2021
Annual Report

Planetree
INTERNATIONAL
梧桐國際

梧桐國際發展有限公司
Planetree International Development Limited

(Incorporated in Bermuda with limited liability)
Stock code: 00613

Contents

	Pages
Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	4
Corporate Governance Report	11
Report of the Audit Committee	27
Environmental, Social and Governance Report	30
Report of the Directors	41
Profiles of Directors and Senior Management	51
Independent Auditor's Report	54
Consolidated Statement of Profit or Loss and Other Comprehensive Income	59
Consolidated Statement of Financial Position	60
Consolidated Statement of Changes In Equity	61
Consolidated Statement of Cash Flows	63
Notes to the Consolidated Financial Statements	65
Particulars of Properties	147
Five Year Financial Summary	148

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Dr. Leung Wing Cheung, William
Mr. Lam Hiu Lo
Ms. Cheung Ka Yee
Mr. Man Wai Chuen *(resigned on 1 April 2022)*

Independent Non-Executive Directors
Mr. Chan Sze Hung
Mr. Zhang Shuang
Mr. Chung Kwok Pan
Ms. Liu Yan

COMMITTEES

Audit Committee
Ms. Liu Yan *(Chairman)*
Mr. Chan Sze Hung
Mr. Chung Kwok Pan

Nomination Committee
Mr. Chan Sze Hung *(Chairman)*
Ms. Liu Yan
Mr. Chung Kwok Pan

Remuneration Committee
Ms. Liu Yan *(Chairman)*
Ms. Cheung Ka Yee
Mr. Chung Kwok Pan

AUTHORISED REPRESENTATIVES

Ms. Cheung Ka Yee
Mr. Man Wai Chuen *(resigned on 1 April 2022)*
Mr. Chow Chi Wah, Vincent *(appointed on 1 April 2022)*

COMPANY SECRETARY

Mr. Man Wai Chuen *(resigned on 1 April 2022)*
Mr. Chow Chi Wah, Vincent *(appointed on 1 April 2022)*

EXTERNAL AUDITORS

Mazars CPA Limited

PRINCIPAL BANKERS

Morgan Stanley Bank Asia Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

LEGAL ADVISERS

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

8/F, China United Centre, 28 Marble Road,
North Point, Hong Kong
Tel: 3198 0238
Fax: 2520 6103
Email: investors@planetreeintl.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House, 41 Cedar Avenue
Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

http://www.planetreeintl.com

HKEX STOCK CODE

00613

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Planetree International Development Limited (the "**Company**"), I am pleased to present this annual report to you.

For the past two years, the Company has devoted a part of the chairman's statement to the cover of our annual report and this year is no different, but I do it with a heavy heart and to signal that this has been a sad and disturbing year. This year's annual report is covered in black and grey with simple geometric lines. While there are many interpretations to different colors, in this context, the color gray is associated with loss or sadness while the color black is associated with negativity or uncertainty.

While I stated in 2020 that we were hit by the full force of Covid, little did I foresee that was only the beginning. We are now in the fifth wave of Covid with death toll well exceeded 7,000 and with many local restaurants and small businesses failing or on the edge of collapse.

I am also deeply shocked by the devastating events happening in Ukraine in which people are being killed, injured, and forced to flee their war-torn hometowns. The sanctions imposed by other countries towards Russia are creating significant spillovers to other countries resulting in rising commodity prices. Inflations and disruptions in financial markets will surely continue should the conflict continues for an extended period.

Amidst all the tragedies, there is a glimpse of hope (though I must say with that a certain amount of caution). We are beginning to see the Covid infection rate coming down and local Covid injection rate going up. As for Ukraine, peace talks have been taking place.

I conclude this statement with a quote from Albert Einstein, "I know not with what weapons World War III will be fought, but World War IV will be fought with sticks and stones". I like to thank our shareholders, my fellow directors, and dedicated staff for their support during the year and let us continue to be united and work towards a better tomorrow.

By order of the Board
Planetree International Development Limited
Dr. Leung Wing Cheung, William
Executive Chairman

Hong Kong, 23 March 2022

Management Discussion and Analysis

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Planetree International Development Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2021.

REVIEW OF RESULTS

During the year under review, the Group's total revenue of HK$195.3 million and other income of HK$10.5 million aggregated to HK$205.8 million, representing a reduction of HK$37.8 million or 16% as compared to last year. The Group recorded a consolidated loss after tax of HK$15.3 million (2020: profit of HK$40.8 million). After allocating the profit attributable to non-controlling interests for HK$6.9 million, the loss attributable to shareholders of the Company for the year ended 31 December 2021 (the "**Year**") was HK$22.2 million (2020: profit of HK$41.8 million).

Notwithstanding the Group's core business operations in financial services performed steadily during the Year, the decline in the Group's profitability when compared to the previous year is mainly attributable to the combined effects of: (i) the year-on-year reduction of other income from the non-recurring gain on disposal of subsidiaries by HK$47.7 million; and (ii) the share of loss for HK$55.2 million in the Year from an associate principally engaged in holding listed equity investments vis-à-vis the share of profit for HK$46.6 million from that associate in the previous year. To better assess the profitability of the Group's core businesses, the share of loss/profit from the associate can be excluded to show the Group's profit before tax for core businesses, which would be HK$46.9 million for the Year when compared to HK$2.7 million for the previous year.

The basic and diluted losses per share for the Year were HK2.35 cents and HK2.37 cents respectively, whereas the basic and diluted earnings per share of HK4.47 cents and HK4.46 cents respectively were recorded for the last corresponding year.

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil). No interim dividend was declared for the financial years of 2021 and 2020.

BUSINESS REVIEW

The first half of 2021 brought hope for economic recovery following economic downturn caused by coronavirus (COVID-19) in 2020. During most of that period, the investment atmosphere was largely positive while the Group's core businesses fared well. However, some negative factors have cropped out since June 2021 to weaken the local economy, such as the world-wide spread of COVID-19 persisted longer than expected. Moreover, the tightened measures introduced by the central government to regulate certain business activities in the Mainland have aroused investors' concerns and affected local investment atmosphere since mid-2021.

Management Discussion and Analysis

The principal activities of the Group are classified into the following business segments:

(1) Financial services – operations under SFO licences

The Group has carried on its business activities in the provision of dealing in securities (including the provision of margin loans to clients), dealing in futures contracts and asset management services with Type 1, Type 2 and Type 9 licences granted under the Securities and Futures Ordinance (the "**SFO**", Chapter 571 of the laws of Hong Kong).

Business of this segment has become more mature after the Group's dedicated development in this segment for more than one year. Investment atmosphere during the second half of the Year was weak as reflected by the drop in Hang Seng Index from the level around 27,000 points at the beginning of 2021 to the level around 23,000 points by the end of 2021. The Group's asset management fee income (especially the contribution from performance fee income based on the appreciation in the value of clients' net assets) was inevitably affected by the lackluster stock market performance. Such asset management fee income dropped to HK$18.8 million during the Year (2020: HK$51.7 million). A large part of such reduced fee income was recouped by higher margin loan interest income scored by the Group, thanks to a loyal clientele of high net worth individual and corporate clients built up by use of the Group's financial resources, business network and management efforts. Margin loan interest income reached HK$81.5 million during the Year (2020: HK$59.5 million). In order to prepare for further development of the Group's margin loan business, the Group successfully obtained a separate licence granted by the SFC to carry on Type 8 regulated activity, i.e. securities margin financing, during the Year.

In order to expand the scope of this segment, the Group has engaged in Type 6 regulated activity, i.e. advising on corporate finance, under the SFO since October 2020. The Group's business network has facilitated the growth of this business unit contributing revenue of HK$7.9 million to the Group (2020: HK$4.7 million). The Group has paved way to further develop the business of advising on corporate finance by having successfully procured the SFC's approval to conduct initial public offering sponsorship business and relevant regulated activities under the SFO since November 2021.

Overall, this segment performed steadily during the Year with segment revenue of HK$111.4 million, slightly smaller than the corresponding figure of HK$118.0 million during the previous year. The segment profit dropped from HK$99.9 million during the previous year to HK$69.2 million during the Year after providing for impairment loss on margin loan receivables of HK$24.1 million (2020: Nil). Despite the need to face deteriorating economic conditions, this segment is still able to remain as the most profitable core business of the Group.

(2) Credit and lending services – operations under MLO licences

The Group conducts its money lending business with two money lender licences held by the Group under the Money Lenders Ordinance (the "**MLO**", Chapter 163 of the laws of Hong Kong). The Group's clientele primarily consists of niche customers including corporations and high net-worth individuals. These clients mostly have been acquired through business referrals and introductions from the Company's senior management, business partners or clients. Besides in compliance with all rules and regulations imposed under the MLO, the Group has also formulated internal money lending policy to guide its two money lending subsidiaries in conducting the money lending operations. The loan terms would be arrived at after considering a combination of factors including prevalent market interest rates, the financial strength of the borrower, the collaterals offered as past credit history of the borrower with the Group and adjusted, if necessary, by arms-length negotiations with the borrower. The related internal control procedures are disclosed in the Corporate Governance Report section (1) on page 20.

MANAGEMENT DISCUSSION AND ANALYSIS

With more loans granted by the Group to a broader base of clients at more competitive interest rates, the segment revenue raised to HK$50.2 million during the Year (2020: HK$26.9 million). The segment profit decreased to HK$8.4 million (2020: HK$21.7 million). As at 31 December 2021, a total principal amount and accrued interest of approximately HK$297.3 million remain outstanding of which the amount of loans receivable due from the largest borrower and the five largest borrower in aggregate were approximately 10% and 42% thereof respectively. The related analysis are disclosed in the Corporate Governance Report section (2) to (5) on pages 21 to 23. The Company retained an independent professional valuer to conduct impairment assessment on the outstanding loans for each reporting period end date, approximately HK$48.4 million impairment allowances were provided on the outstanding loans receivable as at 31 December 2021 (2020: HK$7.3 million) in view of the deteriorated financial status of certain borrowers during the Year. Further details of loans receivable are disclosed in note 21 of the Notes to the Consolidated Financial Statements.

To implement business expansion in this segment, additional fund amounted to HK$100 million was raised by the Group's issuance of new shares in a money lender subsidiary (namely, Maxlord Enterprises Limited) to an independent third party subscriber in March 2021.

(3) Other financial services

To diversify the Group's financial services, the Group has also carried on the business of providing corporate advisory related services in Hong Kong since October 2020. By utilising the Group's integrated platform in financial services and the goodwill of being a member of a listed group, this segment has achieved growth in both revenue and profit. During the Year, segment revenue reached HK$28.0 million (2020: HK$16.8 million) and segment profit reached HK$11.7 million (2020: HK$7.0 million).

(4) Property investment and leasing

To alleviate the impact of COVID-19 on our community, the Group exercised its social responsibility by granting a temporary rent concession to tenants whose business was seriously affected by the pandemic. Segment revenue dropped from HK$9.5 million during the past year to HK$8.9 million during the Year. There was a segment loss of HK$4.4 million versus a loss of HK$21.3 million in the previous year, mainly due to the decrease in fair value losses on investment properties recorded from HK$24.6 million in previous year to HK$8.9 million in current year. As at 31 December 2021, the Group held 3 commercial properties in Hong Kong for leasing to independent third party tenants for rental income with a total fair value at HK$349.3 million.

