online and Offline Integration Award at the HKMA/ViuTV & Now TV Awards For Marketing Excellence from Hong Kong Management Association in recognition of its outstanding achievement in the branding campaign.

CFSG and Pricerite have been recognised as "Hong Kong Premier Service Brand" and "Hong Kong Top Service Brand" respectively in Hong Kong Top Brand Mark Scheme by Hong Kong Brand Development Council.

Suppliers

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

Community

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

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

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

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

The Group gained the ESG Care Prize at the InnoESG Prize 2021 from UNESCO HK Glocal Peace Centre and SocietyNext Foundation in recognition of the Group's contribution to the sustainability of the society.

ENVIRONMENTAL POLICY AND PERFORMANCE

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

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

Over the years, the Group has participated in various environmental protection programmes and campaigns organised by reputable institutions and have been recognised with awards. The Group and its subsidiaries (CFSG and Pricerite) received Wastewi$e Certificates (Excellence Level) at 2020 Hong Kong Awards for Environmental Excellence from Environmental Campaign Committee. CFSG and Pricerite also received the Certificate of Merit in "Servicing and Trading" sector and "Shops and Retailers" sector respectively, as well as the Hong Kong Green Organisation Certificate from the Committee. In recognition of Pricerite's contribution in environmental protection, Greater-China Association of Branding Industry awarded Outstanding CSR in Environmental Conservation Award to Pricerite at 100% HK Branding Award 2021. The achievements highlighted the Group's total caring culture and commitment to responsible business.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular, those have significant impact on the Group. During the year, the Group has materially complied with the relevant laws and regulations on corporate level as well as those that have a significant impact on the operations of the Group.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited results and the assets and liabilities of the Group for the last five financial years ended 31 December 2021 is set out on pages 165 to 166 of this annual report.

DIRECTORS' REPORT

PROPERTY AND EQUIPMENT

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

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 44 to the consolidated financial statements.

SHARE CAPITAL

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

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the "Consolidated Statement of Changes in Equity" of the consolidated financial statements on pages 78 to 79 of this annual report.

Details of movements in the reserves of the Company during the year are shown in note 45 to the consolidated financial statements.

At 31 December 2021, the Company's reserves available for distribution to shareholders, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to approximately HK$206,705,000.

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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

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

The exempt connected transaction, being the acquisition of 2,472,000 CFSG Shares from Mr Ng Hin Sing Derek pursuant to the undertaking and agreement entered into by him and the possible cancellation of 9,888,000 CFSG 2020 Options held by the above connected persons of the Company or the possible acquisition of 9,888,000 CFSG Shares falling to be issued upon exercise of such 9,888,000 CFSG 2020 Options from the above connected persons of the Company at a total maximum consideration of HK$9,270,000 under the Acquisitions, constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. The completion of the sale and purchase pursuant to the undertaking and agreement was conditional upon Shareholders approval on the Acquisitions and making the Offers. The Acquisitions were approved by the independent shareholders at a SGM held on 14 May 2021. The Offers were subsequently made on 2 June 2021 and closed on 23 June 2021. Details of the transaction were disclosed in the joint announcement dated 31 December 2020 and the subsequent announcements of the Company and CFSG during the period from 12 January 2021 to 23 June 2021, the circular of the Company dated 23 April 2021 and the composite offer document of CFSG dated 2 June 2021.

During the year, the Group conducted the following exempted connected transaction, which is exempt from announcement, reporting, annual review and shareholders' approval requirements under the Chapter 14A of the Listing Rules.

On 15 November 2021, a related company entered into a loan agreement with the Company, pursuant to which the related Company had agreed to provide an overdraft facility up to HK$100,000,000 to the Company. The related company is a company controlled by Dr Kwan Pak Hoo Bankee (the substantial Shareholder, ED, Chairman and CEO of the Company) and his associate, and thus a connected person. Accordingly, the entering into of the loan agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the loan was unsecured and conducted on normal commercial terms or better, the loan agreement is fully exempted from announcement, reporting, annual review and shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the related party transaction entered into by the Group are set out in note 40 to the consolidated financial statements and those related party transactions which are connected transactions exempted from announcement, reporting, annual review and shareholders' approval requirement under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to the related party transactions of the Group during the year.

MAJOR CUSTOMERS AND SUPPLIERS

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

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

DIRECTORS

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

Executive Directors:

Kwan Pak Hoo Bankee
Leung Siu Pong James
Li Shing Wai Lewis
Kwan Teng Hin Jeffrey

Independent Non-executive Directors:

Leung Ka Kui Johnny
Wong Chuk Yan
Chan Hak Sin

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

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

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

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

RETIREMENT BENEFITS SCHEMES

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

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2021, the interests or short positions of each Director and chief executive of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

A. The Company

(a) Long positions in the Shares

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

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

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

Name	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	Number of options: outstanding as at 1 January 2021	granted during the year (Notes (4)&(5))	outstanding as at 31 December 2021	Percentage to issued shares as at 31 December 2021 (%)
Kwan Pak Hoo Bankee	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1)to(3)	–	800,000	800,000	0.99
Li Shing Wai Lewis	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1)to(3)	–	800,000	800,000	0.99
Leung Siu Pong James	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1)to(3)	–	800,000	800,000	0.99
Kwan Teng Hin Jeffrey	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1)to(3)	–	800,000	800,000	0.99
					–	3,200,000	3,200,000	3.96

Notes:

(1) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.

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

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

(4) The closing price of the Share immediately before the date of grant of options on 16 July 2021 was HK$1.45.

(5) The value of the options granted during the year ended 31 December 2021 was HK$5,769,000, of which HK$4,448,000, HK$556,000 and HK$765,000 represented the fair value of the share options granted to the Directors, employees and consultant, respectively. Details of the calculation of value of the options are set out in note 38 to the consolidated financial statements.

(6) No option was exercised, lapsed or cancelled during the year.

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

B. Associated corporation (within the meaning of SFO)

CFSG

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

Name	Capacity	Number of Shares: Personal	Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	2,472,000	97,960,854*	38.45
Li Shing Wai Lewis	Beneficial owner	2,472,000	–	0.94
Kwan Teng Hin Jeffrey	Beneficial owner	2,472,000	–	0.94
		7,416,000	97,960,854	40.33

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

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

Name	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	Number of options: outstanding as at 1 January 2021	Number of options: granted during the year (Notes (7)&(8))	Number of options: lapsed during the year (Note (5))	Number of options: exercised during the year (Note (6))	Number of options: outstanding as at 31 December 2021	Percentage to issued shares as at 31 December 2021 (%)
Kwan Pak Hoo Bankee	29/03/2019	01/05/2019 – 30/04/2022	1.420	(1),(3),(4)	1,800,000	–	(450,000)	–	1,350,000	0.52
	29/04/2020	01/05/2020 – 30/04/2022	0.480	(3)	2,472,000	–	–	(2,472,000)	–	–
	29/07/2021	01/08/2021 – 31/07/2023	0.572	(2),(3),(4)	–	2,400,000	–	–	2,400,000	0.92
Li Shing Wai Lewis	29/03/2019	01/05/2019 – 30/04/2022	1.420	(1),(3),(4)	450,000	–	(112,500)	–	337,500	0.13
	29/04/2020	01/05/2020 – 30/04/2022	0.480	(3)	2,472,000	–	–	(2,472,000)	–	–
	29/07/2021	01/08/2021 – 31/07/2023	0.572	(2),(3),(4)	–	2,400,000	–	–	2,400,000	0.92
Leung Siu Pong James	29/04/2020	01/05/2020 – 30/04/2022	0.480	(3)	2,472,000	–	–	–	2,472,000	0.94
Kwan Teng Hin Jeffrey	29/03/2019	01/05/2019 – 30/04/2022	1.420	(1),(3),(4)	1,800,000	–	(450,000)	–	1,350,000	0.52
	29/04/2020	01/05/2020 – 30/04/2022	0.480	(3)	2,472,000	–	–	(2,472,000)	–	–
	29/07/2021	01/08/2021 – 31/07/2023	0.572	(2),(3),(4)	–	2,400,000	–	–	2,400,000	0.92
					13,938,000	7,200,000	(1,012,500)	(7,416,000)	12,709,500	4.87

Notes:

(1) The options are vested in 3 tranches as to 25% exercisable from 1 May 2019 to 30 April 2020, 25% exercisable from 1 May 2020 to 30 April 2021 and 50% exercisable from 1 May 2021 to 30 April 2022 respectively.

(2) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.

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

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

(5) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

(6) During the year, the following options granted on 29 April 2020 held by the directors were fully vested as approved by the CFSG Board and exercised:

Date of exercise	Number of options	Exercise price per share (HK$)	Weighted average closing price of the Shares immediately before the date of exercise (HK$)
17 June 2021	7,416,000	0.480	0.730

(7) The closing price of the share immediately before the date of grant of options on 29 July 2021 was HK$0.56.

(8) The value of the options granted to the Directors during the year ended 31 December 2021 was zero as the performance targets set for the options had not been achieved by the end of the year under review.

(9) No option was cancelled during the year.

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

Save as disclosed above, as at 31 December 2021, none of the Directors, chief executive or their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

THE SHARE OPTION SCHEMES

(A) The Company

The Old Share Option Scheme adopted by the Company on 21 May 2012 was terminated pursuant to an ordinary resolution passed at the SGM held on 30 September 2021. The New Share Option Scheme was adopted pursuant to an ordinary resolution passed at the SGM held on 30 September 2021 in place of the Old Share Option Scheme dated 21 May 2012. The options granted under the Old Share Option Scheme before termination shall continue to be valid and exercisable in accordance with the terms of the options. Particulars of the terms of the New Share Option Scheme and the Old Share Option Scheme are set out in note 38 to the consolidated financial statements.

Details of the movements in the share options to subscribe for the Shares granted under the Old Share Option Scheme during the year ended 31 December 2021 are set out below. No option has been granted under the New Share Option Scheme during the year ended 31 December 2021.

Participants / Name of scheme	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	Number of options: outstanding as at 1 January 2021	granted during the year (Notes (6)&(7))	lapsed during the year (Note (8))	outstanding as at 31 December 2021
Directors								
The Old Share Option Scheme	16/7/2021	01/08/2021 - 31/07/2023	1.450	(1)	–	3,200,000	–	3,200,000
Employees								
The Old Share Option Scheme	16/07/2021	01/08/2021 - 31/07/2023	1.450	(2),(3),(5)	–	400,000	(400,000)	–
Consultant								
The Old Share Option Scheme	16/07/2021	01/08/2021 - 31/07/2023	1.450	(4),(5),(10)	–	550,000	–	550,000
					–	4,150,000	(400,000)	3,750,000

Notes:

(1) Details of the options granted to the Directors are set out in the section headed "Director's Interests in Securities" above.

(2) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.

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

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

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

(6) The closing price of the Share immediately before the date of grant of options on 16 July 2021 was HK$1.45.

(7) The value of the options granted during the year ended 31 December 2021 was HK$5,769,000, of which HK$4,448,000, HK$556,000 and HK$765,000 represented the fair value of the share options granted to the Directors, employees and consultant, respectively. Details of the calculation of value of the options are set out in note 38 to the consolidated financial statements.

(8) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

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

(10) The options were granted to Mr Law Ping Wah Bernard ("Mr Law") as consultant of the Group for provision of advisory services to the Group in relation to financial planning and analysis, risk management, business restructuring, mergers and acquisitions etc. Mr Law is a former executive director and chief financial officer of the Company with extensive experience in financial management and accountancy and is familiar with the Group's financial and corporate structure and management system. The Board is of the view that the grant of options will provide incentives for Mr Law to provide professional financial advisory services and planning to cater for business needs of the Group which will align his interests with the Group and secure his long-term support and commitment to the Group.

(11) The total number of Shares available for issue under Old Share Option Scheme and the New Share Option Scheme is 11,882,018 representing approximately 14.65% of the issued Shares as at the date of this annual report.

(B) The associated company

CFSG

The CFSG Option Scheme was adopted pursuant to an ordinary resolution passed at the annual general meeting of CFSG held on 8 June 2018.

Details of the movements in the share options to subscribe for shares of HK$0.40 each in CFSG granted under the CFSG Option Scheme during the year ended 31 December 2021 are set out below:

					Number of options				
Participants	**Date of grant**	**Exercise period**	**Exercise price per share** (HK$)	**Notes**	**outstanding as at 1 January 2021**	**granted during the year** (Notes (10)&(11))	**lapsed during the year** (Notes (8))	**exercised during the year** (Notes (9)	**outstanding as at 31 December 2021**
Directors									
	29/03/2019	01/05/2019–30/04/2022	1.420	(1)	4,050,000	–	(1,012,500)	–	3,037,500
	29/04/2020	01/05/2020–30/04/2022	0.480	(1)	9,888,000	–	–	(7,416,000)	2,472,000
	29/07/2021	01/08/2021–31/07/2023	0.572	(1)	–	7,200,000	–	–	7,200,000
Employees									
	29/03/2019	01/05/2019–30/04/2022	1.420	(2),(5),(7)	6,588,000	–	(1,984,500)	–	4,603,500
	29/04/2020	01/05/2020–30/04/2022	0.480	(5),(7)	8,664,000	–	–	(8,664,000)	–
	29/07/2021	01/08/2021–31/07/2023	0.572	(3),(5),(7)	–	2,700,000	–	–	2,700,000
	29/07/2021	01/08/2021–31/07/2025	0.572	(4),(5),(7)	–	11,040,000	(300,000)	–	10,740,000
Consultants									
	29/03/2019	01/05/2019–30/04/2022	1.420	(6),(7),(13)	2,136,000	–	(534,000)	–	1,602,000
	04/06/2019	04/06/2019–03/06/2022	1.040	(6),(7),(13)	2,790,000	–	–	–	2,790,000
	29/04/2020	01/05/2020–30/04/2022	0.480	(6),(7),(13)	4,944,000	–	–	(2,472,000)	2,472,000
	29/07/2021	01/08/2021–31/07/2023	0.572	(6),(7),(13)	–	3,810,000	–	–	3,810,000
					39,060,000	24,750,000	(3,831,000)	(18,552,000)	41,427,000

Notes:

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

(2) The options are vested in 3 tranches as to 25% exercisable from 1 May 2019 to 30 April 2020, 25% exercisable from 1 May 2020 to 30 April 2021 and 50% exercisable from 1 May 2021 to 30 April 2022 respectively.

(3) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.

(4) The options are vested in 4 tranches as to 25% exercisable from 1 August 2021 to 31 July 2022, 25% exercisable from 1 August 2022 to 31 July 2023, 25% exercisable from 1 August 2023 to 31 July 2024 and 25% exercisable from 1 August 2024 to 31 July 2025 respectively.

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

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

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

(8) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

(9) During the year, the following options granted on 29 April 2020 held by the directors and participants of members of the Group were fully vested as approved by the CFSG Board and exercised:-

Date of exercise	Number of options	Exercise price per share (HK$)	Weighted average closing price of the Shares immediately before the date of exercise (HK$)
17 May 2021	11,136,000	0.48	0.70
17 June 2021	7,416,000	0.48	0.73
Total	18,552,000		

(10) The closing price of the share immediately before the date of grant of options on 29 July 2021 was HK$0.56.

(11) The value of the options granted to the Directors during the year ended 31 December 2021 was zero as the performance targets set for the options had not been achieved by the end of the year under review.

(12) No option was cancelled during the year.

(13) There were share options granted to consultants on 29 March 2019, 4 June 2019, 29 April 2020 and 29 July 2021 respectively. The grantee of the share options granted on 29 March 2019 was Mr Law Ping Wah Bernard and Ms Luke Wing Sheung Suzanne (the former executive director of the Company and the former company secretary of the Company, respectively). The grantees of the share options granted on 4 June 2019 were Mr Yao Cho Fai Andrew, Mr Ma King Huen Philip and Mr Lai Wing Hung Alfred. The grantees of the share options granted on 29 April 2020 were Mr Law Ping Wah Bernard and Mr Lai Wing Hung Alfred. The grantees of the share options granted on 29 July 2021 were Mr Law Ping Wah Bernard, Mr Lai Wing Hung Alfred and Ms Luke Wing Sheung. The rationale for granting the share options to consultants was to reward each of them for their quality service, professional advice, expertise and contribution to the Group by introducing potential business opportunities to the Group. The CFSG Board is of the view that the grant of options will provide incentives for them to provide professional financial and new business opportunities advisory services and planning to cater for business needs of the Group, which will align their interests with the Group and secure their long-term support and commitment to the Group.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021, so far as is known to the Directors and chief executive of the Company, the persons/companies (other than a Director or chief executive of the Company) who had, or were deemed or taken to have an interest or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

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

Notes:

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

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

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

Save as disclosed above, as at 31 December 2021, the Directors and chief executive of the Company were not aware of any other parties or corporation (other than a Director or chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities.

SUFFICIENCY OF PUBLIC FLOAT

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2021.

EQUITY-LINKED AGREEMENTS

Save as the share option schemes of the Company as disclosed in note 38 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year ended 31 December 2021 or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

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

CONFIRMATION OF INDEPENDENCE

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

AUDITOR

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

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

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

Hong Kong, 25 March 2022

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

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

Opinion

We have audited the consolidated financial statements of Celestial Asia Securities Holdings Limited ("Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 75 to 164, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 ("Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on interests in CASH Financial Services Group Limited ("CFSG")	
We identified the impairment assessment of the Group's equity interests in an associate, CFSG, as a key audit matter due to its significance of the balance to the consolidated financial statements as a whole, combined with the significant estimation and judgement exercised by management of the Group in determining the recoverable amount of CFSG for the purposes of impairment assessment. As disclosed in note 22 to the consolidated financial statements, as at 31 December 2021, the Group held 37.5% interest in CFSG which is a company listed on the Stock Exchange of Hong Kong Limited with a carrying amount of approximately HK$182,906,000 and this was higher than their fair value determined based on the quoted market price of CFSG on the same date. Accordingly, management of the Group carried out impairment review on the carrying amount of its interests in CFSG as a single asset by comparing to its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. The recoverable amount of CFSG has been determined based on value in use estimation as at 31 December 2021 and the management of the Group estimated the value in use using the present value of estimated future cash flows expected to be arisen from dividends to be received from CFSG and proceeds on the ultimate disposal of CFSG, taking into consideration the intention of management of the Group on the expected timing of disposal and a suitable discount rate by reference to comparable companies. As disclosed in note 22 to the consolidated financial statements, the management of the Group determined that the recoverable amount which presented the value in use estimation is higher than the carrying amount of the interests in CFSG as at 31 December 20201 and an impairment loss of HK$6,047,000 in respect of interests in an associate is recognised in profit or loss to reduce the carrying amount of the Group's interests in CFSG to HK$176,859,000 as at 31 December 2021.	Our procedures in relation to the impairment assessment of interests in CFSG included: • understanding the impairment assessment of interests in CFSG performed by management of the Group, including the valuation model and methodology adopted and key assumptions used; • assessing the appropriateness of valuation model and methodology adopted by the management of the Group with the involvement from our internal valuation specialists; • involving our internal valuation specialists in evaluating the reasonableness of the key assumptions and inputs used by the management of the Group, in particular, the proceeds on the ultimate disposal of CFSG and discount rate; and • comparing the estimation of the value in use prepared by the management with the fair value less costs of disposal of CFSG to determine the recoverable amount of interest in CFSG.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021 HK$'000**	2020 HK$'000
Revenue	5	**1,368,066**	1,379,513
Cost of inventories	13	**(793,738)**	(770,227)
Other income	7	**13,215**	11,798
Other gains and losses	7	**13,389**	4,957
Salaries, allowances and related benefits	8	**(195,732)**	(166,010)
Other operating, administrative and selling expenses	10	**(234,843)**	(220,628)
Depreciation of property and equipment	16	**(18,020)**	(19,828)
Depreciation of right-of-use assets and related rent concessions	13	**(149,465)**	(145,379)
Finance costs	9	**(16,995)**	(23,432)
(Loss) profit before loss arising from associates and taxation		**(14,123)**	50,764
Share of loss of associates	22	**(19,671)**	(12,016)
(Impairment loss) reversal of impairment loss recognised on interests in an associate	22	**(6,047)**	7,536
(Loss) profit before taxation		**(39,841)**	46,284
Income tax expense	12	**(3,426)**	(5,310)
(Loss) profit for the year	13	**(43,267)**	40,974
Other comprehensive income (expense) for the year, net of income tax			
Item that will not be reclassified to profit or loss:			
Share of fair value gain (loss) on financial assets at fair value through other comprehensive income ("FVTOCI") of an associate		**724**	(4,922)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operation		**3,637**	6,742
Share of exchange difference on translation of foreign operation of an associate		**421**	307
		4,782	2,127
Total comprehensive (expense) income for the year		**(38,485)**	43,101
(Loss) profit for the year attributable to:			
Owners of the Company		**(43,050)**	39,985
Non-controlling interests		**(217)**	989
		(43,267)	40,974
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(38,268)**	42,112
Non-controlling interests		**(217)**	989
		(38,485)	43,101
(Loss) earnings per share	14		
– Basic (HK cents)		**(53.33)**	65.47
– Diluted (HK cents)		**(53.33)**	65.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property and equipment	16	**27,364**	40,090
Right-of-use assets	17	**187,060**	261,604
Goodwill	18	**39,443**	39,443
Intangible assets	19	**43,460**	43,460
Interests in associates	22	**183,535**	196,055
Rental and utilities deposits		**23,121**	34,853
Deferred tax assets	21	**5,450**	5,450
		509,433	620,955
Current assets			
Inventories - finished goods held for sale		**65,761**	74,341
Accounts and other receivables	23	**192,352**	179,126
Loans receivable	24	**1,500**	1,800
Tax recoverable		**4,234**	3
Financial assets at fair value through profit or loss ("FVTPL")	25	**15,951**	11,495
Pledged bank deposits	26	**55,458**	74,197
Bank balances (general accounts) and cash	26	**167,274**	141,246
		502,530	482,208
Current liabilities			
Accounts payable	27	**230,923**	236,534
Financial liabilities arising from consolidated investment funds	28	**5,551**	29,918
Accrued liabilities and other payables	29	**74,099**	82,279
Contract liabilities	30	**33,309**	20,112
Amount due to an associate	22	**1,001**	1,341
Taxation payable		**14,338**	18,723
Lease liabilities	31	**126,494**	136,009
Borrowings	32	**195,442**	162,349
		681,157	687,265
Net current liabilities		**(178,627)**	(205,057)
Total assets less current liabilities		**330,806**	415,898

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Capital and reserves			
Share capital	33	**16,144**	16,144
Reserves		**224,496**	280,720
Equity attributable to owners of the Company		**240,640**	296,864
Non-controlling interests	34	**(37,946)**	(37,729)
Total equity		**202,694**	259,135
Non-current liabilities			
Deferred tax liabilities	21	**6,825**	6,825
Lease liabilities	31	**81,112**	149,938
Borrowings	32	**40,175**	–
		128,112	156,763
		330,806	415,898

The consolidated financial statements on pages 75 to 164 were approved and authorised for issue by the board of directors on 25 March 2022 and are signed on its behalf by:

KWAN PAK HOO BANKEE
DIRECTOR

LI SHING WAI LEWIS
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

		Attributable to owners of the Company											
	Notes	**Share capital** HK$'000	**Share premium** HK$'000 (Note (a))	**Contributed surplus** HK$'000 (Notes (b)&(c))	**General reserve** HK$'000	**Other reserve** HK$'000 (Note (d))	**Share option reserve** HK$'000	**Translation reserve** HK$'000	**Revaluation reserve** HK$'000 (Note (e))	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000 (note 34)	**Total** HK$'000
At 1 January 2020		8,312	591,437	88,926	1,160	59,714	–	11,941	11,164	(573,416)	199,238	(28,730)	170,508
Profit for the year		–	–	–	–	–	–	–	–	39,985	39,985	989	40,974
Other comprehensive income (expense) for the year		–	–	–	–	–	–	7,049	(4,922)	–	2,127	–	2,127
Total comprehensive income (expense) for the year		–	–	–	–	–	–	7,049	(4,922)	39,985	42,112	989	43,101
Issue of new shares	33	7,832	39,159	–	–	–	–	–	–	–	46,991	–	46,991
Transaction costs attributable to issue of new shares	33	–	(1,469)	–	–	–	–	–	–	–	(1,469)	–	(1,469)
Issue of shares of subsidiaries		–	–	–	–	–	–	–	–	–	–	4	4
Change in shareholding in subsidiaries without losing control	35	–	–	–	–	4,383	–	41	–	5,568	9,992	(9,992)	–
At 31 December 2020		16,144	629,127	88,926	1,160	64,097	–	19,031	6,242	(527,863)	296,864	(37,729)	259,135
Loss for the year		–	–	–	–	–	–	–	–	(43,050)	(43,050)	(217)	(43,267)
Other comprehensive income for the year		–	–	–	–	–	–	4,058	724	–	4,782	–	4,782
Total comprehensive income (expense) for the year		–	–	–	–	–	–	4,058	724	(43,050)	(38,268)	(217)	(38,485)
Recognition of equity-settled share-based payments		–	–	–	–	–	2,224	–	–	–	2,224	–	2,224
Amount transferred to accumulated losses (Note (f))		–	(550,000)	–	–	–	–	–	–	550,000	–	–	–
Dividend recognised as distribution during the year	15	–	–	–	–	–	–	–	–	(20,180)	(20,180)	–	(20,180)
At 31 December 2021		**16,144**	**79,127**	**88,926**	**1,160**	**64,097**	**2,224**	**23,089**	**6,966**	**(41,093)**	**240,640**	**(37,946)**	**202,694**

Notes:

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

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

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

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

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

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

    Movement of other reserves during the years ended 31 December 2021 and 2020 arose from the effect due to changes in the Group's ownership interests in existing subsidiaries without losing control. Details of change in shareholding in subsidiaries without losing control are disclosed in note 35.

(e) Revaluation reserve of represented the adjustment to the fair value of trademark (included in the intangible assets) related to previously held interest in an associate when the Group acquired additional interest and obtained control over the associate in 2006 and share of fair value loss on financial assets at FVTOCI of an associate during the year ended 31 December 2021.

(f) Pursuant to ordinary resolution passed on 11 May 2021, the amount of HK$550,000,000 standing to the credit of the share premium account of the Company be reduced and that the credit arising therefrom be transferred to the contributed surplus account of the Company. On 12 May 2021, the amount of HK$550,000,000 was transferred from the contributed surplus account to the accumulated losses of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Operating activities			
(Loss) profit before taxation		**(39,841)**	46,284
Adjustments for:			
Depreciation of property and equipment	16	**18,020**	19,828
Depreciation of right-of-use assets	17	**161,165**	159,342
Write-down of inventories	13	**5,801**	3,872
Interest expense	9	**16,995**	23,432
Interest income	7	**(1,984)**	(2,426)
Dividend income	7	**(142)**	(185)
Share-based payments		**2,224**	–
Loss on disposal/write-off of property and equipment	7	**1,364**	505
Gain on early termination of a lease		**–**	(529)
Gain on increase of interests in an associate	22	**(3,197)**	(6,211)
Share of loss of associates	22	**19,671**	12,016
Impairment loss (reversal of impairment loss) recognised on interests in an associate	22	**6,047**	(7,536)
Operating cash flow before movements in working capital		**186,123**	248,392
Decrease (increase) in inventories		**2,779**	(22,768)
Increase in accounts receivable		**(17,751)**	(431)
Decrease (increase) in prepayments, deposits and other receivables		**19,785**	(54,705)
(Increase) decrease in financial assets at FVTPL		**(4,124)**	11,103
(Decrease) increase in accounts payable		**(5,611)**	16,763
(Decrease) increase in financial liabilities arising from consolidated investment funds		**(25,009)**	21,715
(Decrease) increase in accrued liabilities and other payables		**(7,686)**	15,791
Increase in contract liabilities		**13,197**	3,723
Net cash generated from operations		**161,703**	239,583
Income taxes paid		**(12,042)**	(410)
Net cash from operating activities		**149,661**	239,173

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Investing activities			
Interest received		**291**	655
Dividend received		**142**	185
Placement of pledged bank deposits		**(281)**	(410)
Withdrawal of pledged bank deposits		**19,020**	647
Repayment of loans receivable		**300**	2,614
Proceeds from disposal of property and equipment		**–**	38
Purchase of property and equipment		**(5,996)**	(16,520)
Payments for rental deposits		**(2,089)**	(5,348)
Refund of rental deposits		**1,632**	5,831
Acquisition of additional interests in an associate	22	**(8,856)**	(1,673)
Repayment from an associate		**–**	198
Net cash from (used in) investing activities		**4,163**	(13,783)
Financing activities			
Dividends paid		**(20,180)**	–
Issue of shares of subsidiaries		**–**	4
Drawdown of borrowings		**610,620**	427,906
Repayment of borrowings		**(537,527)**	(520,482)
Repayment of lease liabilities		**(163,729)**	(150,308)
Interest paid on lease liabilities		**(10,622)**	(13,847)
Interest paid on borrowings		**(6,198)**	(9,585)
Repayment to an associate		**(340)**	–
Advance from an associate		**–**	1,341
Proceeds on issue of shares of the Company		**–**	46,991
Expenses directly attributable to issue of shares		**–**	(1,469)
Net cash used in financing activities		**(127,976)**	(219,449)
Net increase in cash and cash equivalents		**25,848**	5,941
Cash and cash equivalents at beginning of year		**141,246**	132,450
Effect of foreign exchange rate changes		**180**	2,855
Cash and cash equivalents at end of year		**167,274**	141,246
Being:			
Bank balances (general accounts) and cash		**167,274**	141,246

1. GENERAL INFORMATION

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

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

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 44.