(5) Tactical and strategic investment

Since implementing the strategy of scaling down the portfolio of equity and debt investments held by the Group starting from year 2020, the amount of resources allocated by the Group to this segment (in the form of financial assets at fair value through profit or loss) remained at a relatively low level around HK$125.9 million at the end of the Year (2020: HK$27.9 million). During the Year, the Group acquired certain listed equity investments with growth potential on the market and through acquisition of a company holding certain listed equity investments at a discount of approximately 17% aiming at creating long-term capital gain to the Group. In view of the deteriorating bond market conditions, the Group disposed of all of its bond investments during the Year. The Group recorded a small realized loss on selling part of the investments and therefore recorded a small negative segment revenue of HK$2.1 million (2020: positive revenue of HK$22.3 million). The segment loss was HK$63.5 million during the Year (2020: HK$34.8 million) mainly due to share of loss of an associate (which principally engaged in holding listed equity investments) of HK$55.2 million (2020: profit of HK$46.6 million).

Management Discussion and Analysis

OUTLOOK AND STRATEGY

With the worsening pandemic situation in Hong Kong in the first quarter of 2022, enterprises in various sectors in Hong Kong have faced business interruptions and financial difficulties. The operating environment of the Group would therefore remain under pressure. Although there are difficulties from time to time, the Board would not underestimate the long-term growth prospect of the financial services industry in Hong Kong.

After expanding the scope of the Group's Type 6 licence to cover conducting initial public offering sponsorship and obtaining Type 8 (securities margin financing) licence in 2021, the Group will keep on steadily developing its integrated financial services platform by continuing its application for a licence to carry on Type 7 (providing automated trading services) regulated activity. The Group's application for the aforesaid Type 7 licence has lasted for more than one year. The lengthy process is due to the complex nature of the trading platform being reviewed by the Securities and Futures Commission meticulously.

Apart from financial services operations, credit and lending services will remain as one of the Group's core businesses. The Board expects the financial performance of this business segment to improve in the coming year with less expected credit loss or even reversal of part of the provision for expected credit loss previously made. The Group will be responsive in adjusting its lending interest rates to remain as competitive in the local money lending market.

The recent downward pressure on property prices and rentals in Hong Kong is anticipated to dampen the performance of the Group's property investment and leasing business in the coming year. To minimize the adverse impact, the Group plans to relocate its securities brokerage arm to a smaller office near the Group's headquarter in North Point so as to release the currently own-used property in Wong Chuk Hang with a saleable area of about 7,900 sq. ft. for leasing to a third-party tenant to generate additional rental income.

The plunge of Hang Seng Index to a six-year low below 19,000 points in mid-March this year has reflected various unfavourable factors (such as resurgence of pandemic and the looming rise in interest rates) dragging down the stock market. It is also noted that the Hong Kong Government is rolling out some stimulus measures to boost the local economy. The Group will monitor the stock market sentiment constantly and intends to keep its tactical and strategic investments on a long-term basis.

FINANCIAL REVIEW

Revenue

The revenue of the Group was approximately HK$195.3 million for the Year, representing an increase of HK$18.5 million or 10.5% from the last corresponding year. Taking account of other income and gains directly attributable to various segments, the total segment revenue of the Group was approximately HK$196.4 million for the Year, representing an increase of HK$2.9 million from the last corresponding year. The increase in revenue and segment revenue was a result of the Group's stable performance of its core businesses.

Management Discussion and Analysis

Net Asset Value

As at 31 December 2021, the consolidated net asset value of the Group was HK$1,936.1 million (2020: HK$1,843.7 million). The consolidated net asset value per share of the Group was HK$2.05 (2020: HK$1.96). The Group's total assets and total liabilities were HK$2,245.7 million (2020: HK$2,309.1 million) and HK$309.6 million (2020: HK$465.4 million) respectively.

Capital Structure

On 14 May 2021, the Company issued 3,000,000 awarded shares to an employee under the Company's share award scheme.

The Group's capital expenditure and investments were mainly funded from cash on hand, internally-generated funds and bank borrowings. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars and Hong Kong dollars. The Group does not use any financial instruments for hedging purpose.

Liquidity and Financial Resources

The Group's cash and cash equivalents, being mainly denominated in Hong Kong dollars, was HK$434.4 million as at 31 December 2021 (2020: HK$430.2 million). The cash and cash equivalents and the financial assets at FVPL in aggregate were HK$560.3 million as at 31 December 2021 (2020: HK$458.1 million). The liquidity of the Group was very strong with a current ratio of 5.1 as at 31 December 2021 (2020: 3.3).

The Group had bank borrowing in the sum of HK$265.4 million as at 31 December 2021 (2020: HK$275.7 million). The Group did not have any available short-term revolving banking facilities as at 31 December 2021 (2020: Nil).

Exposure to Fluctuation in Exchange Rates and Related Hedges

As the Group's major source of income, expenses, major assets and bank deposits were denominated in Hong Kong dollars and U.S. dollars, the Group's exposure to fluctuation in foreign exchange rates was minimal due to the pegged exchange rate. The Group did not have any related hedging instruments.

Gearing Ratio

As at 31 December 2021, the gearing ratio of the Group, as measured by dividing the net debt to Shareholders' equity, was inapplicable as the net debt was negative when cash and cash equivalents could entirely cover the total debt (2020: 1%). Net debt was calculated as bank borrowings plus other payables and accruals, net of cash and cash equivalents.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2021 (2020: Nil).

Management Discussion and Analysis

Charges on Group Assets

As at 31 December 2021, the Group pledged its investment properties and an own-used property with carrying value of approximately HK$294.3 million and HK$162.8 million (2020: HK$303.2 million and HK$167.0 million) respectively as security for general banking facilities granted to the Group.

Significant Investments

As at 31 December 2021, the Group held a diversified portfolio of financial assets at FVPL (comprising equity investments in 7 listed companies in Hong Kong) with a total carrying value of HK$125.9 million (2020: HK$27.9 million). Each of the equity investments in the said portfolio accounted for less than 5% of the Group's total assets as at 31 December 2021 and therefore was not considered as a significant investment held by the Group.

The Group holds 40% equity interest in Green River Associates Limited ("**Green River Marshall**") incorporated in Marshall Islands as a long-term investment. As at 31 December 2021, the carrying amount of investment in 40% equity interest in Green River Marshall amounted to HK$126.1 million (2020: HK$181.4 million), which represented approximately 5.6% to the Group's total assets. During the reporting period, the Group's share of loss of Green River Marshall was HK$55.2 million (2020: share of profit of HK$46.6 million), which was mainly a result of Green River Marshall's realized and fair value loss on its investments. Given the recent downward trend in the local securities market, Green River Marshall's business of securities investment may still face challenges in the coming year.

Save as disclosed above and elsewhere in this report, there was no other significant investment held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year under review. There was no present plan authorised by the Board for material investments or acquisition of material capital assets as at the date of this report.

Significant Events since the End of the Reporting Period

No significant events affecting the Group have occurred since the end of the reporting period.

OTHER INFORMATION

Human Resources Practices

The Group's remuneration policy is to ensure fair and competitive packages based on business needs and industry practice. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest levels as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will all be considered.

There were 46 work forces (inclusive of all the directors of the Company) working for the Group as at 31 December 2021. The Group also provides other staff benefits including mandatory provident fund, medical insurance and discretionary training subsidy. The Company also operates a discretionary share option scheme and a discretionary share award scheme to motivate employees' performance and loyalty.

Management Discussion and Analysis

APPRECIATION

The Board would like to take this opportunity to extend our gratitude and sincere appreciation to the management team and all staff for their diligence and dedication throughout the Year.

By order of the Board
Planetree International Development Limited
Cheung Ka Yee
Executive Director

Hong Kong, 23 March 2022

Corporate Governance Report

The Board is committed to an ongoing enhancement of effective and efficient corporate governance practices. The Board recognises that good corporate governance practices are essential in bringing up the success of the Company, upholding accountability and transparency, and balancing the interests of shareholders, investors and employees of the Company as a whole.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance practice. Throughout the year ended 31 December 2021, the Company complied with all code provisions of Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange, except for deviation from the then code provision providing for the nomination committee to be chaired by the chairman of the board or an independent non-executive director. During the Period, the nomination committee of the Company was chaired by Mr. Kwong Kai Sing, Benny (a non-executive director of the Company by that time) from 1 January 2021 to 17 February 2021 and subsequently chaired by Ms. Cheung Ka Yee (an executive director of the Company) from 17 February 2021 to 31 December 2021. The Board considered that the good business network of Mr. Kwong and Ms. Cheung and their in-depth knowledge of the Group's operations would make them suitable to chair the nomination committee of the Company by that time respectively. From 1 January 2022, the nomination committee of the Company has been chaired by Mr. Chan Sze Hung (an independent non-executive director of the Company).

The Company will continually review its corporate governance framework to ensure best corporate governance practices. Save as disclosed above, there were no significant changes in the Company's corporate governance practice or from the information disclosed in the Corporate Governance Report in the latest published annual report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transaction by Directors and relevant employees. Following specific enquiry by the Company, each Director confirmed that throughout the accounting year under review, they have complied with the required standards set out in the Model Code.

DIRECTORS' INTERESTS

The interests and short positions of Directors of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as at 31 December 2021 and as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were contained in the section headed "Directors' and Chief Executive's Interests" of the annual report.

STRATEGIC PLANNING

The corporate strategy of the Group focuses on the development of the financial services business for long-term growth. In addition, the Group aims to strike a balance between maintaining a sound financial and management capabilities and enhancing the shareholder's return.

CORPORATE GOVERNANCE REPORT

THE BOARD

A. Board Composition

The Company is headed by an effective Board which is responsible for promoting the success of the Company, and balancing the long-term interest of shareholders and stakeholders. At the date of this report, the Board are comprises eight Directors, among whom four are executive Directors and four independent non-executive Directors ("**INEDs**"). One-third of the Board consists of INEDs which complied with Rule 3.10 and 3.10A of the Listing Rules. Such balanced composition of executive and non-executive Directors ensures a strong independent element on the Board, and provides adequate check and balance to safeguard the interest of shareholders and the Company as a whole. Members of the Board come from different backgrounds and possess diverse range of professional expertise and experience, collectively have balance of skill, competence and personal qualities relevant to the business of the Group and therefore discharge the responsibilities efficiently and effectively. They are experienced personnel with academic or professional qualifications either in accounting, legal or business management and at least one of whom has appropriate professional qualification of accounting or related financial management expertise.

At a meeting held on 23 March 2022, the Nomination Committee reviewed the Board composition and resolved that the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board was appropriate and thereby achieving the measurable objectives of the Board Diversity Policy and complied with the Listing Rules. Save as disclosed herein, none of the Directors have any relationship (including financial, business, family or other material/relevant relationship) between each other. The list of Directors and their biographical details are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

The following chart illustrates the current Board composition including Board Committees:

Board of Directors

Executive Directors	**Independent Non-Executive Directors**
Leung Wing Cheung, William Lam Hiu Lo Cheung Ka Yee Man Wai Chuen *(resigned on 1 April 2022)*	Chan Sze Hung Zhang Shuang Chung Kwok Pan Liu Yan

Audit Committee	**Nomination Committee**	**Remuneration Committee**
Liu Yan *(Chairman)* Chan Sze Hung Chung Kwok Pan	Chan Sze Hung *(Chairman)* Chung Kwok Pan Liu Yan	Liu Yan *(Chairman)* Cheung Ka Yee Chung Kwok Pan

B. Board Delegation

The Board steers the Company's business direction. The executive Directors undertake full accountability to the Board for day-to-day management and operation of the Group. Directions as to the powers delegated to management are clearly identified. The Board shall review the delegation arrangement periodically to ensure it remains appropriate to the Company's need.