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

In addition, the Group early applied the Amendments to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021", and applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

Impacts on application of the agenda decision of the Committee - Cost necessary to sell inventories (HKAS 2 "Inventories")

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of stock of properties taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories - finished goods held for sale taking into consideration both incremental costs and other cost necessary to sell inventories (i.e. expenses directly attributable to the operation of the retail stores (such as salaries, rates and management fees, utilities expenses and depreciation of property and equipment and right-of-use assets) and other selling and distribution expenses). The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

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

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

Impacts on early application of Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"

The Group has early applied the amendment in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 Leases ("HKFRS 16") by one year so that 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 application of the amendment had no impact to the opening accumulated losses at 1 January 2021. During the year, certain lessors agreed to waive lease payments on several leases beyond 30 June 2021. The Group has derecognised part of lease liabilities that have been extinguished using the discount rates originally applied to these leases respectively, resulted in a decrease in lease liabilities of HK$11,700,000, which have been recognised as variable lease payments in profit or loss for the current year.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)[2]
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 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[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]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020[1]

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

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

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

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

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)"

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

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

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

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

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

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

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". 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.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

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

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

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty - that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

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

Basis of preparation of the consolidated financial statements

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

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Company's current liabilities exceeded its current assets by HK$178,627,000 (2020: HK$205,057,000) as at 31 December 2021. The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has sufficient working capital, including the available banking facilities, to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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

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

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

Basis of preparation of the consolidated financial statements (continued)

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

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

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

Significant accounting policies

Basis of consolidation

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

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

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

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

Significant accounting policies (continued)

Basis of consolidation (continued)

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

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

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

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

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

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

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

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

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

Significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries

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

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

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

Goodwill

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

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

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

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

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

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

Significant accounting policies (continued)

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

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

Significant accounting policies (continued)

Investment in associates (continued)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

Acquisition of additional interests in associates

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

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

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

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

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

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

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

Output method - asset management services

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

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

Input method - tailor-made furniture

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

Variable consideration

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

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

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

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

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

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

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

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

Leases

Definition of a lease

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

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

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

The Group as a lessee

Allocation of consideration to components to a lease

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

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

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

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

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

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

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

Covid-19-related rent concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Covid-19-related rent concessions (continued)

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

Foreign currencies

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

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

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

Borrowing costs

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

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

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

Significant accounting policies (continued)

Retirement benefit costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

Significant accounting policies (continued)

Taxation (continued)

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

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

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

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

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

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

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

Property and equipment

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

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

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

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

Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

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

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

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

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

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

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

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

Significant accounting policies (continued)

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

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

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

Restoration provisions

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

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

Significant accounting policies (continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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

A financial asset is held for trading if:

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

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

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

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

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

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

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

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

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

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

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

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

Derecognition of financial assets

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

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

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

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

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

(ii) Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and

- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

Equity-settled share-based payment transactions

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

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

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

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

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying accounting policies

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

Determination on lease term of contracts with renewal options

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

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

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

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

As at 31 December 2021, the potential exposures to future lease payments for extension options in which the Group is not reasonably certain to exercise was approximately HK$56,942,000 (2020: HK$70,601,000). Details of the extension options are detailed in note 17.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgments in applying accounting policies (continued)

Determination of consolidation of investment funds

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

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

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

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

As at 31 December 2021, the directors of the Company concluded that the Group had control over two (2020: two) of the investments funds and acted as agent for the remaining investment funds. Details of these investment funds are disclosed in notes 25 and 28.

Key sources of estimation uncertainty

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

Impairment assessment of interests in CFSG

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Impairment assessment of interests in CFSG (continued)

As at 31 December 2021, the carrying amount of the Group's interests in CFSG was approximately HK$176,859,000 (2020: HK$189,379,000). Impairment loss of approximately HK$6,047,000 (2020: reveral of impairment loss of HK$7,536,000) was recognised in profit or loss during the year ended 31 December 2021. Details of the recoverable amount calculation are disclosed in note 22.

Estimated impairment of goodwill and intangible assets with indefinite life

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

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

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2021 HK$'000	2020 HK$'000
Types of goods or service		
Sales of furniture and household goods	**1,130,420**	1,149,316
Sales of electrical appliances	**146,629**	157,118
Sales of tailor-made furniture	**84,979**	69,446
Revenue from retailing segment	**1,362,028**	1,375,880
Management fee from asset management services	**6,038**	3,633
	1,368,066	1,379,513
Timing of revenue recognition		
A point of time	**1,283,087**	1,306,434
Over time	**84,979**	73,079
	1,368,066	1,379,513
Geographical market		
Hong Kong	**1,362,028**	1,375,880
The People's Republic of China (the "PRC")	**6,038**	3,633
	1,368,066	1,379,513

(ii) Performance obligations for contracts with customers

Sales of furniture and household goods and electronic appliances

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

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

5. REVENUE (continued)

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

Sales of furniture and household goods and electronic appliances (continued)

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

Sales of tailor-made furniture

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

Revenue are recognised over time as the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised for these tailor-made orders based on the stage of completion of the contract using input method.

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

Customer loyalty programme

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

Asset management services

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

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

As at 31 December 2021 and 2020, contracts with customers with unsatisfied performance obligations, including customer loyalty award points, have original expected durations of one year or less. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts or customer loyalty programmes are not disclosed.

6. SEGMENT INFORMATION

Segment information

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

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

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

Segment revenue and results

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

For the year ended 31 December 2021

	Retailing HK$'000	**Asset Management HK$'000**	**Consolidated HK$'000**
Revenue	**1,362,028**	**6,038**	**1,368,066**
Segment profit	**13,267**	**2,317**	**15,584**
Unallocated other income			**2,149**
Unallocated gain and losses			**577**
Corporate expenses			**(31,684)**
Share of loss of associates			**(19,671)**
Impairment loss on interests in an associate			**(6,047)**
Unallocated finance costs			**(749)**
Loss before taxation			**(39,841)**

For the year ended 31 December 2020

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

All the segment revenue is derived from external customers.

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

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

As at 31 December 2021

	Retailing HK$'000	Asset Management HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	**664,938**	**63,592**	**728,530**
Unallocated property and equipment			**147**
Unallocated right-of-use assets			**8,307**
Interests in associates			**183,535**
Tax recoverable			**4,234**
Deferred tax assets			**5,450**
Loans receivable			**1,500**
Unallocated financial assets at FVTPL			**7,668**
Unallocated prepayments, deposits and other receivables			**54,232**
Unallocated pledged bank deposits			**416**
Unallocated bank balances and cash			**17,944**
Total assets			**1,011,963**
LIABILITIES			
Segment liabilities	**707,625**	**9,751**	**717,376**
Unallocated accrued liabilities and other payables			**21,005**
Amount due to an associate			**1,001**
Taxation payable			**14,338**
Deferred tax liabilities			**6,825**
Unallocated borrowings			**40,175**
Unallocated lease liabilities			**8,549**
Total liabilities			**809,269**

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

As at 31 December 2020

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

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

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

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

6. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2021

	Retailing HK$'000	Asset Management HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment	**6,538**	**111**	**6**	**6,655**
Additions of right-of-use assets	**83,773**	**1,450**	**1,263**	**86,486**
Interest income	**1,708**	**190**	**86**	**1,984**
Depreciation of property and equipment	**17,883**	**88**	**49**	**18,020**
Depreciation of right-of-use assets and related rent concessions	**139,256**	**768**	**9,441**	**149,465**
Finance costs	**16,197**	**49**	**749**	**16,995**
Net (gain) loss on financial assets/liabilities at FVTPL	**–**	**(23,913)**	**12,878**	**(11,035)**
Write-down on inventories	**5,801**	**–**	**–**	**5,801**
Loss on disposal/write-off of property and equipment	**1,364**	**–**	**–**	**1,364**

For the year ended 31 December 2020

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

6. SEGMENT INFORMATION (continued)

Revenue from major products and services

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

	2021 HK$'000	2020 HK$'000
Sales of furniture and household goods	**1,215,399**	1,218,762
Sales of electrical appliances	**146,629**	157,118
Management fee from asset management services		
– Fixed	**1,677**	1,692
– Variable	**4,361**	1,941
	1,368,066	1,379,513

Geographical information

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

The Group's segment revenue from external customers determined based on location of the group entities' operations and information about its non-current assets (excluding financial assets and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue		Non-current assets	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Hong Kong	**1,362,028**	1,375,880	**478,846**	577,796
PRC	**6,038**	3,633	**2,016**	2,856
	1,368,066	1,379,513	**480,862**	580,652

No customers individually contributed over 10% of the Group's revenue during both years.

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2021 HK$'000	2020 HK$'000
Other income		
Dividends from financial assets at FVTPL	**142**	185
Interest income from banks and loans receivable	**291**	697
Interest income from rental deposits	**1,693**	1,729
Government grants (Note (i))	**–**	3,520
Sundry income (Note (ii))	**11,089**	5,667
	13,215	11,798

Notes:

(i) During the year ended 31 December 2020, the Group recognised government grants of approximately HK$3,520,000 in respect of the Retail Sector Subsidy Scheme under Anti-epidemic Fund launched by the Hong Kong government.

(ii) Sundry income mainly represented the rebates from the suppliers or services providers.

	2021 HK$'000	2020 HK$'000
Other gains and losses		
Net gain on financial assets at FVTPL	**11,188**	1,699
Net loss on remeasurement of liabilities arising from investment funds	**(153)**	(3,500)
Loss on disposal/write-off of property and equipment	**(1,364)**	(505)
Gain on early termination of a lease	**–**	529
Gain on acquisition of additional interests in an associate (note 22)	**3,197**	6,211
Net foreign exchange gain	**521**	523
	13,389	4,957

8. SALARIES, ALLOWANCES AND RELATED BENEFITS

	2021 HK$'000	2020 HK$'000
Salaries, allowances and related benefits represent the amounts paid and payable to the directors of the Company and employees comprises of:		
Salaries and allowances	**158,001**	126,973
Sales commission	**27,947**	33,311
Contributions to retirement benefits schemes	**7,560**	5,726
Share-based payments	**2,224**	–
	195,732	166,010

For the year ended 31 December 2020, government grants in respect of the Employment Support Scheme launched by the Hong Kong government of approximately HK$31,178,000 have been offset against salaries and allowances.

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on:		
– borrowings	**6,373**	9,585
– lease liabilities	**10,622**	13,847
	16,995	23,432

10. OTHER OPERATING, ADMINISTRATIVE AND SELLING EXPENSES

	2021 HK$'000	2020 HK$'000
Auditor's remuneration	**2,000**	2,000
Handling expenses for securities dealing	**5,817**	2,324
Advertising and promotion expenses	**27,368**	24,396
Utilities expenses	**22,554**	22,381
Telecommunication expenses	**4,622**	5,036
Repair and maintenance expenses	**6,986**	7,055
Printing and stationery expenses	**3,225**	2,856
Licence and registration fee	**10,430**	6,910
Legal and professional fees	**15,010**	14,668
Travelling and entertainment expenses	**12,867**	8,277
Other selling and distribution expenses	**58,168**	59,361
Expenses relating to short-term and low-value leases	**6,472**	1,733
Variable lease payments	**4,269**	3,777
Rates and building management fee	**41,397**	47,866
Bank charges	**4,068**	1,547
Insurance	**3,532**	4,076
Others	**6,058**	6,365
	234,843	220,628

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

Directors' and chief executive's remuneration

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

	Executive directors				Independent non-executive directors			
	Kwan Pak Hoo Bankee HK$'000 (Note (1))	Leung Siu Pong James HK$'000	Li Shing Wai Lewis HK$'000	Kwan Teng Hin Jeffrey HK$'000	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2021								
Fee	–	–	–	–	150	150	–	300
Other remuneration:								
Salaries and allowances	2,400	1,800	840	600	–	–	–	5,640
Contributions to retirement benefits scheme	18	18	18	18	–	–	–	72
Share-based payments	556	556	556	556	–	–	–	2,224
Total remuneration	2,974	2,374	1,414	1,174	150	150	–	8,236

	Executive directors						Independent non-executive directors			
	Kwan Pak Hoo Bankee HK$'000 (Note (1))	Leung Siu Pong James HK$'000	Li Shing Wai Lewis HK$'000 (Note (3))	Kwan Teng Hin Jeffrey HK$'000	Ng Hin Sing Derek HK$'000 (Note (4))	Chan Chi Ming Benson HK$'000 (Note (2))	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2020										
Fee	–	–	–	–	–	–	150	150	–	300
Other remuneration:										
Salaries and allowances	1,519	500	280	500	345	240	–	–	–	3,384
Contributions to retirement benefits scheme	42	21	6	21	17	12	–	–	–	119
Total remuneration	1,561	521	286	521	362	252	150	150	–	3,803

Notes:

(1) Dr Kwan Pak Hoo Bankee is also the Company's chief executive and his remunerations disclosed above include those for services rendered by him as chief executive.