The Board has reserved the following functions to the Board. Or, prior approval from the Board is required if the management is dealing with the following functions:

1. To formulate long-term corporate strategy and business development plans;

2. To declare an interim dividend, a final dividend or to declare or recommend other distribution;

3. To supervise and monitor performance of management;

4. To review the effectiveness of the risk management and internal control systems of the Group;

5. To be responsible for the appointment, removal or re-appointment of Directors, senior management and external auditors, and determine the remuneration of Directors and senior management based on the recommendations of the Remuneration Committee; and

6. To recommend members of the Company for winding up of the Company.

C. Board Committees

The Board delegated authorities to three Board committees to deal with matters, and specific written terms of reference were clearly set out to enable them to perform their functions properly. Board committees are required, unless restricted by laws and regulations, to report to the Board on their decisions or recommendations on a regular basis.

1. Audit Committee

Detailed information on the works and duties of the Audit Committee is contained in the Report of the Audit Committee in this annual report.

2. Nomination Committee

Members of the Nomination Committee during the year and up to the date of this report were:

Mr. Chan Sze Hung *(Chairman, appointed on 1 January 2022)*
Mr. Chung Kwok Pan
Ms. Liu Yan
Mr. Kwong Kai Sing, Benny *(ex-Chairman from 1 January 2021 to 16 February 2021)*
Ms. Cheung Ka Yee *(ex-Chairman from 17 February 2021 to 31 December 2021)*

The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice at the Company's expense if considered necessary. The major roles and functions of the Nomination Committee are set out in its terms of reference which are published on websites of the Company and the Stock Exchange.

On 26 August 2013, the Company adopted the Board Diversity Policy which was then amended by the resolutions of the Board on 30 November 2018 to take effect on 1 January 2019, which aims to set out the approach to achieve diversity on the Board. The Nomination Committee is responsible for monitoring the implementation and recommending any revisions that may be required to ensure effectiveness of the Policy. In addition, the Nomination Committee will discuss, review and agree annually on measurable objectives for implementing diversity on the Board. Moreover, the Board has adopted the Director Nomination Policy on 13 March 2014 which was then amended by the resolutions of the Board on 30 November 2018 to take effect on 1 January 2019. The Board will review these policies periodically to keep it up to date and in compliance with the Listing Rules, all applicable laws and regulatory obligations and requirements.

At a meeting of the Nomination Committee held on 23 March 2022, the following matters were discussed, reviewed and approved:

2.1 the structure, size, composition and diversity of the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

2.2 to assess the independence of INEDs by reference to the independent criteria set out in Rule 3.13 of the Listing Rules; and

2.3 the Director Nomination Policy and the Board Diversity Policy and their implementation.

The Nomination Committee considers that the current composition of the Board is characterised by diversity after taking into account its own business model and specific needs, whether considered in terms of professional background or skills.

Attendance of individual Directors at the meeting of the Nomination Committee is set out in the section headed “Directors’ Attendance and Time Commitment”.

3. *Remuneration Committee*

Members of the Remuneration Committee during the year and up to the date of this report were:

Ms. Liu Yan *(Chairman)*
Ms. Cheung Ka Yee
Mr. Chung Kwok Pan

The company secretary of the Company serves as the secretary of the Remuneration Committee and minutes of the meetings have been sent to members within a reasonable time after the meetings. The major roles and functions of the Remuneration Committee are set out in its terms of reference which are published on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

In dealing with remuneration packages of Directors, no member of the Remuneration Committee was involved in deciding his/her own remuneration packages. The Board reviews the Remuneration Policy annually to ensure remuneration packages offered by the Company remains fair and competitive based on business needs and industry practice to attract and retain Directors to run the Company successfully without paying more than necessary. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest level as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will all be considered. The Remuneration Committee considered the remuneration proposals of executive Directors, and taking into consideration other relevant factors including corporate goals and objectives of the Company in recommending remuneration of Directors. The Company has provided sufficient resources for them to perform duties and they may access to professional advice if considered necessary.

At a meeting of the Remuneration Committee held on 23 March 2022, the following matters were discussed, reviewed and approved:

3.1 2022 Remuneration Policy of the Group;

3.2 management's remuneration proposal with reference to the Company's corporate goals and objectives;

3.3 to make recommendation to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, and compensation payable for loss or termination of their office or appointment (if any); and

3.4 to make recommendation to the Board on the remuneration of non-executive Directors.

Attendance of individual Directors at the meeting of the Remuneration Committee is set out in the section headed "Directors' Attendance and Time Commitment". Information relating to the remuneration of each Director for 2021 is set out in note 11 of the Notes to the Consolidated Financial Statements.

4. *Corporate Governance Functions*

The Board does not have a Corporate Governance Committee. However, the Corporate Governance functions as set out in Code Provision A.2.1 of the Corporate Governance Code are performed by the Board. On 23 March 2022, the Board has conducted a meeting to transact the following corporate governance matters:

4.1 to review the Company's policies and practices on corporate governance;

4.2 to review the training and continuous professional development of Directors and senior management;

4.3 to review the Company's policies and practices in compliance with legal and regulatory requirements;

4.4 to review the Code of Conduct; and

4.5 to review the Company's compliance with the Corporate Governance Code and applicable disclosure in the Corporate Governance Report.

D. Directors' Attendance and Time Commitment

The members of the Board meet regularly to review and discuss the overall strategy, operational and financial performance of the Company. Normally four regular meetings of the full Board will be held at quarterly intervals and special ad hoc Board meetings will be convened when necessary to deal with everyday matters which require the Board's prompt decision. In addition, the Company has established various Board committees under the Board and members of the committees have met at least annually to conduct business of the committees. All Directors are experienced personnel with academic or professional qualifications either in accounting, legal or business management, and who have given the Board and Board committees the benefits of their skills, expertise, backgrounds and qualifications through regular attendance and active participation. All Directors have attended the general meetings and have developed a balanced understanding of the views of Shareholders in general.

During the year of 2021, the attendance record of Directors at Board meetings, Board committee meetings and general meetings are set out hereunder:

	Number of meetings attended/held				
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	General Meetings
Number of meetings held	8	2	3	2	1
Executive Directors					
Leung Wing Cheung, William	8/8	N/A	N/A	N/A	1/1
Lam Hiu Lo	7/8	N/A	N/A	N/A	1/1
Cheung Ka Yee	8/8	N/A	3/3	1/1	1/1
Man Wai Chuen *(resigned on 1 April 2022)*	8/8	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Chan Sze Hung	8/8	2/2	N/A	N/A	1/1
Zhang Shuang	5/8	N/A	N/A	N/A	0/1
Chung Kwok Pan	7/8	2/2	3/3	2/2	1/1
Liu Yan	6/8	2/2	3/3	2/2	0/1
Directors resigned during the reporting period					
Kwong Kai Sing, Benny *(resigned on 17 February 2021)*	2/2	N/A	N/A	1/1	N/A
Wong Sheun Fun, Estella *(resigned on 1 March 2021)*	3/3	N/A	N/A	N/A	N/A
Liang Kang *(retired on 25 May 2021)*	4/5	N/A	N/A	N/A	1/1

Corporate Governance Report

Each Director is aware of his/her obligation to give sufficient time and attention to the affairs of the Company and should not accept the appointment if he/she cannot do so. Upon reviewing (i) the attendance rates of each Director in general meetings, Board meetings and their respective board committee meetings; (ii) written confirmation of Directors regarding the number and nature of offices held in public companies or organisations and other significant commitments pursuant to code provision C.1.5; and (iii) written confirmation of Directors to give sufficient time and attention to the affairs of the Company throughout the terms of their appointments, the Board is of the view that all Directors have spent sufficient time in performing their responsibilities during the year under review.

E. Induction and Continuous Professional Development of Directors

Every Director is required to keep abreast of his/her responsibilities as a Director and of the conduct, business activities and development of the Company. In-house briefings on regulatory updates and relevant continuous professional development seminars have been provided at the Company's expenses. Every newly appointed Director had received a comprehensive, formal and tailored induction on the first occasion of his/her appointment, and subsequently further briefings and continuous professional development will be arranged if necessary, to ensure each Director has a proper understanding of the Company's operation and business and that he is fully aware of his/her responsibilities under statute and common law, the Listing Rules and all other applicable regulations and governance.

The Company acknowledges that Directors' training is an ongoing process. During the year under review, all Directors had been updated on the latest developments of the Listing Rules, Companies Ordinance or other applicable laws and regulations related to Directors' duties and responsibilities. In addition, the Company Secretarial Department has arranged training courses and encouraged Directors to attend courses at the Company's expenses. Directors have provided records of training to the Company Secretarial Department. All Directors confirmed that they have complied with code provision C.1.4 to the Listing Rules by attending various continuous professional development seminars held by external professional firms, in-house briefings or reading materials relevant to Directors' duties and responsibilities.

F. Supply of and Access to Information

The management has supplied the Board and Board Committees with adequate information in a timely manner to enable the Board to make informed decisions and to perform their duties and responsibilities as Director of the Company.

Generally, notice of Board meetings together with the proposed agenda are given to all Directors at least 14 days before each regular Board meeting and Directors are given an opportunity to include matters they wish to discuss in the agenda. Agendas and accompanying Board papers are provided to Directors at least 3 days before the intended date of a board or board committee meetings.

Minutes of the Board/Board Committee meetings with details of matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed, after circulation for comments by Directors, are kept by the company secretary or a duly appointed secretary of the relevant meeting and are open for inspection by Directors if necessary.

All Directors have access to the advices and services of the company secretary to ensure necessary Board procedures and all applicable rules and regulations are followed. All Directors are regularly updated on governance and regulatory matters. Directors, upon reasonable request, may have access to independent professional advice in appropriate circumstances at the Company's expenses.

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

The Board is fully aware that, if a substantial shareholder or 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 matter will not be dealt with by way of written resolution or by a committee (except for an appropriate Board committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a Board meeting will be held. INEDs who, and whose associates, have no material interest in the transaction will be present at such Board meeting.

ACCOUNTABILITY AND AUDIT

A. Directors' Responsibility for Financial Reporting

The Directors acknowledge the responsibility for preparing the accounts of the Group and to present a balanced, clear and understandable assessment in the Company's annual and interim reports and other financial disclosures in accordance with the Listing Rules and other statutory requirements and applicable accounting standards, so as to give a true and fair view of the state of affairs of the Company. As at 31 December 2021, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. The Directors also ensure the timely publication of the financial statements of the Group. During the year, in strict compliance with relevant provisions, the Company published the 2021 interim report and the 2020 annual report.

Management undertakes to provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before the Board for approval. In addition, management provides all members of the Board with monthly financial updates which give a balanced and understandable assessment of the Group's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under the relevant requirements of the Listing Rules.

In preparing the financial statements for the year ended 31 December 2021, the Board:

1. adopted Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

2. selected suitable accounting policies and applied them consistently;

3. made prudent and reasonable judgments and estimates; and

4. prepared the accounts on a going concern basis.

Corporate Governance Report

B. External Auditors and their Remuneration

Ernst & Young resigned as the auditors of the Company with effect from 6 December 2019 and Mazars CPA Limited was appointed as the auditors of the Company on 31 December 2019 to fill the casual vacancy so arising. There has been no other change in auditors of the Company in the past three years. The auditor's acknowledgment of reporting responsibilities is set out in the Independent Auditor's Report of the annual report. The independence of auditors is monitored by the Audit Committee and disclosed in the Report of the Audit Committee. Apart from providing audit services to the Group on annual consolidated financial statements, the auditors also provided non-audit services such as tax compliance services and services relating to the preparation of a major transaction circular, all appointments are in line with the Company's Policy on Use of External Auditors for Non-audit Services.