(2) Mr Chan Chi Ming Benson resigned as director of the Company on 27 March 2020.

(3) Mr Li Shing Wai Lewis was appointed as director of the Company on 9 September 2020.

(4) Mr Ng Hin Sing Derek resigned as director of the Company on 9 September 2020.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (continued)

Directors' and chief executive's remuneration (continued)

The emoluments of executive directors are for their services in connection with the management of the affairs of the Company and the Group. The emoluments of independent non-executive directors are for their services as directors of the Company.

During both years, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years.

The performance related bonuses (if any) of executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to the performance in discharging their duties and responsibilities within the Group, the Group's performance and prevailing market situation.

Employees' remuneration

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

	2021 **HK$'000**	2020 HK$'000
Salaries and allowances	**3,383**	4,187
Performance related bonus (Note)	**446**	457
Contributions to retirement benefits scheme	**54**	137
	3,883	4,781

Note: The performance related bonus are based on the performance of individuals and market trends.

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

	Number of employees	
	2021	2020
HK$500,001 to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**3**	3

12. INCOME TAX EXPENSE

	2021 HK$'000	2020 HK$'000
Current tax:		
– Hong Kong Profits Tax	**3,505**	7,000
– PRC Enterprise Income Tax	**97**	300
Overprovisions in prior years	**(176)**	(1,598)
Deferred tax credit	**–**	(392)
	3,426	5,310

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Accordingly, the Hong Kong Profits Tax of qualifying entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

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

	2021 HK$'000	2020 HK$'000
(Loss) profit before taxation	**(39,841)**	46,284
Tax at domestic income tax rate of 16.5% (2020: 16.5%)	**(6,574)**	7,637
Tax effect of share of loss of associates	**4,243**	1,983
Overprovisions in prior years	**(176)**	(1,598)
Tax effect of expenses not deductible for tax purpose	**3,871**	5,959
Tax effect of income not taxable for tax purpose	**(3,717)**	(9,060)
Tax effect of deductible temporary difference not recognised	**922**	315
Tax effect of utilisation of deductible temporary difference previously not recognised	**(475)**	(62)
Tax effect of estimated tax losses not recognised	**5,865**	1,927
Tax effect of utilisation of estimated tax losses previously not recognised	**(396)**	(1,816)
Effect of different tax rates of subsidiaries operating in an other jurisdiction	**16**	95
Tax effect on two-tiered tax rate	**(165)**	(165)
Others	**12**	95
Income tax expense	**3,426**	5,310

13. (LOSS) PROFIT FOR THE YEAR

	2021 HK$'000	2020 HK$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Depreciation of right-of-use assets (note 17)	**161,165**	159,342
Covid-19-related rent concessions (note 17)	**(11,700)**	(13,963)
Depreciation of right-of-use assets and related rent concessions	**149,465**	145,379
Cost of inventories in retailing business (including write-down of inventories of HK$5,801,000 (2020: HK$3,872,000))	**793,738**	770,227

14. (LOSS) EARNINGS PER SHARE

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

	2021 HK$'000	2020 HK$'000
(Loss) earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share	**(43,050)**	39,985

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**80,720**	61,075
Effect of dilutive potential ordinary shares:		
Open offer options of the Company	**–**	186
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**80,720**	61,261

The incremental shares from assumed exercise of share options granted by the Company are excluded in calculating the diluted loss per share during the year ended 31 December 2021 because they are antidilutive in calculating the diluted loss per share. There were no outstanding share options for the year ended 31 December 2020.

The effect of assumed exercise of share options granted by CFSG are excluded in calculating the diluted (loss) earnings per share for years of 2021 and 2020 because they are antidilutive in calculating the diluted (loss) earnings per share.

15. DIVIDENDS

	2021 HK$'000	2020 HK$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2020 - HK25 cents per share	**20,180**	–

15. DIVIDENDS (continued)

A dividend in respect of the year ended 31 December 2021 of HK15 cents (2020: HK25 cents) per ordinary share, in an aggregate amount of HK$12,108,000 (2020: HK$20,180,000), had been proposed by the directors of the Company and subject to approval by the shareholders in the forthcoming general meeting.

16. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 January 2020	118,210	19,382	3,311	140,903
Additions	7,375	7,050	–	14,425
Disposals/written off	(13,575)	(4,048)	–	(17,623)
Exchange adjustments	13	33	–	46
At 31 December 2020	112,023	22,417	3,311	137,751
Additions	2,715	3,940	–	6,655
Disposals/written off	(12,410)	(5,259)	–	(17,669)
Exchange adjustments	–	15	–	15
At 31 December 2021	102,328	21,113	3,311	126,752
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2020	89,997	1,755	3,131	94,883
Provided for the year	11,791	7,898	139	19,828
Eliminated on disposals/written off	(13,575)	(3,505)	–	(17,080)
Exchange adjustments	10	20	–	30
At 31 December 2020	88,223	6,168	3,270	97,661
Provided for the year	11,678	6,317	25	18,020
Eliminated on disposals/written off	(12,410)	(3,895)	–	(16,305)
Exchange adjustments	–	12	–	12
At 31 December 2021	87,491	8,602	3,295	99,388
CARRYING AMOUNTS				
At 31 December 2021	14,837	12,511	16	27,364
At 31 December 2020	23,800	16,249	41	40,090

The above property and equipment are depreciated on a straight-line basis over the following years:

Leasehold improvements	Shorter of the lease terms or 5 years
Furniture, fixtures and equipment	3 to 7 years
Motor vehicles	3 to 5 years

17. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
COST			
At 1 January 2020	701,787	2,322	704,109
Additions	82,028	–	82,028
Written off upon end of leases	(5,155)	–	(5,155)
Early termination of a lease	(8,394)	–	(8,394)
Exchange adjustments	375	–	375
At 31 December 2020	770,641	2,322	772,963
Additions	86,486	–	86,486
Exchange adjustments	330	–	330
At 31 December 2021	857,457	2,322	859,779
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 January 2020	361,957	774	362,731
Provided for the year	158,866	476	159,342
Written off upon end of leases	(5,155)	–	(5,155)
Early termination of a lease	(5,796)	–	(5,796)
Exchange adjustments	237	–	237
At 31 December 2020	510,109	1,250	511,359
Provided for the year	160,701	464	161,165
Exchange adjustments	195	–	195
At 31 December 2021	671,005	1,714	672,719
CARRYING VALUES			
At 31 December 2021	186,452	608	187,060
At 31 December 2020	260,532	1,072	261,604

The Group has the following expenses and cash outflow in relation to leases:

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases	**6,447**	1,715
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**31**	18
Variable lease payments not included in the measurement of lease liabilities	**4,269**	3,777
Total cash outflow of the leases	**185,098**	169,665

17. RIGHT-OF-USE ASSETS (continued)

For both years, the Group leases various retail stores, warehouses, office premises and motor vehicles for its operations. Lease contracts are entered into for fixed term of 1 year to 6 years, but may have extension options for certain lease contracts as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for smaller office premises and office equipment. For the year ended 31 December 2021, the Group also entered into several short-term leases for advertising billboards. The portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above, which excluded expenses relating to leases with a lease term of one month or less.

Variable lease payments

Leases of retail stores are either with only fixed lease payments or higher of variable lease payment that are based on 5% to 13% (2020: 5% to 13%) of sales and minimum annual lease payment that are fixed over the lease term. The payment terms are common in retail stores in Hong Kong where the Group operates. The amount of fixed and variable lease payments paid/payable to relevant lessors:

	Number of retail stores	**Fixed payments** HK$'000	**Variable payments** HK$'000	**Total** HK$'000
Year ended 31 December 2021				
Retail stores without variable lease payments	8	**33,126**	**N/A**	**33,126**
Retail stores with variable lease payments	24	**108,851**	**4,269**	**113,120**
		141,977	**4,269**	**146,246**
Year ended 31 December 2020				
Retail stores without variable lease payments	9	37,621	N/A	37,621
Retail stores with variable lease payments	23	112,551	3,777	111,590
		150,172	3,777	153,949

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of retail store sales in future years.

Extension and termination options

The Group has extension option in certain leases for office premise and retail stores as at 31 December 2021 and 2020. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension held are exercisable only by the Group and not by the respective lessors.

17. RIGHT-OF-USE ASSETS (continued)

Extension and termination options (continued)

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise is summarised below:

	Lease liabilities recognised as at 31 December 2021 HK$'000	**Potential future lease payments not included in lease liabilities (undiscounted) as at 31 December 2021 HK$'000**	Lease liabilities recognised as at 31 December 2020 HK$'000	Potential future lease payments not included in lease liabilities (undiscounted) as at 31 December 2020 HK$'000
Office premise - Hong Kong	**7,605**	**16,271**	16,463	16,271
Retail stores - Hong Kong	**787**	**1,075**	4,562	14,734
Warehouse - Hong Kong	**35,854**	**39,596**	49,171	39,596

During the year ended 31 December 2021, the Group has exercised one (2020: nil) extension options included in the Group's lease contracts and recognised HK$9,079,000 (2020: nil) of additional lease liabilities. In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2021 and 2020, there is no such triggering event.

Rent concessions

During the year ended 31 December 2021 and 2020, lessors of retail stores provided rent concessions to the Group through rent reduction ranging from 10% to 75% over one month to one year.

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$11,700,000 (2020: HK$13,963,000) were recognised as negative variable lease payments.

Restrictions or covenants on leases

In addition, lease liabilities of HK$207,606,000 are recognised with related right-of-use assets of HK$187,060,000 as at 31 December 2021 (2020: lease liabilities of HK$285,947,000 are recognised with related right-of-use assets of HK$261,604,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in notes 31 and 37.

18. GOODWILL

	HK$'000
COST	
At 1 January 2020, 31 December 2020 and 31 December 2021	238,440
IMPAIRMENT	
At 1 January 2020, 31 December 2020 and 31 December 2021	198,997
CARRYING AMOUNTS	
At 31 December 2021 and 2020	39,443

The carrying amounts of goodwill are allocated to the retailing CGU. Particulars regarding impairment testing on goodwill as at 31 December 2021 and 2020 are disclosed in note 20.

19. INTANGIBLE ASSETS

	Online game development costs HK$'000	**Domain name** HK$'000 (Note (a))	**Trademark** HK$'000 (Note (b))	**Gaming licences** HK$'000	**Total** HK$'000
COST					
At 1 January 2020, 31 December 2020 and 31 December 2021	63,271	5,460	38,000	40,295	147,026
AMORTISATION AND ACCUMULATED IMPAIRMENT					
At 1 January 2020, 31 December 2020 and 31 December 2021	63,271	–	–	40,295	103,566
CARRYING AMOUNTS					
At 31 December 2021 and 2020	–	5,460	38,000	–	43,460

19. INTANGIBLE ASSETS (continued)

Notes:

(a) At 31 December 2021, intangible assets with carrying amounts of HK$5,460,000 (2020: HK$5,460,000) represent domain name. It represents the legal and beneficial ownership of domain name "www.shanghai.com" and has indefinite useful life. The domain name is considered by management of the Group as having an indefinite useful life because it is expected to be used indefinitely. The domain name will not be amortised until its useful life is determined to be finite, instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing on domain name at 31 December 2021 and 2020, the recoverable amount has been determined based on fair value less costs of disposal. The fair value less costs of disposal is arrived at by market approach, with reference to the desirability of the domain name through recent sales or offering of similar domain name currently on the market in order to arrive at an indication of the most probable selling price for the domain name. The fair value less costs of disposal at 31 December 2021 and 2020 was supported by a valuation carried out by Peak Vision Appraisals Limited, an independent qualified professional valuer not connected with the Group.

(b) At 31 December 2021, trademark amounting to HK$38,000,000 (2020: HK$38,000,000) represents the perpetual right for the use of the brand name 'Pricerite' in Hong Kong which takes the form of a sign, symbol, name, logo design or any combination thereof arising from acquisition of retail business. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the products are expected to generate net cash flows for the Group. As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars regarding impairment testing on trademark are disclosed in note 20.

20. IMPAIRMENT ASSESSMENT ON RETAILING CGU

For the purpose of impairment testing, the carrying amounts of goodwill and trademark set out in notes 18 and 19 have been allocated to the group of retailing CGUs.

Goodwill of HK$39,443,000 (2020: HK$39,443,000) and trademark of HK$38,000,000 (2020: HK$38,000,000) are allocated to the group of CGUs of retailing business in Hong Kong. In addition to goodwill and trademark, property and equipment and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill and trademark are also included in the group of CGUs of retailing business for the purpose of impairment assessment.

The recoverable amount of the group of CGUs of retailing business has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a three-year period having an average annual growth rate of 2.7% and pre-tax discount rate of 13.8% (2020: five-year period, average annual growth rate of 2% and pre-tax discount rate of 13.8%) and projection of terminal value using the perpetuity method at a growth rate of 3% (2020: 3%). A key assumption for the value in use calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development in Hong Kong.

The cash flow projections and growth rates have been taken into consideration the estimation uncertainties on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, taking reference to the Group's financial performance under Covid-19 pandemic for the year ended 31 December 2021 and 2020 and management's expectations using market data.

No impairment on this group of CGUs is made for both years as the recoverable amount exceeded the carrying amount. Management of the Group believes that any reasonably possible change in any of the assumptions would not cause the carrying amount of the group of CGUs to exceed the recoverable amount of the above CGUs.

21. DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**5,450**	5,450
Deferred tax liabilities	**(6,825)**	(6,825)
	(1,375)	(1,375)

The following are the major deferred tax assets and liabilities recognised and the movements thereon during the current and prior years:

	Right-of-use assets and related lease liabilities	**Decelerated tax depreciation**	**Unrealised gain on financial assets at FVTPL**	**Fair value adjustment on intangible assets under business combination**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	2,738	5,450	(3,306)	(6,649)	(1,767)
(Charge) credit to profit or loss	(2,738)	–	3,130	–	392
At 31 December 2020 and 2021	–	5,450	(176)	(6,649)	(1,375)

As at 31 December 2021, the Group has deductible temporary differences in respect of decelerated tax depreciation and estimated unused tax losses of approximately HK$67,211,000 and HK$854,068,000 (2020: HK$64,501,000 and HK$827,664,000) available for offset against future profits, while HK$6,740,000 (2020: HK$12,764,000) of estimated unused tax losses from certain subsidiaries operating in the PRC expired during the year ended 31 December 2021. No deferred tax asset has been recognised as at 31 December 2021 and 31 December 2020 in respect of these deductible temporary differences and estimated unused tax losses as it is not probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

For certain subsidiaries operating in the PRC, unrecognised tax losses of HK$6,210,000 (2020: HK$11,271,000) will expire in various dates up to 2025 (2020: 2024). The remaining unrecognised tax losses of the Group can be carried forward indefinitely.

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE

Interests in associates

	2021 HK$'000	2020 HK$'000
Cost of investment in associates		
Listed in Hong Kong	**511,944**	499,891
Unlisted	**9,240**	9,240
Share of post-acquisition loss and other comprehensive income	**(127,847)**	(109,321)
Less: Impairment loss recognised on interests in associates	**(209,802)**	(203,755)
	183,535	196,055
Fair value of listed investments (Note)	**23,804**	60,299

Note: The fair value of the listed investments are determined based on the quoted market bid price available on the Stock Exchange multiplied by the quantity of shares held by the Group.

The Group has interests in the following associates:

Name of entity	Form of business structure	Country of incorporation/ date of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group 2021 %	Proportion of voting power held 2021 %	Principal activities
CFSG (Note (i))	Incorporated	Bermuda	Hong Kong	Ordinary	37.50 (2020: 35.50)	37.50 (2020: 35.50)	Investment holding with its subsidiaries engaged in provision of financial services
Weever FinTech Limited ("Weever") (Note (ii))	Incorporated	Hong Kong	Hong Kong	Ordinary	18.91	18.91	Investment trading

Notes:

(i) CFSG's shares are listed on the Stock Exchange.

(ii) Weever is a non-wholly owned subsidiary of CFSG. The Group considers Weever is an associate of the Group as the Group exercises significant influence over Weever through its representation on the board of directors and its participation in the financial and operating policy decisions.

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE (continued)

Interests in associates (continued)

During the year ended 31 December 2021, the Group acquired additional interests in CFSG with consideration of HK$8,856,000 (2020: acquired additional interests in CFSG with consideration of HK$1,673,000 and also CFSG has repurchased 5,165,000 shares at a cash consideration of HK$2,476,000). Upon the completion of the acquisition by the Group and the repurchase by CFSG, the Group's interests in CFSG increased from 35.50% to 37.50% (2020: 33.65% to 35.50%). The increase in interests in CFSG resulted in a gain of approximately HK$3,197,000 (2020: HK$6,211,000), being the difference between the proportionate share of CFSG's net assets attributable to the Group and the consideration, recognised in the profit or loss during the year ended 31 December 2021.

At 31 December 2021 and 2020, the carrying amount of the Group's interests in CFSG was higher than their fair value determined based on the quoted market price of CFSG on the same date. Management of the Group carried out impairment review on the carrying amount of its interests in CFSG as a single asset by comparing to its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

The value in use estimation was assessed by the management based on a valuation performed by an independent professional qualified valuer using income approach, which estimates the present value of the estimated future cash flows expected to be arisen from dividends to be received from CFSG and proceeds on the ultimate disposal of CFSG, together with pre-tax discount rate of 12% (2020: 11%).

During the year ended 31 December 2021, the management of the Group determined that the recoverable amount, which represented the value in use estimation, is estimated to be HK$176,859,000 (2020: HK$189,379,000) and is lower (2020: higher) than the carrying amount of the interests in CFSG. Impairment loss of HK$6,047,000 (2020: reversal of impairment loss of HK$7,536,000) in respect of interests in CFSG is recognised in profit or loss during the year ended 31 December 2021.

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE (continued)

Summarised financial information of associates

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associates' consolidated financial statements prepared in accordance with HKFRSs.

CFSG

	2021 **HK$'000**	2020 HK$'000
Non-current assets	**56,112**	85,578
Current assets	**1,239,465**	1,382,890
Current liabilities	**(814,301)**	(1,004,135)
Non-current liabilities	**(68,908)**	(10,453)
Net assets	**412,368**	453,880

	2021 **HK$'000**	2020 HK$'000
Revenue	**96,863**	103,688
Loss for the year attributable to owners of CFSG	**(53,470)**	(39,178)
Other comprehensive expense for the year attributable to owners of CFSG	**3,052**	(12,999)
Total comprehensive expense for the year attributable to owners of CFSG	**(50,418)**	(52,177)
The Group's share of loss	**(19,671)**	(11,691)
The Group's share of other comprehensive expense	**1,145**	(4,615)
	(18,526)	(16,306)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2021 **HK$'000**	2020 HK$'000
Net assets	**412,368**	453,880
Non-controlling interests of CFSG's subsidiaries	**(8,538)**	(8,538)
	403,830	445,342
Proportion of the Group's ownership interest	**37.50%**	35.50%
The Group's share of net assets of CFSG	**151,437**	158,097
Unrecognised reserves of CFSG	**(9,460)**	(9,647)
Goodwill	**244,684**	244,684
Accumulated impairment loss recognised	**(209,802)**	(203,755)
Carrying amount of the Group's interest	**176,859**	189,379

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE (continued)

Summarised financial information of associates (continued)

Weever

	2021 **HK$'000**	2020 HK$'000
Current assets	**35,377**	35,556
Current liabilities	**(61)**	(240)
Net assets	**35,316**	35,316

	2021 **HK$'000**	2020 HK$'000
Revenue	**–**	–
Loss and total comprehensive expense for the year	**–**	(1,718)
The Group's share of loss and total comprehensive expense	**–**	(325)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associate recognised in the consolidated financial statements:

	2021 **HK$'000**	2020 HK$'000
Net assets	**35,316**	35,316
Proportion of the Group's ownership interest	**18.905%**	18.905%
The Group's share of net assets of Weever	**6,676**	6,676
Carrying amount of the Group's interests	**6,676**	6,676

Amount due to an associate

Amount is non-trade nature, unsecured, interest-free and repayable on demand.

23. ACCOUNTS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Accounts receivable arising from retailing business	**33,150**	15,399
Receivables from securities brokers	**89,399**	116,619
Prepayments	**7,736**	10,497
Rental deposits	**26,988**	17,285
Other deposits	**25,220**	14,088
Other receivables	**9,859**	5,238
	192,352	179,126

As at 1 January 2020, the accounts receivable arising from retailing business were amounted to HK$867,000.

The Group allows an average credit period of 30-60 days to its corporate customers on retailing business. The ageing analysis based on the invoice date, which is approximately the revenue recognition date, is as follows:

	2021 HK$'000	2020 HK$'000
0 - 30 days	**8,361**	12,061
31 - 60 days	**4,502**	3,053
61 - 90 days	**4,066**	112
Over 90 days	**16,221**	173
	33,150	15,399

Included in the Group's accounts receivable arising from retailing business are government grants granted to the Group's customers of approximately HK$31,952,289 (2020: HK$14,101,000) as at 31 December 2021 in respect of the "Assistance Programme to Improve the Living Environment of Low-income Subdivided Unit Households" (the "Community Care Programme") under the Community Care Fund launched by the Hong Kong government. The consideration of the products sold to these qualified customers were receivable from the government.

As at 31 December 2021, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of HK$20,288,000 (2020: HK$570,000) which are past due as at the reporting date. Out of the past due balances, HK$9,626,000 (2020: nil), which is mainly contributed from the Community Care Programme, has been past due 90 days or more and is not considered as in default since the directors of the Company are of the opinion that the balances are still considered fully recoverable due to the management's historical experience on the settlement pattern or record from these debtors. The Group does not hold any collateral over these balances.

Other deposits and other receivables are non-interest bearing and repayable on demand or within one year.

24. LOANS RECEIVABLE

	2021 HK$'000	2020 HK$'000
Variable-rate loans receivable	**1,500**	1,800

The credit quality of loans receivable is summarised as follows:

	2021 HK$'000	2020 HK$'000
Neither past due nor impaired	**1,500**	1,800

The loans receivable are unsecured and bear variable-rate interest of Hong Kong Prime Rate plus a spread for both years.

The Group has policy for assessing the impairment of loans receivable on an individual basis. The assessment is based on a close monitoring and evaluation of collectability and on management's judgment, including the current creditworthiness, collateral value (if any), the past collection history of each client and supportive forward-looking information.

At the end of the reporting period, the Group's loans receivable were individually assessed for impairment. In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivable from the date of the credit was initially granted up to the reporting date. As at 31 December 2021 and 2020, management of the Group considered no impairment allowance is necessary.

The Group has concentration of credit risk from one (2020: one) highest borrower(s) of HK$1,500,000 (2020: HK$1,800,000) in total at 31 December 2021.

The carrying amount of variable-rate loans receivable has remaining contractual maturity dates as follows:

	2021 HK$'000	2020 HK$'000
On demand or within one year	**1,500**	1,800

25. FINANCIAL ASSETS AT FVTPL

	2021 HK$'000	2020 HK$'000
Equity securities listed in Hong Kong (Note (1))	**3,768**	3,805
Equity securities listed in the PRC (Note (1))	**280**	2,240
Unlisted equity securities	**3,900**	–
Unlisted investment funds (Note (2))	**8,003**	5,450
	15,951	11,495

Notes:

(1) The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant exchange.

(2) The amount represented the investment in certain unconsolidated investment funds ("Unconsolidated Investment Funds") with primary objectives for capital appreciation, investment income and selling in the near future for profit. These Unconsolidated Investment Funds are set up and managed by an indirect wholly-owned subsidiary acting as fund manager who has the power and authority to manage and make decisions for these Unconsolidated Investment Funds.

Among those Unconsolidated Investment Funds held by the Group where the Group directly involves as fund manager, the Group assesses and determines whether:

- the Group is acting as an agent or a principal in these Unconsolidated Investment Funds;
- substantive removal rights held by other parties may remove the Group as a fund manager; and
- the investment interests held together with its remuneration from servicing and managing these Unconsolidated Investment Funds create significant exposure to variability of returns in these Unconsolidated Investment Funds.

In the opinion of the directors of the Company, the combination of remuneration from the asset management services and variable returns the Group is exposed to the Group's investments, if any, are not significant, the Group therefore considers such the decision-making rights is acting an agent and hence did not consolidate these Unconsolidated Investment Funds.

The total assets and liabilities of Unconsolidated Investment Funds managed by the Group amounted to HK$310,912,000 (2020: HK$83,259,000) and HK$4,694,000 (2020: HK$1,193,000) as at 31 December 2021. The funding of these Unconsolidated Investment Funds is mainly from the holders of these funds.

The Group has HK$2,580,000 (2020: HK$2,476,000) of interests in the Unconsolidated Investment Funds and the Group's maximum exposure to loss from its interests is the carrying amount of such investments of HK$8,003,000 (2020: HK$5,450,000) as at 31 December 2021. Other than the investments as stated above, the Group did not have other assets or liabilities recognised relating to the interests in the Unconsolidated Investment Funds.

During the year ended 31 December 2021, the Group has fair value gain of interests in these Unconsolidated Investment Funds of HK$2,265,000 (2020: fair value loss of HK$1,547,000), which is included in "other gains or losses" line item and management fee income of HK$6,038,000 (2020: HK$3,633,000) from these Unconsolidated Investment Funds.

The Group has no contractual obligation nor current intention to provide financial support to the Unconsolidated Investment Funds.

26. PLEDGED BANK DEPOSITS/BANK BALANCES (GENERAL ACCOUNTS) AND CASH

Pledged bank deposits

The pledged bank deposits carried fixed rate in a range of 0.01% to 0.10% (2020: 0.01% to 0.20%) per annum, which was the effective interest rate on the Group's bank deposits. Pledged bank deposits of HK$50,000,000 (2020: HK$69,000,000) and HK$5,458,000 (2020: HK$5,197,000) are pledged to secure short-term loan and short-term undrawn facilities, respectively, and are therefore classified as current assets.

The pledged bank deposits will be released upon the repayment of relevant bank borrowings or expiration of the facilities.

Bank balances (general accounts) and cash

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates in a range of 0.04% to 0.50% (2020: 0.13% to 0.57%) per annum with an original maturity of three months or less.

27. ACCOUNTS PAYABLE

	2021 **HK$'000**	2020 HK$'000
Trade creditors arising from retailing business	**230,923**	236,534

Trade creditors arising from retailing business principally comprise amount outstanding for trade purpose and ongoing cost. The credit period taken for trade purchases ranges from 30 to 90 days.

The following is an ageing analysis (from invoice date) of trade creditors arising from retailing business at the end of the reporting period:

	2021 **HK$'000**	2020 HK$'000
0 - 30 days	**127,841**	127,240
31 - 60 days	**75,703**	73,550
61 - 90 days	**21,721**	28,683
Over 90 days	**5,658**	7,061
	230,923	236,534

28. FINANCIAL LIABILITIES ARISING FROM CONSOLIDATED INVESTMENT FUNDS

Other than Unconsolidated Investment Funds as disclosed in note 25, certain investment funds ("Investment Funds") set up by the Group with primary objectives for capital appreciation, investment income and selling in the near future for profit. These Investment Funds are managed by an indirect wholly-owned subsidiary acting as general partner who has the power and authority to manage and make decisions for the Investment Funds.

The Group consolidated these Investment Funds in accordance with the criteria set out in note 25.

In the opinion of the directors of the Company, the variable returns for these Investment Funds that the Group is exposed to are significant and/or the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group consolidated these Investment Funds.

The total assets and total liabilities (excluding the third-party interests as stated below) of the consolidated Investment Funds, were disclosed as follows:

	2021	2020
	HK$'000	HK$'000
Receivables from securities brokers	**48,110**	55,568
Financial assets at FVTPL	**280**	2,240
Bank balances and cash	**184**	238
Other payables	**(47)**	(916)
	48,527	57,130

Financial liabilities arising from consolidated investment funds consist of third-party unit holders' interests in consolidated Investment Funds which are reflected as a liability since they can be put back to the Group for cash.

As at 31 December 2021, the interests held by third-party unit holders amounted to HK$5,551,000 (2020: HK$29,918,000) were recognised as financial liabilities arising from consolidated investment funds in the consolidated statement of financial position.