During the year under review, the remuneration paid/payable for services to the external auditors is as follows:

Services rendered	**Fees paid/ payable** *(HK$)*
Audit fee	1,500,000
Non-audit fees *(Note)*	615,000
Total	2,115,000

Note: Non-audit fees include fees of HK$195,000, HK$140,000 and HK$280,000 for tax compliance services, risk advisory services and services relating to the interim financial reports, respectively.

C. Risk Management & Internal Control Systems

The Board acknowledges the responsibility of establishing, maintaining and operating a sound and effective risk management and internal control systems, and reviews its effectiveness periodically. An annual review on the effectiveness of the Group's risk management and internal control systems has been conducted by the Board and reviewed by the Audit Committee. The Board is of the view that, the risk management and internal control systems of the Group for the year under review is sound and effective. The management is responsible for designing, implementing and monitoring of the Group's risk management framework and internal control systems, identifying and evaluating the Group's key existing and potential risks, and determining their respective control measures and/or mitigation strategies, so as to ensure the effectiveness of the risk management & internal control systems.

The Company has engaged an independent internal control consulting firm to perform an overall assessment on the Group's internal control system including the areas of financial, operation, compliance and risk management with the aims of, among other matters, improving the Group's corporate governance and ensuring compliance with the applicable laws and regulations. Based on its internal control review, the independent internal control consulting firm concluded that the results of its enquiries, observation, discussion with responsible personnel as well as examination of documents and records of the Group did not indicate any irregularity or material error of the internal control systems of the Group. The independent internal control consulting firm also recommended certain internal control improvement measures to the Group and the Group has adopted them. The Board expects that a review of the risk management and internal control systems will be performed annually.

(1) Internal control procedures for credit and lending services

To monitor the credit status of borrowers, the management of money lending department and credit control team review the loan portfolio of the Group regularly and conduct comprehensive review over the credit policies and control procedures annually to ensure the Group's interests are well-protected. The Company has put in place clear credit policies, guidelines and controls procedures covering the entire life cycle of money lending operation, which are summarised as follows:

– Loan application

Upon receipt of loan application from potential borrower, a series of know-your-client ("**KYC**") procedures are performed by our credit control team. The KYC procedures include interviewing the applicants to understand their financial needs and repayment abilities, inspecting supporting documents to verify their information submitted, performing background research and on-site visiting. The credit control team summarises the results of the KYC procedures and reports to the management of money lending department for recommendations of approval.

– Loan approval

With reference to the application information and the KYC result, the credit control team make recommendations to the management of money lending department in terms of approvability, credit limit, interest rate and length of loan period. Factors being taken into account in considering the loan application include:

1) the financial strength of the applicant, namely, their assets, liabilities and annual income;

2) the past repayment records of the applicant;

3) prevalent market interest rates; and

4) the availability of guarantee or provision of collateral.

If the management of money lending department approved the loan application, a set of loan documents together with the loan agreement are prepared and arranged among the borrower, the guarantor (if any) and the Group. Once the loan is properly documented and executed, the borrower can request for loan drawdown in accordance with the loan agreement.

– Loan monitoring and repayment collection

The management of money lending department monitor and review the loan portfolio regularly. A loan summary is prepared by the credit control team and indicates changes and maturity of each loan.

In response to the mature loans, the credit control team reminds the borrowers with the repayment schedules via phone calls, email or text messages. In case of overdue loans or default, the management of money lending department determine the follow up actions including issue demand letter, seize of collateral, request guarantor for repayment and commence legal proceeding if necessary.

Corporate Governance Report

(2) Top five borrowers

The following table sets out the top five borrowers and the principal terms of loans under money lending business:

	Interest rate, term, maturity and securities obtained	2021 Carrying Amount *HK$'000*	Percentage to the total gross carrying amount	2020 Carrying Amount *HK$'000*	Percentage to the total gross carrying amount
Gross:					
Customer 1	12% per annum, 6-month ended in Mar 2021, secured by a first floating charge over all assets and a personal guarantee from one of its substantial shareholders.	**30,895**	**8.9%**	30,017	9.4%
Customer 2	11.5% per annum, 1-year and 3-month ended in Mar 2022, unsecured.	**30,000**	**8.7%**	30,038	9.4%
Customer 3	18% per annum, 1-year ending in Jun 2022, unsecured.	**26,013**	**7.5%**	–	–
Customer 4	7% per annum, 1-year ending in May 2022, unsecured.	**26,079**	**7.5%**	–	–
Customer 5	7% per annum, 6-month ending in Feb 2022, unsecured. (2020: 36% per annum, 1-month ending in Jan 2021, unsecured)	**25,662**	**7.4%**	40,355	12.6%
Others		**207,071**	**60.0%**	218,704	68.6%
Total gross carrying amount		**345,720**	**100%**	319,114	100%

(3) Expected Credit Loss ("ECL") of Loan Receivables

	Internal credit rating for 2021 balance	Notes	2021 Amount of allowance *HK$'000*	Percentage to the total allowance	2020 Amount of allowance *HK$'000*	Percentage to the total allowance
Less: Allowance for impairment loss						
Customer 1	Not performing	*note 1*	**(30,895)**	**63.8%**	(3,211)	44.0%
Customer 2	Performing	*note 2*	**(297)**	**0.6%**	(480)	6.6%
Customer 3	Underperforming	*note 3*	**(16,770)**	**34.6%**	N/A	N/A
Customer 4	Performing	*note 4*	**(55)**	**0.1%**	N/A	N/A
Customer 5	Performing	*note 5*	**(55)**	**0.1%**	(650)	8.9%
Others	Performing		**(369)**	**0.8%**	(2,959)	40.5%
Total allowance			**(48,441)**	**100%**	(7,300)	100%
Total net carrying amount			**297,279**		311,814	

(4) Basis of Assessment of ECL

ECL assessment on receivables is performed in accordance with HKFRS 9 to estimate the ECL of the loan receivables. In valuing the ECL under HKFRS 9, probability-weighted loss default ("**PLD**") model is adopted. The PLD model involves the following four key parameters:

(i) Probability of default ("**PD**");

(ii) Loss given default ("**LGD**");

(iii) Exposure at default ("**EAD**"); and

(iv) Discount factor ("**DF**").

In this model, the ECL is derived by summing the ECL of all the expected default events within a specific period. The ECL for each possible event is calculated as the product of the four parameters above.

Internal credit rating	Year-end status of recoverability	Length of assessment
Performing	**Normal credit quality** – the loans that have not had a significant increase in credit risk nor any past-due amounts.	12-month ECL
Underperforming	**Significant increases in credit risk** – the loans that have had a significant increase in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL-not credit-impaired
Not performing	**Credit impaired** – the loans that have past due or it has become probably that the borrower will enter into bankruptcy or reorganization.	Lifetime ECL-credit-impaired

(5) General collaterals, guarantees obtained and comments over the movement in the total provision for ECL

As at 31 December 2021, loan receivables (net of loss allowance) of HK$15,036,000 were secured by a pledge of a Hong Kong property and personal guarantees. The remaining balance of HK$282,243,000 are unsecured.

In 2021, the loss allowance for ECL increased by HK$41.1 million from HK$7.3 million as at 31 December 2020 to HK$48.4 million which was mainly due to a loss allowance of HK$16,779,000 to Customer 3 considered the deterioration of the personal liquidity position and a loss allowance of HK$30,895,000 to Customer 1 in response to its provisional liquidation. As for other customers, there was no events which indicated any significant concerns in their repayment abilities, therefore, their internal credit ratings were assessed as Performing.

Notes:

1. As at 31 December 2021, 100% loss allowance on the loan balance was provided in consideration of the borrower's position of provisional liquidation and the internal credit rating was assessed from Underperforming in 2020 to No Performing in 2021. The cumulative ECL amount of HK$30,895,000 (2020: HK$3,211,000) is based on EAD of HK$30,895,000 (2020: HK$30,017,000), PD of 100% (i.e. default events were triggered during current year) (2020: 17.8%), LGD of 100.0% (2020: 61.9%) or recovery rate of 0.0% (2020: 38.1%) and discount factor of 1.0 (2020: 0.97).

2. As at 31 December 2021, the cumulative ECL amount of HK$297,000 (2020: HK$480,000) is based on EAD of HK$30,000,000 (2020: HK$30,038,000), PD of 1.65% (2020: 2.66%), LGD of 61.7% (2020: 61.6%) or recovery rate of 38.3% (2020: 38.4%) and discount factor of 0.97 (2020: 0.97). There was no significant movement in the loss allowance, the slight adjustment was due to the update in parameters in response to external factors.

3. As at 31 December 2021, the cumulative ECL amount of HK$16,770,000 is based on EAD of HK$36,013,000, PD of 100%, LGD of 70.0% or recovery rate of 30.0% and discount factor of 0.92. In late 2021, from our regular review of the borrower, it was noted that the borrower is facing liquidity difficulty, therefore, the loan was assessed as Underperforming. The loan was newly granted in 2021 and no comparison with prior year is made.

4. As at 31 December 2021, the cumulative ECL amount of HK$55,000 is based on EAD of HK$26,079,000, PD of 0.35%, LGD of 61.8% or recovery rate of 38.2% and discount factor of 0.97. The loan was newly granted in 2021 and no comparison with prior year is made.

5. As at 31 December 2021, the cumulative ECL amount of HK$55,000 (2020: HK$650,000) is based on EAD of HK$25,662,000 (2020: HK$40,355,000), PD of 0.35% (2020: 2.66%), LGD of 61.8% (2020: 61.6%) or recovery rate of 38.2% (2020: 38.4%) and discount factor of 0.99 (2020: 0.98). There was no significant movement in the loss allowance, the slight adjustment was due to the update in parameters in response to external factors.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

From 31 January 2020 to 22 January 2021, Ms. Yuen Yu Hung (an employee of the Company) acted as the company secretary of the Company. Since 23 January 2021, Mr. Man Wai Chuen (also an executive director of the Company) has replaced Ms. Yuen as the company secretary of the Company. During the year ended 31 December 2021, Mr. Man took no less than 15 hours of relevant professional trainings. Since 1 April 2022, Mr. Chow Chi Wah, Vincent has replaced Mr. Man Wai Chuen as the company secretary of the Company.

SHAREHOLDERS' RIGHTS

Set out hereunder is a summary of Shareholders' rights as required to be disclosed pursuant to Part 1 Section K of the Corporate Governance Code, which are subject to the Bye-Laws, Companies Act 1981 of Bermuda and applicable legislation and regulation.

Every year, an annual general meeting will be held by the Company. Further, the Board may whenever it thinks fit call general meetings known as special general meetings.

Shareholders who wish to convene a special general meeting or put forward proposals at any general meeting, including the proposal to nominate a person for election as a Director, should follow the applicable procedures described below.

Procedures to Convene a Special General Meeting

1. Shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Company, to require a special general meeting to be called by the Board for transaction of any business specified in such requisition.

2. The requisition must state the purposes of such meeting, and must be signed by the requisitionists and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the "**Registered Office**"), and may consist of several documents in like form each signed by one or more requisitionists. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at 8/F., China United Centre, 28 Marble Road, North Point, Hong Kong (the "**Principal Place of Business**"), marked for the attention of the Board or the company secretary.

3. If Directors do not within twenty-one (21) days from the date of deposit of requisition proceed duly to convene a special general meeting to be held within two (2) months after the deposit of the requisition, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting and be repaid by the Company for any reasonable expenses incurred, provided that any meeting so convened by the requisitionists shall not be held after the expiration of three (3) months from the said date of deposit of the requisition.