For the year ended 31 December 2021, the value of the consolidated Investment Funds increased and the related interests held by third-party unit/shareholders were re-measured. A net loss of HK$153,000 (2020: HK$3,500,000) were recognised in the consolidated statement of profit or loss and included in "other gains or losses" line item.

29. ACCRUED LIABILITIES AND OTHER PAYABLES

	2021	2020
	HK$'000	HK$'000
Accrued liabilities		
– Salaries and commission payables	**21,729**	29,810
– Other accrued liabilities	**22,090**	20,689
Other payables	**30,280**	31,780
	74,099	82,279

30. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Advances received in relation to tailor-made furniture	**15,258**	14,958
Advances received in relation to other furniture	**15,676**	2,484
Reward points under customer loyalty programme	**2,375**	2,670
	33,309	20,112

As at 1 January 2020, the contract liabilities were amounted to HK$16,389,000.

Tailor-made furniture and other furniture

Contract liabilities in relation to tailor-made and other furniture represent the advance payments received from the customers upon ordering of tailor-made furniture commences, or before delivery of other furniture, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

Customer loyalty programme

The Group offers customer loyalty programme in the Group's retailing operation. Basically, the customers can earn one point for each dollar spent in the shops of the Group. The customers can enjoy discount by utilising the award points earned under the customer loyalty programme. All award points can be accumulated up to 31 December each year and will be expired in January of the following year.

Contract liabilities in relation to award rewards points under customer loyalty programme represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the award points are redeemed.

For the contract liabilities as at 1 January 2021 and 2020, the entire balances were recognised as revenue in profit or loss during the year ended 31 December 2021 and 2020, respectively.

31. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
Within one year	**126,494**	136,009
More than one year but not more than two years	**57,216**	87,800
More than two years but not more than five years	**23,896**	62,138
	207,606	285,947
Less: Amount due for settlement within 12 months shown under current liabilities	**(126,494)**	(136,009)
Amount due for settlement after 12 months shown under non-current liabilities	**81,112**	149,938

The weighted average incremental borrowing rates applied to lease liabilities range from 4% to 4.125% (2020: 4% to 4.125%).

32. BORROWINGS

	2021 HK$'000	2020 HK$'000
Secured bank borrowings	**23,975**	47,826
Unsecured bank borrowings	**11,288**	2,395
Secured trust receipt loans	**48,687**	27,360
Unsecured trust receipt loans	**111,492**	84,768
Unsecured other borrowings	**40,175**	–
	235,617	162,349
Bank borrowings and trust receipt loans		
Carrying amount repayable based on scheduled repayment terms:		
Within one year	**160,179**	112,128
Carrying amount of bank borrowings and trust receipt loans (shown under current liabilities) containing a repayment on demand clause:		
Within one year	**35,263**	26,245
More than one year but not more than two years	**–**	23,976
	35,263	50,221
Total	**195,442**	162,349
Less: Amount due within one year shown under current liabilities	**(195,442)**	(162,349)
Amount shown under non-current liabilities	**–**	–

32. BORROWINGS (continued)

	2021 HK$'000
Other borrowings	
Carrying amount repayable based on scheduled repayment terms:	
Within one year	–
More than one year but not more than two years	**40,175**
Total	**40,175**
Less: Amount due within one year shown under current liabilities	–
Amount shown under non-current liabilities	**40,175**

As at 31 December 2021, the Group's secured bank borrowings and trust receipt loans of HK$72,662,000 (2020: HK$75,186,000) were secured and guaranteed by:

(a) corporate guarantees from the Company;

(b) corporate guarantees from certain subsidiaries of the Company; and

(c) pledged bank deposits of HK$50,000,000 (2020: HK$69,000,000) for short-term bank borrowings as disclosed in note 26.

As at 31 December 2021, bank borrowings amounting to approximately HK$35,263,000 (2020: HK$50,221,000) are variable-rate borrowings which carry interest at either Hong Kong Interbank Offered Rate ("HIBOR") or Hong Kong Prime Rate plus a spread. Trust receipts loans amounting to HK$160,179,000 (2020: HK$112,128,000) carry interest at either HIBOR or Hong Kong Prime Rate plus a spread.

The unsecured bank borrowings amounting to approximately HK$11,288,000 (2020: HK$2,395,000) and unsecured trust receipt loans amounting to approximately HK$111,492,000 (2020: HK$84,768,000) are guaranteed by the Company. The Group has unused short-term banking facilities of approximately HK$223.2 million (2020: HK$271.3 million) as at 31 December 2021.

The other borrowings amounting to HK$40,175,000 was drawn from a related company controlled by a substantial shareholder with significant influence to the Group. It was unsecured, carried interest rate at Hong Kong Prime Rate and repayable after one year.

The effective interest rates on the Group's borrowings ranged from 2.16% to 5.50% (2020: 2.94% to 5.50%) per annum.

33. SHARE CAPITAL

	Par value of each ordinary share	**Number of shares**	**Amount**
	HK$	'000	HK$'000
Ordinary shares			
Authorised:			
At 1 January 2020	0.01	3,000,000	30,000
Share consolidation (Note (2))	0.2	(2,850,000)	–
At 31 December 2020 and 2021		150,000	30,000
Issued and fully paid:			
At 1 January 2020	0.01	831,222	8,312
Issue of shares (Note (1))	0.01	783,182	7,832
Share consolidation (Note (2))	0.2	(1,533,684)	–
At 31 December 2020 and 2021		80,720	16,144

Notes:

(1) On 7 July 2020, an aggregate of 783,181,944 shares of HK$0.01 each were issued by way of open offer on the basis of two offer shares for every one existing share held by the shareholders at a subscription price of HK$0.06 per share. The gross proceeds from the open offer were approximately HK$46,991,000.

(2) On 3 September 2020, a special resolution in relation to share consolidation was approved by the shareholders at a special general meeting held on the same date. Pursuant to the share consolidation, the number of authorised shares of the Company decreased to 150,000,000 shares of par value of HK$0.20 each, of which 1,614,403,621 shares were consolidated into 80,720,181 shares with effective from 7 September 2021.

All the shares in issued rank pari passu in all respects.

34. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries HK$'000
At 1 January 2020	(28,730)
Share of profit and total comprehensive income for the year	989
Issue of shares of subsidiaries	4
Change in shareholding of subsidiaries without losing control (note 35)	(9,992)
At 31 December 2020	(37,729)
Share of loss and total comprehensive expense for the year	(217)
At 31 December 2021	(37,946)

35. CHANGE IN SHAREHOLDING OF SUBSIDIARIES WITHOUT LOSING CONTROL

Year ended 31 December 2020

During the year ended 31 December 2021, CASH Retail Management (HK) Limited ("CRM (HK)"), a non-wholly owned subsidiary, issue 31,122,140,412 new shares to Celestial Investment Group Limited ("CIGL"), the immediate holding company of CRM (HK), at an issue price of HK$0.021 per share. Upon completion of the issue of new shares, the Group's equity interest over CRM (HK) is increased from 90.09% to 99.01%. The change in value of the proportionate share of net assets attributable to non-controlling interests of CRM (HK) was approximately HK$9,992,000 and was re-attributed to relevant reserves, credited to other reserve and accumulated in equity.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the lease liabilities and borrowings disclosed in notes 31 and 32, respectively, and equity attributable to owners of the Company, comprising share capital disclosed in note 33, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the issue of new shares as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

A subsidiary of the Group is regulated by the Hong Kong Securities and Futures Commission ("SFC") and is required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group's regulated entity is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management of the Group closely monitors, on a daily basis, the liquid capital level of this entity to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entity has complied with the capital requirements imposed by the SF(FR)R throughout both years.

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021 **HK$'000**	2020 HK$'000
Financial assets		
Financial assets at FVTPL	**15,951**	11,495
Amortised cost	**431,969**	420,725
Financial liabilities		
Amortised cost	**497,820**	461,922
Financial liabilities at FVTPL	**5,551**	29,918

Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable and payable, other receivables and deposits, amount due from/to an associate, financial assets at FVTPL, bank balances and cash, pledged bank deposits, loans receivable, financial liabilities arising from consolidated investment funds, other payables, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Price risk

The Group is exposed to price risk arising from equity investments, Unconsolidated Investment Funds and financial liabilities arising from consolidated investment funds. The Group's equity investments are listed on the Stock Exchange, while the unlisted investment fund are traded in the over-the-counter markets. In both years, the directors of the Company manage the exposure by closely monitoring the portfolio of investments and imposing trading limits on individual trades.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. The analysis is prepared assuming the listed equity investments outstanding at the end of reporting period were outstanding for the whole year.

As at 31 December 2021, if the quoted prices of the Group's listed equity investments had been 15 percent (2020: 15 percent) higher/lower, the Group's loss after tax would decrease/increase by approximately HK$507,000 (2020: profit after tax of HK$757,000 decrease/increase). This is attributable to the changes in fair values of the listed equity investments.

The fair value of unlisted equity securities, unlisted investment funds and the financial liabilities arising from consolidated investment finds depend on the valuation of the underlying investments. If the unit price increased/decreased by 5 percent (2020: 5 percent), loss after tax for the year would have an estimated HK$265,000 decrease/increase (2020: profit after tax of HK$1,022,000 increase/decrease). This is attributable to the changes in fair values of the underlying investments funds.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the year end exposure does not reflect the exposure during the year.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings, loans receivable and bank balances. The Group currently does not have a cash flow interest rate hedging policy. However, management of the Group closely monitors its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate and HIBOR arising from the Group's variable interest rate instruments.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

A 50 basis points (2020: 50 basis points) change is used and represents management's assessment of the reasonably possible change in interest rates. The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year. Bank balances are excluded from sensitivity analysis as these are subject to minimal interest rate fluctuation for both years. As at 31 December 2021, if the interest rate had been 50 basis points (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's loss after tax would increase/decrease by approximately HK$977,000 (2020: profit after tax of HK$670,000 decrease/increase). This is mainly attributable to the Group exposure to the interest rates on variable-rate borrowings and loans receivable.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the cash flow interest rate risk as the year end exposure does not reflect the exposure during the year.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

The group entities have financial assets denominated in currencies other than their respective functional currencies. Consequently, the Group is exposed to risks that the exchange rate of functional currencies relative to other currencies may change in a manner that has an adverse effect on the value of the position of the Group's assets and liabilities denominated in foreign currencies.

The exposure primarily arises from the receivables from foreign brokers, foreign currency deposits with banks and equity securities listed outside Hong Kong denominated in United States Dollars (''USD") and Renminbi ("RMB"). The management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises. The directors of the Company do not expect significant foreign exchange risk arising from USD denominated monetary items in view of the HK$ pegged system to the USD.

The carrying amounts of the major foreign currency denominated monetary assets of the Group at the end of the reporting period are as follows:

	2021 **HK$'000**	2020 HK$'000
USD	**41,128**	47,364
RMB	**4,443**	4,957

As at 31 December 2021, if RMB had strengthened/weakened by 5% (2020: 5%) against HK$ and all other variables were held constant, the Group's loss after tax would decrease/increase by approximately HK$185,000 (2020: profit after tax would increase/decrease by approximately HK$207,000). Under the pegged exchange rate system, the financial impact in exchange fluctuation between HK$ and USD is considered to be immaterial and therefore no sensitivity analysis has been prepared.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to accounts receivable arising from retailing business, loans receivable, receivables from securities brokers, other receivables and deposits, pledged bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with these financial assets.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Accounts receivables arising from retailing business

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. In addition, the Group performs impairment assessment under ECL model on balances individually. Based on assessment by the directors of the Company, the directors of the Company considers the ECL for these balances is insignificant.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Loans receivable

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits and interest rate offered to customers. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on balances individually. The directors of the Company estimate the estimated loss rates of loans receivable based on historical observed default rates over the expected life of the debtors. Based on assessment by the directors of the Company, the directors of the Company considers the ECL is insignificant.

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of significant balances based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits. Based on assessment by the management of the Group, the ECL for these balances is insignificant.

Receivables from securities brokers, pledged bank deposits and bank balances

The management of the Group considers that the credit risks on receivables from securities brokers, pledged bank deposits and bank balances are limited because the banks and securities brokers are financial institutions with high credit ratings assigned by international credit-rating agencies. The Group assessed 12-month ECL by reference to probability of default, loss given default by the relevant credit rating grades published by international credit rating agencies. Based on assessment by the management of the Group, the ECL for these balances is insignificant.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Accounts receivables arising from retailing business	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

Financial assets	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2021		2020	
					Gross carrying amounts		Gross carrying amounts	
					HK$'000	HK$'000	HK$'000	HK$'000
Amortised cost								
Accounts receivable arising from retailing business	23	N/A	Low risk	Lifetime ECL	12,862		14,829	
			Watch list	Lifetime ECL	20,288	33,150	570	15,399
Loans receivable	24	N/A	Low risk	12-month ECL	1,500	1,500	1,800	1,800
Other receivables and deposits	23	N/A	Low risk	12-month ECL	85,188	85,188	71,464	71,464
Receivables from securities brokers	23	Aa3 - Aa1	N/A	12-month ECL	57		4,309	
		A3 - A1	N/A	12-month ECL	41,212		42,739	
		B1 - Baa1	N/A	12-month ECL	48,130	89,399	69,571	116,619
Pledged bank deposits	26	Aa3 - Aa1	N/A	12-month ECL	25,000		34,000	
		A3 - A1	N/A	12-month ECL	30,458	55,458	40,197	74,197
Bank balances and cash	26	Aa3 - Aa1	N/A	12-month ECL	32,328		19,363	
		A3 – A1	N/A	12-month ECL	82,279		100,746	
		B1 - Baa1	N/A	12-month ECL	52,667	167,274	21,137	141,246

During the year ended 31 December 2021 and 2020, the impairment allowance for the Group's financial assets are insignificant and there was no movement in lifetime ECL and 12-month ECL.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group has no significant concentration of credit risk as the exposure is spread over a number of counterparties and customers, except for the liquid funds which are deposited with several banks with high credit ratings and receivables from three securities brokers in a total amount of HK$89,399,000 (2020: HK$116,619,000). Concentration of credit risk for loans receivable is disclosed in note 24.