4. Other than an adjourned meeting,

   4.1 a special general meeting at which the passing of a special resolution is to be considered shall be called by at least twenty-one (21) clear days and not less than ten (10) clear business days written notice. All other special general meetings may be called by at least fourteen (14) clear days and not less than ten (10) clear business days written notice.

   4.2 any special general meeting may be called by shorter notice than that specified in sub-paragraph 4.1 above if it is so agreed by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the shares giving that right.

Corporate Governance Report

Procedures to Put Forward Proposals at General Meetings

1. Any number of Shareholders representing not less than one-twentieth (1/20) of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the general meetings of the Company; or not less than one hundred (100) Shareholders, shall (unless otherwise resolved by the Company) at their own expense have the right, by written requisition to the Company: (a) to require notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting to be given to Shareholders; and/or (b) to request for circulation to Shareholders any statement of not more than one thousand (1000) words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

2. The requisition must be signed by the requisitionists in a single document or in separate copies prepared for the purpose. A copy of the signed requisition, accompanied by a sum reasonably sufficient to meet the Company's expenses, must be deposited at the Company's Registered Office: (a) in the case of a requisition requiring notice of a resolution, not less than six (6) weeks before the annual general meeting unless an annual general meeting is called for a date six (6) weeks or less after the copy has been deposited, in which case the copy shall be deemed to have been properly deposited though not deposited within the time required; and (b) in the case of any other requisition, not less than one (1) week before the general meeting. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's Principal Place of Business in Hong Kong, marked for the attention of the Board or the company secretary.

Procedures to Propose a Person for Election as a Director

Detailed information and procedures for Shareholders to propose a person for election as a Director are set out in the Company's website www.planetreeintl.com.

DIVIDEND POLICY

The Board adopted the Dividend Policy on 30 November 2018 to take effect as from 1 January 2019. The Dividend Policy aims to maximize interests of Shareholders and at the same time, maintains a strong balance sheet for investment opportunities and sustainable development of the Group in the future.

Pursuant to the Dividend Policy, dividends proposed or declared, recommended or not recommended, the form, frequency and dividend amount are to be determined by the Board by taking into account various factors including the followings:

1. Any restrictions or requirements under Companies Act 1981 of Bermuda, other applicable laws and regulations and the bye-laws of the Company;

2. The liquidity, cash flow and general financial position of the Group;

3. The current and future commitments, business strategy, capital needs forecast and capital structure target of the Group for the current and future development plans;

4. Any banking or other funding covenants by which the Group is bound from time to time; and

5. Any other factors the Board may deem appropriate and/or relevant.

The Dividend Policy will be reviewed periodically to keep it up to date and in compliance with applicable laws, rules and regulations.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communications with Shareholders and the investment community, and the value of providing current and relevant information in a timely and appropriate manner. The Board has formulated the Shareholder Communication Policy, aiming to ensure Shareholders and investment community are provided with ready, equal and timely access to current and relevant information of the Company, in order to enable the Shareholders to have a better understanding on the financial and business operation of the Company, as well as to exercise their rights in a timely and informed manner. In addition, the Board has adopted the Inside Information Policy which sets out a guideline for identifying, assessing and broadly disseminating inside information of the Group to the public in a timely and equal manner in accordance with the Listing Rules, laws and regulations applicable to the Company. In compliance with Code Provision F.1.1 of the Corporate Governance, the Board adopted the Dividend Policy which aims to maximize interests of Shareholders and at the same time, maintains a strong balance sheet for investment opportunities and sustainable development of the Group in the future. The Board will review these policies regularly to ensure their effectiveness.

The Board endeavors to maintain an on-going dialogue with Shareholders, general meetings of the Company provide the best opportunity for communication between the Board and Shareholders. Shareholders are encouraged to participate in general meetings or, if they are unable to attend meetings, to appoint proxies to attend and vote at the meetings on their behalf. At the annual general meeting held on 25 May 2021, a separate resolution was proposed by the chairman in respect of each substantially separate issue. The Company complied with the required notice periods for general meetings under the applicable laws, rules and regulations. The chairman of the Board, the chairman of the Audit Committee, Remuneration Committee and Nomination Committee, and representative from the external auditors attended the 2021 annual general meeting to answer questions of Shareholders. Poll voting has been used for passing all resolutions at annual general meetings since 29 April 2005. Details of the poll voting procedures are clearly explained at the commencement of the meetings. The poll results are posted on the websites of the Company and the Stock Exchange on the same day of the poll.

In addition, information may also be communicated to Shareholders and the investment community through the following methods:

1. periodic disclosure through financial reports of the Company, including but not limited to interim and annual reports, financial statements, results announcement etc;

2. disclosure of information through circulars, announcements, notice of meetings and any other special notices whenever and wherever necessary in accordance with the Listing Rules;

3. the Company's website at http://www.planetreeintl.com and the Stock Exchange's website at www.hkex.com.hk; and

4. Shareholders may put enquires to the Board by sending letters to the Company's Principal Place of Business.

INVESTOR RELATIONS

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

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions are provided under note 34 of the Notes to the Consolidated Financial Statements.

Report of the Audit Committee

AUDIT COMMITTEE

Members of the Audit Committee during the year and up to the date of this report were:

Ms. Liu Yan *(Chairman)*
Mr. Chan Sze Hung
Mr. Chung Kwok Pan

The composition of the Audit Committee comprises INEDs with diversified industry experience, such as accounting, legal, commercial or management sectors. The chairman has appropriate professional qualifications and experiences in accounting matters. The Audit Committee met regularly since its establishment and full minutes of the meeting of the Audit Committee were kept by the company secretary of the Company. Draft and final version of minutes of the Audit Committee meetings were sent to all members for comments and record within a reasonable time.

The Audit Committee is delegated by the Board to provide independent oversight of the Group's financial reporting process, relationship with external auditors, risk management and internal control systems of the Group. The Audit Committee held two meetings in 2021 and members' attendance records are disclosed in the section headed "Directors' Attendance and Time Commitment" of the Corporate Governance Report. The Audit Committee was effective in fulfilling its roles in 2021 and significant matters which were reviewed and discussed by the Audit Committee include the followings:

1. **Review of Financial Results**

   In the financial reporting process, the Audit Committee reviewed the respective work of management including the following:

   1.1 review and discuss with management the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 and recommend to the Board for approval;

   1.2 review and discuss with the management and external auditors the audited consolidated financial statements of the Group for the year ended 31 December 2021 and recommend to the Board for approval;

   1.3 review the 2021 interim report and 2021 annual report; and to consider any significant financial reporting judgments contained in them; and

   1.4 consider and discuss with management any significant or unusual items that may need to be reflected in the 2021 annual report and any matters that have been raised by the Company's staff responsible for accounting and financial reporting function, compliance officer or auditors (if any).

2. **Review of Risk Management & Internal Control Systems**
The Audit Committee received from, and discussed with, management (i) Report on the effectiveness of the risk management of the Group; and (ii) Report on the effectiveness of the internal control system of the Group. The Audit committee has:

2.1 reviewed on the effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance control, and risk management functions. The annual review had, in particular, considered the adequacy of resources, staff qualifications and experience, training programmes and budgets of the Company's accounting and financial reporting function;

2.2 considered major investigation findings on risk management and internal control matters and management's response to these findings (if any);

2.3 reviewed the financial and accounting policies and practices of the Group; and

2.4 reviewed if any employees has raised concerns about any possible improprieties in financial reporting, internal control or other matters.

3. **Review the Independence of External Auditors**
The Audit Committee reviewed and considered the relationship of the external auditors in the following aspects:

3.1 to consider the terms of engagement of Mazars CPA Limited, the Company's external auditors;

3.2 to consider the independence and objectivity of external auditors by reference to the Letter of Independence issued by Mazars CPA Limited; and the effectiveness of the audit process in accordance with applicable standards;

3.3 to make recommendations to the Board on the re-appointment of the external auditors; and

3.4 to review the Policy on Engaging External Auditors to Supply Non-audit Services.

4. **Review of Internal Audit Function**
The Audit Committee reviewed the internal audit function of the Group and the scope of work performed by the internal audit function during the year including the followings aspects:

4.1 to review the internal control manual at corporate level to determine the main features of risk management and internal control systems;

4.2 to review strategies, policies, procedures and guidelines authorised by the Board from which operational activities and related internal controls are identified;

4.3 to meet with appropriate process owners/managers to identify business objectives, related risks and key controls for each process;

REPORT OF THE AUDIT COMMITTEE

4.4 to review relevant plan, budget and management reports for each process to understand how management monitors the effectiveness of internal controls;

4.5 to review financial, operational and administrative information, documents and records for each process to ascertain that the related transactions are properly reflected in the accounting books and records and related assets are safeguarded;

4.6 to walk through selected procedures and inspect related documents with responsible personnel; and

4.7 to review the co-ordination between the internal and external auditors, adequacy of resources, standing and effectiveness of the internal audit function.

Environmental, Social and Governance Report

The Board is pleased to present the Environmental, Social and Governance Report (the "**ESG Report**") which is made in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Listing Rules. The information disclosed in the ESG Report is derived from the internal statistics, results and analyses of the Group's internal management systems.

SUSTAINABILITY APPROACH AND STRATEGY

The Board is committed to the long-term sustainable development of environmental, social and governance ("**ESG**") practice and its reporting. The Board recognises the importance of ESG factors and aims to manage ESG issues and their associated risks, and adhere to a high standard business practices in maintaining environmental and social sustainability. In addition, the Board is committed to engaging ESG considerations as an integral part of business operations of the Group and strives to continually improve our environmental performance in line with Corporate Governance Code, environmental protection laws, applicable rules and regulations. The Company will further enhance ESG management by actively participating in community engagement and ensuring our business development will take into consideration the communities' interests.

THE ESG POLICY

In furtherance of this commitment, the Board adopted the ESG Policy of the Company (the "**ESG Policy**") on 6 June 2016 aiming to set out guidelines and framework for the Company to handle ESG issues associated with the business operation and investment of the Group. The ESG Policy applies to all Directors, management and employees throughout the Group and all employees have a duty to uphold the standards established in the ESG Policy, which enable the Company to achieve a high standard of business ethics, governance and integrity.

SCOPE OF REPORT AND PERIOD

The ESG Report covers the core businesses of the Group in Hong Kong (the "**Core Businesses**") including: (i) financial services operation under SFO licences; (ii) credit and lending services operation under MLO licences; (iii) other financial services; (iv) property investment and leasing; and (v) tactical and strategic investment. In view of the business nature of the Group, we are not aware of any environmental laws and regulations that would have a significant impact on the Group. The ESG Report disclosed information on the Company's ESG Policy and performance, management approach, strategy, priorities and objectives during the year from 1 January 2021 to 31 December 2021.

REPORTING PRINCIPLES

- Materiality — Materiality assessment was conducted to diagnose material issues during the year ended 31 December 2021. Materiality of issues was reviewed by the board of directors (the "**Board**") of the Company and senior management of the Group.

- Quantitative — The standards and methodologies used in the calculation of relevant data, as well as the assumptions used were disclosed in this ESG Report.

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

- Completeness — Covered the relevant scope and information for material topics, for readers of this ESG report to have a good understanding of the Group's sustainability performance during the year ended 31 December 2021.

To ensure the quality of the content in this ESG Report, we observed the principles of balance, comparability, accuracy, timeliness, clarity and reliability. The data has been obtained from reports generated from our internal systems and we have relied on internal data monitoring and verification to ensure its accuracy. The ESG data and information are reported in good faith and have not been verified by an independent third party.