Liquidity risk

The Group has net current liabilities of approximately HK$178,627,000 (2020: HK$205,057,000) as at 31 December 2021. The consolidated financial statements have been prepared on a going concern basis because the directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with all the loan covenants.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed settlement dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market rate at the end of the reporting period.

	Weighted average effective interest rate	Within 1 year or repayable on demand	Between 1 to 2 years	Between 2 to 5 years	Total undiscounted cash flows	Carrying amount at the end of the reporting period
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2021						
Accounts payable	N/A	230,923	–	–	230,923	230,923
Other payables	N/A	30,279	–	–	30,279	30,279
Financial liabilities arising from consolidated investment funds	N/A	5,551	–	–	5,551	5,551
Amount due to an associate	N/A	1,001	–	–	1,001	1,001
Borrowings	Note (1)	201,833	44,100	–	245,933	235,617
Leases liabilities	Note (2)	132,304	60,302	24,039	216,645	207,606
		601,891	104,402	24,039	730,332	710,977

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

	Weighted average effective interest rate %	Within 1 year or repayable on demand HK$'000	Between 1 to 2 years HK$'000	Between 2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
At 31 December 2020						
Accounts payable	N/A	236,534	–	–	236,534	236,534
Other payables	N/A	31,780	–	–	31,780	31,780
Financial liabilities arising from consolidated investment funds	N/A	29,918	–	–	29,918	29,918
Amount due to an associate	N/A	1,341	–	–	1,341	1,341
Borrowings	Note (1)	162,349	–	–	162,349	162,349
Leases liabilities	Note (2)	140,738	91,068	65,201	297,007	285,947
		602,660	91,068	65,201	758,929	747,869

Notes:

(1) Variable-rate borrowings carry interest at either HIBOR or Hong Kong Prime Rate plus a spread. The prevailing market rate at the end of the reporting period is used in the maturity analysis.

(2) Lease liabilities carry weighted-average interest rate at 4.074% (2020: 4.077%).

Borrowings with a repayment on demand clause are included in the "within 1 year or repayment on demand" time band in the above maturity analysis. As at 31 December 2021, the aggregate carrying amounts of these bank loans amounted to approximately HK$35,263,000 (2020: HK$50,221,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate payment. The directors of the Company believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. As at 31 December 2021, assuming the banks will not exercise their discretionary rights to demand immediate repayment, the aggregate principal and interest cash outflows for such bank loans amount to approximately HK$35,751,000 (2020: HK$52,156,000), as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**35,751**	27,692
More than one year but not exceeding two years	**–**	24,464
	35,751	52,156

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ from the estimated interest rates determined at the end of the reporting period.

Interest rate benchmark reform

As listed in note 32, the Group's HIBOR bank borrowings and trust receipt loans may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

37. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Fair value measurement of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

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

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets	Fair value as at 31 December 2021 HK$'000	2020 HK$'000	Fair value hierarchy	Valuation technique(s)
Equity securities listed in Hong Kong/the PRC	**4,048**	6,045	Level 1	Note (a)
Unlisted investment fund classified as financial assets at FVTPL	**8,003**	5,450	Level 2	Note (b)
Unlisted equity securities	**3,900**	–	Level 2	Note (c)

Notes:

(a) Quoted prices in an active market

(b) Dealing price of the investment funds derived from the net asset values of the investment funds with reference to observable quoted prices of underlying investment portfolio in active markets and fair value of the remaining assets, as provided by a broker.

(c) The fair value of unlisted equity securities is determined using recent transaction price.

37. FINANCIAL INSTRUMENTS (continued)

Fair value measurement of financial instruments (continued)

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

There were no transfers between Levels 1 and 2 during both years.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

38. SHARE OPTION SCHEMES

The Company's share option scheme ("Share Option Scheme") was adopted pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 21 May 2012 and took effect on the same date. The Share Option Scheme adopted by the Company on 21 May 2012 was terminated pursuant to a resolution passed at the special general meeting held on 30 September 2021. The new share option scheme ("New Share Option Scheme") was adopted pursuant to a resolution passed at the special general meeting held on 30 September 2021 in replacement of the Share Option Scheme. The options granted under the Share Option Scheme before termination shall continue to be valid and exercisable in accordance with the terms of the options.

The major terms of the Share Option Scheme and the New Share Option Scheme are summarised as follows:

(i) The purpose is to provide incentives to:

- award and retain the participants who have made contributions to the Company, its subsidiaries and associates, including CFSG and its subsidiaries; or

- attract potential candidates to serve the Group for the benefit of the development of the Group.

(ii) The participants include any employee, director, consultant, adviser or agent of any members of the Group.

38. SHARE OPTION SCHEMES (continued)

(iii) The maximum number of shares in respect of which options might be granted under the Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares might be granted was 4,156,108 shares, representing 5.15% of the issued share capital of the Company as at 31 December 2020.

Upon the adoption of the New Share Option Scheme, the 10% scheme mandate limit imposed under the New Share Option Scheme was refreshed. The maximum number of shares in respect of which options might be granted under the New Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of adoption of the New Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares might be granted was 8,072,018 shares, representing a maximum of 10% of the Company's issued share capital as at 31 December 2021.

However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme, the New Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(iv) The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the Share Option Scheme, the New Share Option Scheme or any other share option scheme within any 12-months period, must not exceed 1% of the shares in issue from time to time.

(v) There was no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors of the Company and provided in the offer of grant of option.

(vi) The exercise period should be any period fixed by the board of directors of the Company upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to the Company.

(viii) The exercise price of an option must be the highest of:

- the closing price of the shares on the date of grant which day must be a trading day;
- the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and
- the nominal value of the share.

(ix) Pursuant to the approval of the special general meeting of the Company on 30 September 2021, the Share Option Scheme was terminated on 30 September 2021. The life of the New Share Option Scheme is effective for 10 years from the date of adoption until 29 September 2031.

38. SHARE OPTION SCHEMES (continued)

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

The following table discloses details of the Company's share options held by the directors, employees and consultants of the Group and movements in such holdings:

				Number of share options			
Name of scheme	**Date of grant**	**Exercise price per share**	**Exercise period**	**outstanding as at 1.1.2021**	**Granted in 2021**	**Lapsed in 2021**	**outstanding as at 31.12.2021**
		HK$					
Directors							
Share Option Scheme	16.7.2021	1.450	(Note)	–	3,200,000	–	3,200,000
Employees							
Share Option Scheme	16.7.2021	1.450	(Note)	–	400,000	(400,000)	–
Consultants							
Share Option Scheme	16.7.2021	1.450	(Note)	–	550,000	–	550,000
				–	4,150,000	(400,000)	3,750,000
Exercisable at 31 December							1,600,000

Note: The options were granted to the directors and employees of the Group on 16 July 2021 for the provision of services to the Group. The grantee of the share options were Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James, Mr Li Shing Wai Lewis and Mr Kwan Teng Hin Jeffrey, the executive directors of the Company, and Mr Lam Hiu Yan Ben, the employee of the Group. The options are subject to approval from the board of directors of the Company and will vest upon achievement of specific performance target, service condition and at the discretion of the board of directors of the Company.

For the options granted to directors, the options must be exercised within one month from the date of the board directors of the Company approves the vesting of the options; and subject to 2 tranches period as to (i) 50% exercisable from 1 August 2021 to 31 July 2022 and; (ii) 50% exercisable from 1 August 2022 to 31 July 2023.

For the options granted to employees, the options must be exercised within one month from the date of the board of directors of the Company approves the vesting of the options. During the year ended 31 December 2021, all options granted to employees lapsed due to cessation of employment of employees of the Group.

In addition, the Group entered into arrangement with Mr Law Ping Wah Bernard, the former executive director and chief financial officer of the Company, as a consultant of the Group in respect of options granted to him on 16 July 2021 for the provision of satisfactory services to the Group. Mr Law Ping Wah Bernard will be entitled to the options upon the satisfactory delivery of services to the Group and determined at the sole discretion of the board of directors of the Company. The options must be exercised within one month from the date the board of directors of Company approves the entitlement of the options. At 31 December 2021, there were no satisfactory delivery of services to the Group and thus no share-based compensation expense.

38. SHARE OPTION SCHEMES (continued)

The fair values are calculated using the Black-Scholes pricing model ("B-Model"). The variables and assumptions used in computing the fair value of the share options are based on the best estimation of the directors of the Company. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model were as follows:

	Share options grant date 16 July 2021
Share price at grant date	**HK$1.45**
Exercise price	**HK$1.45**
Expected volatility	**288%**
Expected life	**2 years**
Risk-free rate	**0.07%**
Expected dividend yield	**Nil**

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years.

The estimated fair value of share options granted on 16 July 2021 was approximately HK$5,769,000, of which HK$4,448,000, HK$556,000 and HK$765,000 represented the fair value of the share options granted to the directors, employees and consultants, respectively.

During the year ended 31 December 2021, HK$2,224,000 of share-based compensation expenses has been recognised in profit or loss. The corresponding amount of HK$2,224,000 has been credited to share-based payment reserve. No liabilities were recognised due to share-based payment transactions.

39. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Both the Group and the employees contribute a percentage of the relevant payroll to the MPF Scheme. The cap of mandatory contribution amount is HK$1,500 per employee per month. Where there are employees who have leave the Group prior to vesting fully in the voluntary contributions, the contributions was payable by the Group are reduced by the amount of forfeited voluntary contributions. None of the forfeited contributions utilised in this manner for the year ended 31 December 2021 and 2020.

Certain subsidiaries of the Company participate in various benefits schemes operated by the relevant municipal and provincial governments for its full-time employees in the PRC in accordance with the relevant PRC regulations and rules, including provision of housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury insurance and pregnancy insurance. Pursuant to the existing schemes, the Group contributes 7%, 12%, 22%, 2%, 0.5% and 0.5% of the basic salary of its employees to the housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury and pregnancy insurance respectively.

The employer's contributions to the MPF Schemes and various benefits schemes in the PRC are disclosed in note 8.

40. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group entered into the following transactions with related parties:

	2021	2020
	HK$'000	HK$'000
Management fee income received from CFSG	**–**	1,467
Consultation fee paid to CFSG	**–**	200
Interest expense to a related party	**175**	278

Compensation of key management personnel

The remuneration of directors of the Company and chief executive which is disclosed in note 11 is determined by the remuneration committee having regard to the performance of individuals and market trends.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to an associate	**Borrowings**	**Lease liabilities**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
	(note 22)	(note 32)	(note 31)	
At 1 January 2020	–	254,925	360,225	615,150
Financing cash flows (Note)	1,341	(102,161)	(164,155)	(264,975)
New lease entered/early termination of a lease (note 42)	–	–	75,863	75,863
Interest expense	–	9,585	13,847	23,432
Exchange adjustments	–	–	167	167
At 31 December 2020	1,341	162,349	285,947	449,637
Financing cash flows (Note)	(340)	66,895	(174,351)	(107,796)
New lease entered (note 42)	–	–	85,080	85,080
Interest expense	–	6,373	10,622	16,995
Exchange adjustments	–	–	308	308
At 31 December 2021	1,001	235,617	207,606	444,224

Note: The financing cash flows include the drawdown of borrowings, repayments of borrowings, repayment of lease liabilities and related interest paid and advance from an associate.

42. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2021, part of the consideration for the purchase of property and equipment amounting to approximately HK$1,087,000 (2020: HK$428,000) were not settled and included in the consolidated statement of financial position as other payables.

In addition, the Group entered into new lease contracts and modified certain lease contracts for the use of retail stores for 1 to 6 years. On the lease commencement/modification date, the Group recognised in aggregate of HK$86,486,000 (2020: HK$82,028,000) of right-of-use assets, HK$85,080,000 (2020: HK$78,960,000) of lease liabilities and HK$476,000 (2020: HK$1,770,000) of restoration provision during the year ended 31 December 2021.

During the year ended 31 December 2021, certain lessors agreed to waive lease payments on several leases and the Group has derecognized lease liabilities of HK$11,700,000 (2020: HK$13,963,000), which have been recognised as variable lease payments in profit or loss for the year.

A lease contract was early terminated during the year ended 31 December 2020. Accordingly, right-of-use asset of carrying amount of HK$2,598,000 and lease liabilities of HK$3,097,000 were reduced and rental deposit was refunded with difference of HK$30,000 against the carrying amount being derecognised, resulted in a gain on modification upon early termination of a lease of HK$529,000 was recognised in profit and loss.

43. EVENT AFTER THE REPORTING PERIOD

Outbreak of fifth wave of Covid-19 in Hong Kong

Since early 2022, the outbreak of fifth wave of Covid-19 has spread across Hong Kong. A series of precautionary and control measures have been implemented by the Government of the Hong Kong Special Administrative Region. The supply chain of furniture products for retail management business has been affected by the temporarily delayed due to tighten measures on cross-border Covid-19 test, which caused a temporary shortage of furniture available to customers. Combining with the effect of drop of customer flow rate in retail stores, the Group recorded a drop in revenue. As the situation remains fluid as at the date these consolidated financial statements are authorised for issue, the directors of the Company considered that the financial effects of the Covid-19 on the Group's consolidated financial statements cannot be reasonably estimated. Nevertheless, the management will continue to monitor the development of Covid-19 and react actively to its impact on the financial position and operating results of the Group. The actual financial effects, if any, will be reflected in the Group's future financial statements.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation	Nominal value of issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital held by the Company 2021 %	2020 %	Principal activities
CRM (HK)	BVI	Ordinary HK$35,000,000 (2020: HK$35,000,000)	**99.01**	99.01	Investment holding
Celestial Investment Group Limited ("CIGL")	BVI	Ordinary US$10,000	**100**	100	Investment holding
Moli Mobile Digital Entertainment Holdings Limited ("MMDE")	BVI	Ordinary US$10,000	**89.7**	89.7	Investment holding
Pricerite Home Limited	Hong Kong	Ordinary HK$201,170,000	**99.01**	99.01	Retailing of furniture and household goods
Pricerite Electrical Appliances Limited	Hong Kong	Ordinary HK$1	**99.01**	99.01	Retailing of electrical appliances
TMF Company Limited	Hong Kong	Ordinary HK$1	**99.01**	99.01	Retailing of tailor-made furniture
Pricerite.com.hk Ltd	Hong Kong	Ordinary HK$2	**99.01**	99.01	Online retail of furniture houselive and foods
Pricerite food Ltd	Hong Kong	Ordinary HK$1	**99.01**	99.01	Retail of food & beverage
CASH E-Trade Limited	Hong Kong	Ordinary HK$4,000,000	**100**	100	Provision of management services for group companies
Celestial Investments (HK) Limited	Hong Kong	Ordinary HK$10,000,000	**100**	100	Money lending
CASH Dynamic Opportunities Investment Limited	BVI	Ordinary HK$5,000,000	**100**	100	Investment holding
CDOI Securities Limited	Hong Kong	Ordinary HK$5,000,000	**100**	100	Investment trading
CASH Algo Finance Group Limited	Hong Kong	Ordinary HK$2,000,000	**100**	100	Investment trading
CASH Talent Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
CASH Frontier Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
CASH Quant-Finance Lab Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
上海群博資產有限公司	PRC	Registered capital RMB20,000,000	**100**	100	Provision of asset management services
群博量化指數增强私募證券投資基金	PRC	Paid up capital 6,911,695.49 units	**58.84(Note)**	22.8(Note)	Fund investment
群博多策略對冲私募證券投資基金	PRC	Paid up capital 17,801,259.51 units	**96.93(Note)**	75.9(Note)	Fund investment

Note: For these investment funds, the directors of the Company concluded that the variable returns the Group exposed to are significant, the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group consolidated these investment funds throughout the reporting period. Details of the determination of consolidation of investment funds are disclosed in note 4.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

All the subsidiaries shown above are indirectly held by the Company. In the opinion of the directors of the Company, a complete list of the particulars of subsidiaries will be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or net assets of the Group.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. Majority of these subsidiaries operate in Hong Kong and are investment holding or inactive companies.