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

The Group's main stakeholder engagement in ESG promotion includes employees, shareholders, local communities, investors and regulators. The Company shall ensure the communication of the ESG Policy, management strategy and approach of the Company in environmental protection to our stakeholders through different channels including annual general meeting, the Company's website and regular seminars to employees, etc.

BOARD STATEMENT AND GOVERNANCE STRUCTURE

The Board is responsible for formulating ESG strategy and reporting, evaluating and determining the Company's ESG related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Management is responsible for assisting the Board in discharging the above duties and responsibilities, implementing the ESG Policy, and providing confirmation to the Board on the effectiveness of ESG risk management and internal control systems. Management will, where appropriate, delegate ESG responsibilities to officers and managers at departmental levels, or instruct external professionals in the identification and management of its risks and opportunities.

MATERIALITY ASSESSMENT

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. During the year ended 31 December 2021, the Company undertook its annual materiality assessment exercise. The objective of materiality assessment is to identify ESG topics that are material and relevant to the Group's operation. This involved conducting interviews and/or surveys with internal and external stakeholders to identify the most significant environmental and social impacts on its business. To identify potential material topics for disclosure in the ESG Report, we took reference to the ESG Reporting Guide and set possible topics for assessment. According to the results of the materiality assessment, the items below demonstrated the ESG topics with high materiality to the Group, including:

- Employee welfare
- Inclusion and equal opportunities
- Talent attraction and retention
- Occupational health and safety
- Prevention of child and forced labour
- Supply chain management
- Labour standards in supply chain
- Economic value generation
- Protection of intellectual property rights
- Protection of customer privacy
- Corporate governance
- Anti-corruption
- Community investments

Environmental, Social and Governance Report

REPORT ON ENVIRONMENTAL ASPECTS

A.1 Emissions

The Company complied with the ESG Policy, Corporate Governance Code, environmental protection laws and all the applicable laws and regulations that have a significant impact on the Company relating to air and greenhouse gas emission, discharges into water and land, and/or generation of hazardous and non-hazardous waste. The operation of the Core Businesses do not have significant impact on the environment and the Group has taken the following steps to closely monitor and manage the environmental effect of the operations of the business:

1.1 The Company did not generate significant greenhouse gas emissions as the emissions are indirectly and principally resulting from consuming electricity and gases at the workplace, vehicles and business travels by employees;

1.2 The Company's objection is to achieve 45% reduction of GHG emission by 2030 from a base year of 2021 (scope 1, 2 & 3);

1.3 Environmental or green procurement-related materials have been distributed to employees to enhance their awareness on ESG issues. Actively encourage employees to cherish our environment and embrace green products, foster low carbon office and green working environment, whenever practicable;

1.4 The indoor temperature and running time of air-conditioning system are controlled to reduce energy consumption and carbon emissions;

1.5 Employees were encouraged to enhance energy efficiencies and water conservation, and take reduction initiatives to manage non-hazardous waste generation in our business operation;

1.6 The Company did not generate hazardous waste during its business operation for the Core Businesses, discharge of water and non-hazardous waste were divided into recyclable or non-recyclable waste and handled in an environmentally responsible manner in line with the applicable environmental protection laws and regulations whenever practicable; and

1.7 The Company's objection is to achieve 50% reduction of non-hazardous wastes by 2030 from a base year of 2021.

A.2 Use of Resources

Due to the Group's business nature, the energy, power and water utilisation is relatively low and only restricted to workplace. The Group is committed to conserve natural resources and the Company has adopted green office practices to reduce natural resources consumption which included the followings:

2.1 The Group strives to minimize environmental impact by encouraging employees to conserve resources by reducing energy consumption and water usage, and exploring energy use efficiency initiatives or alternatives, whenever practicable;

2.2 The Group encourages employees to handle documents electronically. When the use of paper is required, employees are encouraged to print documents in double-sided papers and black-and-white to conserve printer ink;

2.3 Recycle bins are placed in the office to encourage employees to use recycle office supplies whenever practicable;

2.4 Teleconference or internet-meeting is encouraged to avoid unnecessary business travel;

2.5 The Group used wood-free FSC certified paper in printing of its interim and annual reports since 2016;

2.6 Office equipment particularly electrical appliances were set in standby mode whenever practicable and shut down after office hours;

2.7 The Company's objection is to achieve 50% reduction of scope 1 & 2 consumption by 2030; and

2.8 The Company's objection is to achieve 30% water reduction in water consumption below current level by 2030 from a base year of 2021.

A.3 The Environment and Natural Resources

The Company shall ensure compliance with all applicable environmental related legislations and regulations. Notwithstanding the Core Businesses have remote impact on the environment and natural resources, the Board is committed to give careful consideration to identify whether the Company's performances in respect of emissions, waste production and disposal, and use of resources have negative impacts on the environment and take initiative measures and actions to manage and minimize these impacts whenever practicable in order to achieve a long-term sustainable development of ESG practice.

A.4 Climate Change

Temperature

The rate of increase in average temperature can give rise to illness and death. Increased temperature makes conditions more favourable for viruses and bacteria, increasing the risk of foodborne and waterborne diseases. To the extent that higher temperatures would cause uncomfortable working conditions, increased air pollution and higher health risk that employees would suffer from illness.

Rainfall and typhoons

Floods from heavy rainfall and super typhoons can damage building structures and cause soil and water erosion which would lead to softening of building foundations. Typhoons can damage non-structural elements on building such as windows which would cause interruption and require increased spending on repair and maintenance. Super typhoons can also damage high tension lines, affecting electricity transmission. Roads and streets can be blocked by overwhelming trees, shacks and billboards. Therefore, rainfall and typhoons would cause threat to life of employees and suspension of company operation due to services not provided by the financial, banking, transportation, post and telecommunications sector in Hong Kong too.

Environmental, Social and Governance Report

REPORT ON SOCIAL ASPECT

B.1 Employment and Labour Practices

Employees are regarded as the greatest value of the Company. The Company adheres to fair and open recruitment of staff, and provides protection of rights and interests for employees. The Company's Remuneration Policy is to ensure fair and competitive packages based on business needs and industry practice. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest levels as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Company, time commitment and responsibilities undertaken will all be considered. The Group also provides other staff benefits including MPF, medical insurance and discretionary training subsidy. The Company also operates a discretionary share option scheme to motivate the performance of employees.

The Company complied with the Employment Ordinance (Cap 57 of the Laws of Hong Kong) and all the relevant laws and regulations that have a significant impact on the Company relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for the year ended 31 December 2021.

The Group had a total number of 42 employees (excluding 4 independent non-executive directors of the Company) as at 31 December 2021. During the year, the employee turnover rate of the Group was 14%. All the employee data is from one core operation unit in Hong Kong, so there is no breakdown based on geographical regions. The employee compositions by gender, employee category, and age group were as follows:

Employee Structure		Number of employees as at 31.12.2021	Number of employees as at 01.01.2021
Total number of employees		42	49
By gender	Male	22	23
	Female	20	26
By age	Aged 18-30	6	8
	Aged 31-40	14	17
	Aged 41-60	19	20
	Aged over 60	3	4
By Employment Category	General Staff	21	24
	Middle Management	8	9
	Senior Management	13	15
	Contract or short term	0	1

B.2 Health and Safety

The Company is committed to enhancing occupational safety and ensuring that health and safety standards are given prime consideration in the operation of our business. Initiative safety measures have been/ will be taken to maintaining a safe working environment sufficiently enough to protect employees from occupational hazards.

The Group provides a safe, healthy and hygienic working environment to staff with labour protection, reasonable remuneration and various welfares. The Company provides medical insurance covering out-patient, hospitality and annual body checkup for employees. The Company encourages employees to maintain a work-life balance and numerous sports and recreation activities have been/will be conducted through Staff Club which includes health & nutrition talks, yoga class and outing activities.

The Company complied with all the relevant laws and regulations that have a significant impact on the Company relating to providing a safe working environment and protecting employees from occupational hazards during the year ended 31 December 2021.

During the past three years, the Group did not record any work-related injury or fatality of employees, nor any lost days due to work injury.

B.3 Development and Training

The Company acknowledges the importance of continuous training of employees and has in place a comprehensive training scheme and program to enhance professional ethics and product knowledge of employees. The Company has periodically arranged seminars, briefings or trainings on regulatory updates or industry practices related to the business needs of the Company and encouraged Directors and employees to attend at the Company's expenses. In addition, the Company has/will provide(d) training subsidy to employees attending job-related training courses.

Occupational Training Data		**2021**
Total workforce trained	No. of employees	10
Employees trained by gender	Male	6
	Female	4
Employees trained by employment category	General Staff	0
	Middle Management	5
	Senior Management	5
	Contract or short term	0
Average training hours per employees by gender	Male	7.6
	Female	10.0
Average training hours per employees by employment category	General Staff	N/A
	Middle Management	6.0
	Senior Management	13.2
	Contract or short term	N/A
Percentage of employees trained by gender	Male	27%
	Female	25%
Percentage of employees trained by employee category	General Staff	0%
	Middle Management	55%
	Senior Management	33%
	Contract or short term	0%

B.4 Labour Standards

The Company is committed to preventing and effectively eliminating all forms of child and forced labour. In case any irregularities in ages, identities and/or validities of employment status were found, employment will be terminated immediately and the Company will report the incident to relevant authorities. The Company has complied with all the relevant laws and regulations that have a significant impact on the Company relating to preventing child and forced labour.

B.5 Supply Chain Management

The Group's business operation may not directly cause significant negative environmental and social impacts to our suppliers. However, the Company shall ensure the communication of the ESG Policy and management's strategy and approach in environmental protection to our stakeholders including suppliers and employees for the purpose of managing potential environmental and social risks of the supply chain.

To integrate the environmental vision into the procurement of office supplies, the Group have a green procurement policy (i.e. reuseable, repairable, durable) and make a conscious effort to not be wasteful when using or ordering supplies. With this in mind, we have purchased refillable pens, environment-friendly paper and refillable potable water. The Group give priority to the suppliers who are environmentally friendly and socially responsible in order to promote and support environmentally preferable products and services in supply chain. In order to minimize the carbon emission, suppliers engaged by the Group are local suppliers.

B.6 Product Responsibility

The Company shall ensure compliance with relevant laws and regulations that have a significant impact on the Company relating to health and safety, advertising, labeling and privacy matters relating to services provided and methods of redress. The Company aims to incorporate ESG consideration in our business operation and investment decisions.

Given the nature of its business, the Group did not sell or ship any products and did not receive any products and service-related complaints during the Year.

The Group is committed to protect intellectual property rights and not to infringe any third-party interests. We protect intellectual property rights by ensuring licensed software is used for our business operations.

The Group is not aware of any material non-compliance with the Personal Data (Privacy) Ordinance and other applicable laws and regulations that have a significant impact relating to privacy matters in regard to products and services provided by the Group in the Year. No significant fines had been reported in the Year.

B.7 Anti-corruption

The Company's anti-bribery and anti-corruption practices are governed by the Code of Conduct of the Company which provides clear guidelines for employees to work in an ethical and socially responsible manner. The Company has adopted the "Policy for Employees Raising Concerns about Possible Improprieties in Financial Reporting, Internal Control or Other Matters" which allows employees to voice out their concerns in confidence without fear of victimization, subsequent discrimination or disadvantage. The Company complied with relevant laws and regulations that have a significant impact on the Company relating to bribery, extortion, fraud and money laundering, among other things, Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong).

During the year, no directors and employees obtained or provided benefits to customers, suppliers, or people with business relationship with the Group, no whistleblowing disclosures were received and no litigations relating to matters of bribery, extortion, fraud or money laundering were brought against the Group or our employees.