The table below shows details of non-wholly-owned subsidiaries of the Group that have non-controlling interests:

Name of subsidiaries	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated controlling interests	
		2021	2020	**2021**	2020	**2021**	2020
				HK$'000	HK$'000	**HK$'000**	HK$'000
CRM (HK)	BVI/ Hong Kong	**0.99%**	0.99%	**58**	989	**1,835**	1,777
MMDE	BVI/ Hong Kong	**10.3%**	10.3%	**–**	–	**(40,045)**	(40,045)
Individual immaterial subsidiaries with non-controlling interests				**(275)**	–	**264**	539
				(217)	989	**37,946**	(37,729)

Summarised consolidated financial information in respect of each Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

CRM (HK)

	2021 **HK$'000**	2020 HK$'000
Non-current assets	**292,893**	360,842
Current assets	**612,266**	581,037
Non-current liabilities	**(87,345)**	(148,987)
Current liabilities	**(628,148)**	(609,221)
	189,666	183,671
Equity attributable to owners of the Company	**187,831**	181,894
Non-controlling interests of CRM (HK)	**1,835**	1,777
	189,666	183,671
Revenue	**1,362,028**	1,375,880
Expenses	**(1,356,494)**	(1,306,758)
Profit for the year	**5,534**	69,122
Profit for the year attributable to		
– the owners of the Company	**5,259**	68,133
– non-controlling interests of CRM (HK)	**275**	989
Profit for the year	**5,534**	69,122
Other comprehensive income for the year attributable to		
– the owners of the Company	**461**	182
– non-controlling interests of CRM (HK)	**–**	–
Other comprehensive income for the year	**461**	182
Total comprehensive income for the year attributable to		
– owners of the Company	**5,720**	68,315
– non-controlling interests of CRM (HK)	**275**	989
Total comprehensive income for the year	**5,995**	69,304
Net cash inflow from operating activities	**162,922**	238,569
Net cash inflow (outflow) from investing activities	**60,781**	(67,798)
Net cash outflow from financing activities	**(135,322)**	(211,237)
Net cash inflow (outflow)	**88,381**	(40,466)

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

MMDE

	2021	2020
	HK$'000	HK$'000
Non-current assets	**5,859**	5,853
Current assets	**1,326**	1,036
Current liabilities	**(406,249)**	(405,811)
	(399,064)	(398,922)
Equity attributable to owners of the Company	**(359,019)**	(358,877)
Non-controlling interests of MMDE	**(40,045)**	(40,045)
	(399,064)	(398,922)
Expenses	**(162)**	(404)
Loss for the year	**(162)**	(404)
Loss for the year attributable to		
– the owners of the Company	**(162)**	(404)
– non-controlling interests of MMDE	**–**	–
Loss for the year	**(162)**	(404)
Other comprehensive income for the year attributable to		
– the owners of the Company	**20**	167
– non-controlling interests of MMDE	**–**	–
Other comprehensive income for the year	**20**	167
Total comprehensive expense for the year attributable to		
– the owners of the Company	**(142)**	(237)
– non-controlling interests of MMDE	**–**	–
Total comprehensive expense for the year	**(142)**	(237)
Net cash (outflow) inflow from operating activities	**(178)**	19
Net cash inflow (outflow) from financing activities	**166**	(117)
Net cash outflow	**(12)**	(98)

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2021 HK$'000	2020 HK$'000
Non-current asset		
Amounts due from subsidiaries	**419,154**	384,722
Current assets		
Other receivables	**367**	147
Bank balances and cash	**1,047**	60,824
	1,414	60,971
Current liabilities		
Other payables and accruals	**556**	80
Amounts due to subsidiaries	**75,637**	114,137
	76,193	114,217
Net current liabilities	**(74,779)**	(53,246)
Net assets	**344,375**	331,476
Capital and reserves		
Share capital	**16,144**	16,144
Reserves	**288,056**	315,332
Total equity	**304,200**	331,476
Non-current liabilities		
Borrowings	**40,175**	–
	344,375	331,476

Reserves of the Company:

	Share premium HK$'000	**Contributed surplus** HK$'000	**Share option reserve** HK$'000	**(Accumulated losses) retained profits** HK$'000	**Total** HK$'000
At 1 January 2020	591,437	149,719	–	(455,646)	285,510
Loss and total comprehensive expense for the year	–	–	–	(7,868)	(7,868)
Issue of new shares	39,159	–	–	–	39,159
Transaction costs attributable to issue of new shares	(1,469)	–	–	–	(1,469)
At 31 December 2020	629,127	149,719	–	(463,514)	315,332
Loss and total comprehensive expense for the year	–	–	–	(9,320)	(9,320)
Recognition of equity-settled share-based payments	–	–	2,224	–	2,224
Amount transferred to accumulated losses	(550,000)	–	–	550,000	–
Dividend recognised as distribution during the year	–	–	–	(20,180)	(20,180)
At 31 December 2021	79,127	149,719	2,224	56,986	288,056

FIVE-YEAR FINANCIAL SUMMARY

The summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements as appropriate, is set out below:

	Year ended 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue					
Continuing operations	**1,368,066**	1,379,513	1,387,769	1,420,264	1,333,041
Discontinued operation	**–**	–	–	–	61,246
	1,368,066	1,379,513	1,387,769	1,420,264	1,394,287
(Loss) profit before taxation					
Continuing operations	**(39,841)**	46,284	(92,720)	(200,614)	(196,042)
Discontinued operation	**–**	–	–	–	223,645
	(39,841)	46,284	(92,720)	(200,614)	27,603
Income tax expense	**(3,426)**	(5,310)	(7,632)	(4,325)	(3,715)
(Loss) profit for the year	**(43,267)**	40,974	(100,352)	(204,939)	23,888
Attributable to:					
Equity holders of the Company	**(43,050)**	39,985	(99,392)	(202,415)	45,482
Non-controlling interests	**(217)**	989	(960)	(2,524)	(21,594)
	(43,267)	40,974	(100,352)	(204,939)	23,888

FIVE-YEAR FINANCIAL SUMMARY (CONTINUED)

	As at 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Property and equipment	**27,364**	40,090	46,020	56,293	42,352
Right-of-use assets	**187,060**	261,604	341,378	–	–
Goodwill	**39,443**	39,443	39,443	39,443	39,443
Interests in associates	**183,535**	196,055	197,266	259,494	363,585
Intangible assets	**43,460**	43,460	43,460	43,460	43,460
Other non-current assets	**28,571**	40,303	45,386	48,258	38,210
Current assets	**502,530**	482,208	408,096	414,057	477,718
Total assets	**1,011,963**	1,103,163	1,121,049	861,005	1,004,768
Current liabilities	**681,157**	687,265	668,790	547,856	514,558
Long term borrowings	**40,175**	–	44,266	24,514	–
Long term lease liabilities	**81,112**	149,938	227,530	–	–
Other non-current liabilities	**6,825**	6,825	9,955	8,324	6,649
Total liabilities	**809,269**	844,028	950,541	580,694	521,207
Net assets	**202,694**	259,135	170,508	280,311	483,561
Equity attributable to equity holders of the Company	**240,640**	296,864	199,238	307,397	508,123
Non-controlling interests	**(37,946)**	(37,729)	(28,730)	(27,086)	(24,562)
	202,694	259,135	170,508	280,311	483,561

No restatement is made in respect of the adoption of HKFRS 9, HKFRS 15 and HKFRS 16 to the consolidated results and assets and liabilities of the Group for the financial years before 1 January 2018 and 1 January 2020, respectively.

DEFINITIONS

In this annual report, the following expressions have the following meanings unless the context requires otherwise:

"Acquisitions"	the proposed acquisition by CIGL of an aggregate of 11,136,000 CFSG Shares falling to be issued to the vendors upon exercise of the CFSG SPA Options pursuant to the undertakings and agreement all dated 31 December 2020, and the possible on-market acquisition of CFSG Shares and possible acquisition of CFSG Shares from all the shareholders of CFSG (other than CIGL and parties acting in concert with it) under the share offer
"AGM(s)"	the annual general meeting(s) of the Company
"Audit Committee"	the audit committee of the Company established pursuant to the CG Code of the Listing Rules
"Board"	the board of Directors
"CAFG" or "CAFG Group"	CASH Algo Finance Group International Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries, which are principally engaged in algorithmic trading business
"Cash Guardian"	Cash Guardian Limited, a company incorporated in the British Virgin Islands with limited liability, is the substantial Shareholder of the Company and an associate of Dr Kwan Pak Hoo Bankee
"CASH Wealth Management"	CASH Wealth Management Limited, a company incorporated in Hong Kong with limited liability, is an associate of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities
"Celestial Securities"	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability, is an associate of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in type 1 (dealing in securities) regulated activity
"CEO"	the chief executive officer of the Company
"CFO"	the chief financial officer of the Company
"CFSG"	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board. CFSG is an associated company of the Company
"CFSG Board"	the board of directors of CFSG
"CFSG Group"	CFSG and its subsidiaries
"CFSG Option Scheme"	the existing share option scheme of CFSG adopted by CFSG pursuant to an ordinary resolution passed at an annual general meeting of CFSG held on 8 June 2018
"CFSG Options"	the outstanding 39,060,000 CFSG Options, including the CFSG 2020 Options, granted by CFSG pursuant to the CFSG Option Scheme to subscribe for up to an aggregate of 39,060,000 CFSG Shares as at the date of the annual report 2020 of the Company
"CFSG Share(s)"	ordinary share(s) of HK$0.4 each in the share capital of CFSG
"CFSG SPA Options"	an aggregate of 11,136,000 CFSG 2020 Options held by the vendors conditionally agreed to be exercised and the aggregate of 11,136,000 CFSG shares to be sold by the vendors to CIGL under the undertakings and agreements all dated 31 December 2020
"CFSG 2020 Options"	the outstanding 23,496,000 CFSG Options with exercise price of HK$0.48 granted by CFSG in April 2020 as at the date of 2020 annual report of the Company
"CG Code"	the Corporate Governance Code as contained in Appendix 14 of the Listing Rules
"CIGL"	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of the Company
"Company" or "CASH"	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board
"Company Secretary"	the company secretary of the Company
"Directors"	the directors of the Company

DEFINITIONS

"ED(s)"	the executive Director(s) of the Company
"Group"	the Company and its subsidiaries
"INED(s)"	the independent non-executive Director(s) of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"Management"	the management team of the Company
"Model Code"	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
"New Share Option Scheme"	the existing share option scheme of the Company adopted by the Company pursuant to an ordinary resolution passed at the SGM held on 30 September 2021. The New Share Option Scheme, which was in place of the Old Share Option Scheme, took effect on 30 September 2021
"Nomination Committee"	the nomination committee of the Company established pursuant to the Listing Rules subsequent to the date of this report
"Offers"	the possible conditional mandatory cash offer to be made by Eddid Capital Limited on behalf of CIGL to acquire all of the CFSG Shares (other than those CFSG Shares already owned by or agreed to be acquired by CIGL and parties acting in concert with it) and to the relevant optionholders of CFSG for cancellation of the CFSG Options (except the CFSG SPA Options) in accordance with the Code on Takeovers and Mergers
"Old Share Option Scheme"	the share option scheme adopted by the Company pursuant to an ordinary resolution passed at the AGM held on 21 May 2012. The Old Share Option Scheme was terminated pursuant to an ordinary resolution passed at the SGM held on 30 September 2021
"Pricerite" or "Pricerite Group"	Pricerite Group Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries (including Pricerite Home Limited, TMF Company Limited, SECO Living Company Limited, Pricerite Food Limited and Pricerite Pet Caring Limited), which mainly conduct the retail management business in Hong Kong under multi-brand names including "Pricerite", "TMF", "SECO", "Pricerite Food" and "Pricerite Pet"
"Remuneration Committee"	the remuneration committee of the Company established pursuant to the CG Code of the Listing Rules
"SFC"	the Hong Kong Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM(s)"	the special general meeting(s) of the Company
"Share(s)"	ordinary shares of HK$0.20 each in the share capital of the Company
"Share Premium Reduction"	the proposed reduction of the amount of HK$75,000,000 standing to the credit of the share premium account as at 31 December 2021 and the crediting of such amount to the contributed surplus account to be considered and, if thought fit, approved by Shareholders by way of special resolution at the forthcoming AGM
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$" or "USD"	United States dollar(s), the lawful currency of the United States
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"PRC"	the People's Republic of China
"UK"	United Kingdom
"US"	United States

If there is any inconsistency in this report between the Chinese and English versions, the English version shall prevail.