B.8 Community Engagement

The Company is committed to delivering positive community engagement, particularly understanding the needs of the communities where the Company operates its business, and ensuring our business activities and investments shall take into consideration the communities' interests. The Company's community involvement includes the direct or indirect participating and/or contributing to dedicated projects through donations. The Board also recognises ESG practice as a continuous process of improvement and actively carries out environmental friendly practices whenever appropriate and possible.

Environmental, Social and Governance Report

ENVIRONMENTAL KPIS

Average no. of effective work forces for the period of 1 January 2021 to 31 December 2021 (U) = 46

KPIs		Data Collection			Emission Factor	Equivalent Emissions	% of total GHG Emission in each scope
A1.1	Emission from vehicles	For NOx Formula: NOx emissions (g) (kilometres travelled x Emission Factor)	Kilometres travelled	0 km	0.0747	0 g	0%
		For SOx Formula: SOx emissions (g) (units of fuel consumed x Emission Factor)	Fuel consumed	0 L	0.0147	0 g	0%
		For PM Formula: PM emissions (g) (kilometres travelled x Emission Factor)	Kilometres travelled	0 km	0.0055	0 g	0%
A1.2	Greenhouse gas emissions in electricity	Scope 1 — HFC and PFC emissions for refrigeration (refrigerant HFC-134a)	Total amount of refrigerant consumed	0.00 kg	N/A	0.00 tonne	0%
		Scope 2 — Electricity	Total amount of electricity consumed	178,921 kWh	0.79	155.2 tonne	99%
		Scope 3 — Paper waste	Total amount of paper consumed disposed at landfills	319.2 kg	4.8	1.53 tonne	1%
		Scope 3 — Electricity used for processing fresh water and sewage	For fresh water processing For sewage processing	40 m^3 0 m^3	0.403 0.219	17 tonne 0.00 tonne	0%
		Total CO_2 equivalent missions (E)					156.78 tonne
		Greenhouse gas emissions intensity (E/U)					3.45 tonne/ employee

KPIs		Data Collection			Emission Factor	GWP	Equivalent Emissions
A1.2	Greenhouse gas emissions from mobile combustion sources (road, air and water transport)	Scope 1 — Direct emissions for vehicles For CO_2 Formula: CO_2 equivalent emissions (E) = A x Emission Factor	Fuel consumed A — amount of consumed (in terms of volume (eg litre) or mass)	0.00 L	2.36		0.00 kg
		Scope 1 — Direct emissions for vehicles Fuel consumed For CH_4/N_2O Formula: CO_2 equivalent emissions (E) = A x Emission Factor x GWP	GWP — global warming potential				
		CH_4	(CH_4 = 21)	0.00 L	0.000253	21	0.00 kg
		N_2O	(N_2O = 310)	0.00 L	0.001105	310	0.00 kg
A1.3	Hazardous waste produced		Not applicable				

Environmental, Social and Governance Report

KPIs		Data Collection			Intensity	
A1.4	Non-hazardous waste produced	Total non-hazardous waste produced (NHW)	By Landfill By Recycled By incineration Total non-hazardous waste produced	0.32 tonne 0.00 tonne 0.00 tonne 0.32 tonne	Non-hazardous waste intensity (NHW/U)	0.01 tonne/ employee
A1.5	Measures to mitigate emissions and results achieved	Please refer to A.1 Emissions				
A1.6	How hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Please refer to A.1 Emissions				
A2.1	Direct & indirect energy consumption	Total amount of electricity consumed (EG)		178,921 kWh	Energy consumption intensity (EG/ U)	4,260 kWh/ employee
A2.2	Water consumption *(note 1)*	Total amount of water consumed (W)		40 m^3	Water consumption intensity (W/U)	0.95 m^3/ employee
A2.3	Description of energy use efficiency initiatives and results achieved	Please refer to A.2 Use of Resources				
A2.4	Sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Please refer to A.2 Use of Resources				
A2.5	Total packaging material used for finished products	Not applicable				
A3.1	Description of significant impacts of activities on the environment and natural resources and actions taken to manage them	The operation of the Core Businesses of the Group does not have significant impact on the environment				
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	Please refer to A.4 Climate Change				

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL KPIS

KPIs		Data Collection	Remarks
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Please refer to B.1 Employment and Labour Practices	
B1.2	Employee turnover rate by gender, age group and geographical region.	Please refer to B.1 Employment and Labour Practices	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Please refer to B.2 Health and Safety	
B2.2	Lost days due to work injury.	Please refer to B.2 Health and Safety	
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Please refer to B.2 Health and Safety	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Please refer to B.3 Development and Training	
B3.2	The average training hours completed per employee by gender and employee category.	Please refer to B.3 Development and Training	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Please refer to B.4 Labour Standards	
B4.2	Description of steps taken to eliminate such practices when discovered.	Please refer to B.4 Labour Standards	
B5.1	Number of suppliers by geographical region.	Please refer to B.5 Supply Chain Management	
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.	Please refer to B.5 Supply Chain Management	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Please refer to B.5 Supply Chain Management	

Environmental, Social and Governance Report

KPIs		Data Collection	Remarks
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Please refer to B.5 Supply Chain Management	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Please refer to B.6 Product Responsibility	
B6.2	Number of products and service related complaints received and how they are dealt with.	Please refer to B.6 Product Responsibility	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Please refer to B.6 Product Responsibility	
B6.4	Description of quality assurance process and recall procedures.	Please refer to B.6 Product Responsibility	
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Please refer to B.6 Product Responsibility	
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.	Please refer to B.7 Anti-corruption	
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Please refer to B.7 Anti-corruption	
B7.3	Description of anti-corruption training provided to directors and staff.	Please refer to B.7 Anti-corruption	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Please refer to B.8 Community Engagement	
B8.2	Resources contributed (e.g. money or time) to the focus area.	Please refer to B.8 Community Engagement	

Note 1: The Group operates in leased office premises for which both the water supply and discharge are solely controlled by the building management.

Report of the Directors

The Board is pleased to present the report of Directors together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Planetree International Development Limited is incorporated in Bermuda and its head office and principal place of business in Hong Kong is 8th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 39 of the Notes to the Consolidated Financial Statements.

There were no significant changes in the nature of the Group's principal activities during the year, except for focusing on development of Financial Services Business during the year.

RESULTS AND STATE OF AFFAIRS

The results of the Group for the year ended 31 December 2021 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 59 to 146.

BUSINESS REVIEW

A fair review of business and a discussion and analysis on the performance of the Group during the year are set out in the section headed "Business Review" of the Management Discussion and Analysis of the annual report. Discussion and analysis on particulars of important events affecting the Company that have occurred since the end of the financial year of 2021, and an indication of likely future development in the Company's business are set out in the sections headed "Outlook and Strategy" and "Significant Events since the End of the Reporting Period" of Management Discussion and Analysis of the annual report. In addition, an analysis using financial key performance indicators is set out in the section headed "Financial Review" of the Management Discussion and Analysis of the annual report.

Environmental, Social and Governance ("ESG") Performance

The Company is committed to achieving sustainable development and protection of the environment and engaging ESG considerations as an integral part of our business operations and investment. The Company's strategy in ESG management can be achieved by adopting eco-friendly management practices, making efficient use of resources, and promoting green awareness within the Company. The Company strives to promote awareness on environmental protection and optimizes efficient use of energy in daily operation by encouraging employees to recycle office supplies, plus a series of measures to develop practices to promote energy-saving and emission reduction. The Company will further enhance ESG management by participating in community engagement and ensuring our business development will take into consideration the communities' interest. The Company has complied with all the applicable environmental laws and regulations that have a significant impact on the Company. Details of ESG practice of the Company are set out in the ESG Report of this annual report which is prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules.

Compliance with Regulations

The Company complies with the relevant laws and regulations that have a significant impact on the Company including Companies Act 1981 of Bermuda, the Companies Ordinance (to the extent applicable to the Group), as well as the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance practice.

Report of the Directors

Relationship with Employee, Customers, Suppliers and Others
The Company actively manages its relationships with employees, customers, investors, regulators, members of the communities in which we operate, and other stakeholders whose actions can affect the Company's performance and value.

DIVIDEND
The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil). No interim dividend was declared for the financial year of 2021 and 2020.

RESERVES
Particulars of movement in the reserves of the Company and the Group during the year are set out in note 40(b) of the Notes to the Consolidated Financial Statements and the Consolidated Statement of Changes in Equity respectively.

DISTRIBUTABLE RESERVES
The Company's deficit of reserves as at 31 December 2021, calculated in accordance with Companies Act 1981 of Bermuda, amounted to HK$3,456,000 (2020: HK$2,490,000), none of which (2020: none) was proposed as final dividend for the year. In addition, the Company's share premium account, in the amount of HK$916,940,000 (2020: HK$914,930,000), may be distributed in the form of fully paid bonus shares.

BANK BORROWING
There was bank borrowing of the Group for HK$265,390,000 as at 31 December 2021 (2020: HK$275,664,000). The movement of bank borrowing of the Group for the year ended 31 December 2021 is set out in note 26 of the Notes to the Consolidated Financial Statements.

SEGMENT INFORMATION
An analysis of the segment performance of the Group for the year ended 31 December 2021 is set out in note 6 of the Notes to the Consolidated Financial Statements.

FIVE YEAR FINANCIAL SUMMARY
A summary of the published results, assets and liabilities of the Group for the past five financial years, as extracted from the audited financial statements, is set out on page 148. This summary does not form part of the audited financial statements.

PROPERTY AND EQUIPMENT
Particulars of the property and equipment of the Group and any movement thereof during the year are set out in note 14 of the Notes to the Consolidated Financial Statements.

INVESTMENT PROPERTIES
The Group's investment properties as at 31 December 2021 were revalued by an independent professional valuer. The drop in fair value arising on the revaluation, which has been debited directly to the Consolidated Statement of Profit or Loss, amounted to HK$8,900,000. Details of the investment properties of the Group and any movement thereof during the year are set out in note 15 of the Notes to the Consolidated Financial Statements, and Particulars of Properties on page 147 which does not form part of the audited financial statements.

PRINCIPAL SUBSIDIARIES
Particulars of the Company's principal subsidiaries are set out in note 39 of the Notes to the Consolidated Financial Statements.

SHARE CAPITAL
Particulars of the Company's share capital and any movement thereof during the year are set out in note 28 of the Notes to the Consolidated Financial Statements.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS
There are no pre-emptive rights provisions in Companies Act 1981 of Bermuda or the Bye-Laws.

EQUITY-LINKED AGREEMENTS
Other than the Share Option Scheme as disclosed below, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

DONATIONS
No charitable donation was made by the Group during the year (2020: HK$1,000,000).

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

Executive Directors
Dr. Leung Wing Cheung, William
Mr. Lam Hiu Lo
Ms. Cheung Ka Yee
Mr. Man Wai Chuen *(resigned on 1 April 2022)*
Ms. Wong Sheun Fun, Estella *(resigned on 1 March 2021)*
Mr. Liang Kang *(retired on 25 May 2021)*

Non-Executive Director
Mr. Kwong Kai Sing, Benny *(resigned on 17 February 2021)*

Independent Non-Executive Directors
Mr. Chan Sze Hung
Mr. Zhang Shuang
Mr. Chung Kwok Pan
Ms. Liu Yan

Dr. Leung Wing Cheung, William, Mr. Lam Hiu Lo and Mr. Zhang Shuang will retire at the forthcoming annual general meeting ("**AGM**") of the Company and have offered themselves for re-election at the AGM. The biographical details of Directors and senior management is set out in the section headed "Profiles of Directors and Senior Management" of the annual report.

CONFIRMATION OF INDEPENDENCE
The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

CHANGE IN INFORMATION OF DIRECTORS
Changes in information of Directors during the year and up to the date of this annual report discloseable pursuant to Rule 13.51B are as follows:

During the period under review and up to the date of this report, there were changes in the composition of the Board as follows:

- Mr. Kwong Kai Sing, Benny resigned as a non-executive director of the Company and ceased to be the chairman of the nomination committee of the Company with effect from 17 February 2021. Mr. Kwong has been employed as a senior advisor to the Board for a term of two years without receiving any remuneration for this employment.

Report of the Directors

- Ms. Wong Sheun Fun, Estella resigned as an executive director of the Company with effect from 1 March 2021.

- Mr. Liang Kang retired as an executive director of the Company with effect from 25 May 2021 at the conclusion of the annual general meeting held on that date.

- Mr. Chung Kwok Pan has been appointed as an independent non-executive director of Legendary Group Limited (formerly known as L&A International Holdings Limited) which is a company listed on the Stock Exchange (Stock code: 8195) with effect from 2 June 2021.

- Ms. Cheung Ka Yee was appointed as the chairman of the nomination committee of the Company from 17 February 2021 to 31 December 2021.

- Mr. Chan Sze Hung has been appointed as the chairman of the nomination committee of the Company with effect from 1 January 2022.

- Mr. Man Wai Chuen resigned as an executive director of the Company, the company secretary of the Company, and an authorised representative of the Company under the Listing Rules, all with effect from 1 April 2022.

Save as disclosed herein, upon specific enquiry by the Company and following confirmations from Directors, there is no change in information of Directors which are required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES

Particulars of Directors' emoluments and the five highest paid employees of the Group are set out in note 11 of the Notes to the Consolidated Financial Statements respectively.

MANAGEMENT CONTRACTS

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

DIRECTORS' SERVICE CONTRACTS

No Director has a service contract with the Company that is not determinable by the Company within one year without compensation (other than statutory compensation). No Director has a service contract with the Company that are exempted under Rule 13.69 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

There were no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its holding companies or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisting during or at the end of the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, during the year and up to the date of this annual report, none of Directors and their associates had any interest in business which competed or was likely to compete, directly or indirectly, with the principal business of the Group.

Report of the Directors

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2021, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting principles. None of which were subject to the reporting requirements under Chapter 14A to the Listing Rules. Details of these transactions are disclosed in note 34 of the Notes to the Consolidated Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

In 2021, revenue to the Group's five largest customers accounted for 36% of the total revenue (before deduction of net loss on disposal of financial assets at fair value through profit or loss) for the year whereas revenue to the largest customer included therein amounted to 10%. There was no purchase from suppliers by the Group during the year.

None of Directors, their associates or any shareholders who, to the knowledge of Directors, own more than 5% of the issued shares, had any interest in any of the five largest customers.

MANDATORY PROVIDENT FUND

The Group operates a defined contribution Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all of its employees. Under the MPF Scheme, the Group has only made mandatory contributions, which are fully and immediately vested in the employees; therefore, there were no forfeited contributions during the year. Further particulars of the MPF Scheme are set out in note 2 of the Notes to the Consolidated Financial Statements.

CORPORATE GOVERNANCE

The Company's principal corporate governance practice is set out in the Corporate Governance Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this annual report as required under the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the listed securities of the Company during the year.

PERMITTED INDEMNITY PROVISIONS

The Bye-Laws provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

Such permitted indemnity provisions have been in force throughout the year under review and is currently in force at the time of approval of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2021, none of Directors or chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") was adopted on 21 May 2015, the terms of which are in line with and complies with the requirements of Chapter 17 of the Listing Rules.

The particulars in relation to the Share Option Scheme that are required to be disclosed under Rules 17.07 to 17.09 of the Listing Rules are set out below:

(1)	Purpose	To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits, to the Participants (as hereinafter defined) and to serve such other purposes as the Board may approve from time to time.
(2)	Participants	It includes any director (or any persons proposed to be appointed as such, whether executive or non-executive), officer or employee (whether full-time or part-time) of each member of the Eligible Group (as hereinafter defined); any business consultant, professional or other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer or employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the Board;

The Eligible Group includes:

(i) the Company and each of its substantial shareholders; and

(ii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the Company or of a substantial shareholder referred to in (i) above; and

(iii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (ii) above; and

(iv) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iii) above; and

(v) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iv) above.

Report of the Directors

(3)	The total number of securities available for issue under the Share Option Scheme together with the percentage of the issued share capital as at the date of the annual report	93,352,767 ordinary shares which represent 9.9% of the issued share capital of the Company as at the date of the annual report.
(4)	The maximum entitlement of shares of each Participant	(a) Subject to sub-paragraphs (b), (c) and (d) below, the total number of shares issued and to be issued upon exercise of all options granted to each Participant under the Share Option Scheme and any other share option schemes of the Company (including those exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1 per cent of the total number of shares in issue. (b) Notwithstanding sub-paragraph (a), where any further grant of options to a Participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including those exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent of the total number of shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his or her close associates, or his or her associates if the Participant is a connected person of the Company (all within the meaning as ascribed under the Listing Rules), abstaining from voting. (c) Each grant of options to a Participant who is a director, chief executive or substantial shareholder of the Company (all within the meaning as ascribed under the Listing Rules) or any of their respective associates, must be approved by the INEDs (excluding any INED who is a proposed grantee). (d) Where the Board proposes to grant any option to a Participant who is a substantial shareholder or an INEDs, or any of their respective associates which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to the Participant under the Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such grant:

		(i) representing in aggregate more than 0.1 per cent of the total number of shares in issue; and (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, such proposed grant of options must be approved by the Shareholders in general meeting. The Participant, his or her associates, and all core connected persons (within the meaning as ascribed under the Listing Rules) of the Company shall abstain from voting in favour at such general meeting.
(5)	The period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by Directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Share Option Scheme.
(6)	The minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by Directors.
(7)	Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted with a consideration of HK$1.00 being payable by the grantee.
(8)	The basis of determining the exercise price	The exercise price shall be a price solely determined by the Board and shall not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option which must be a Business Day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 consecutive business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. Without prejudice to the generality of the foregoing and subject to the Listing Rules, the Board may grant the options in respect of which the exercise price is fixed at different prices for different periods during the option period.
(9)	The remaining life of the Share Option Scheme	The Share Option Scheme remains in force until 20 May 2025.

Report of the Directors

There were no share options granted during the year and there were no outstanding share options as at 31 December 2021.

SHARE AWARD SCHEME

The share award scheme of the Company (the "**Share Award Scheme**") was adopted on 8 May 2020.

Details of Share Award Scheme are set out in note 30 of the Notes to the Consolidated Financial Statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests", "Share Option Scheme" and "Share Award Scheme" above, at no time during the year under review, was the Company or any of its subsidiaries or its holding company, a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of Directors, or any of their associates, had any interests in or was granted any rights to subscribe for shares, or had exercised any such rights.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021, the following persons had interests or short positions in the shares or underlying shares which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange:

Long positions in the shares of the Company:

Name		Capacity and Nature of Interest	Number of Ordinary Shares Held	Percentage of Issued Share Capital
Future Capital Group Limited	*Note*	Beneficial Owner	628,263,640	66.66%
Ms. Lo Ki Yan Karen		Interest of controlled corporation	628,263,640	66.66%
		Beneficial Owner	5,271,800	0.56%
			633,535,440	67.22%

Note: Future Capital Group Limited is 100% beneficially owned by Ms. Lo Ki Yan Karen.

Save as disclosed above, as at 31 December 2021, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares that were recorded in the register required to be kept by the Company under section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

AUDITORS

The financial statements for the year ended 31 December 2021 have been audited by Mazars CPA Limited, Certified Public Accountants, who will retire at the forthcoming annual general meeting (the "**AGM**"), being eligible, offer themselves for reappointment at the AGM. A resolution for re-appointment of Mazars CPA Limited as auditors of the Company and to authorise Directors to fix their remuneration will be proposed at the AGM.

By order of the Board

Dr. Leung Wing Cheung, William
Executive Chairman

Hong Kong, 23 March 2022

Profiles of Directors and Senior Management

Leung Wing Cheung, William, aged 67, has been appointed as an executive Director and the Executive Chairman of the Company with effect from 2 June 2020. He has more than 40 years of management experience in the finance and banking sector. Dr. Leung was formerly an Executive Director of Hang Seng Bank Limited (stock code: 011) from August 2009 to August 2011. Dr. Leung is well known for his leadership at the Hang Seng Bank. Rising from Assistant General Manager to Executive Director, he ultimately served as Head of Personal Banking, a role giving him responsibility for the bank's business relating to personal banking and wealth management. His remit of responsibilities also included his chairmanship on the board of Hang Seng General Insurance (Hong Kong) Company Limited from 2005 to 2007 and chairmanship on the board of Bankers Alliance Insurance Company Limited from 2008 to 2011. Dr. Leung also held directorship on the board of Hang Seng Life Limited from 2005 to 2007 and in Hang Seng Insurance Company Limited from 2008 to 2011. From March 2012 to June 2015, he was an Executive Director of Sun Hung Kai & Co. Limited (stock code: 086) as well as the Chief Executive Officer of Sun Hung Kai Financial Limited. He then served as an Executive Director and the Chief Executive of WeLab Digital Limited from December 2018 to January 2020. He also joined the board of Ping An Securities Group (Holdings) Limited (stock code: 231) as an Independent Non-Executive Director from December 2017 to February 2020. The above companies are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Save as disclosed above, Dr. Leung has not held any directorships in other public companies, the securities of which are listed on any securities exchange in Hong Kong or overseas in the past three years.

Dr. Leung has been conferred a number of academic honors. He has been conferred Honorary Professor, Honorary University Fellow, and Distinguished Alumni by the Hong Kong Baptist University, Adjunct Professor by the Hang Seng University, Honorary Doctorate of the Academy honoris causa by the Hong Kong Academy for Performing Arts, Honorary Fellowships by the Vocational Training Council and HKU Space.

Dr. Leung is active in community services. He previously served as Chairman of the Employees Retraining Board, Hong Kong Dance Company, Treasurer of Hong Kong Baptist University, Council Chairman of Academy for Performing Arts, Chairman of the Estate Agents Authority and the Task Force for the Study on Tenancy Control of Subdivided Units. He is currently serving as Chairman of the Legal Aid Services Council. The Government of the Hong Kong Special Administrative Region appointed Dr. Leung as Justice of the Peace in 2005 and subsequently bestowed Bronze Bauhinia Star and Silver Bauhinia Star on him in 2009 and 2016 respectively.

Lam Hiu Lo, aged 60, was appointed an executive director in 1993. He is mainly responsible for business development and investment of the Group. He is an independent non-executive director of EVA Precision Industrial Holdings Limited (stock code: 838), a public company listed on the Stock Exchange.

Profiles of Directors and Senior Management

Cheung Ka Yee, aged 40, was appointed an executive director in April 2019. She is also a member of remuneration committee and a director of certain subsidiaries of the Company. She holds a Master's degree in Mathematics from the California State University in the United States of America. Ms. Cheung has around 10 years of experience in property investment and property leasing. She was previously a director of a private investment company principally engaged in securities investment in Hong Kong. Ms. Cheung was an executive director of Mason Group Holdings Limited (formerly known as Willie International Holdings Limited, stock code: 273), a company listed on the Stock Exchange, from July 2013 to April 2016.

Man Wai Chuen, aged 58, has been appointed as an executive Director of the Company with the job title as the Finance Director with effect from 1 June 2020. He is also a director of one of the subsidiaries of the Company. Mr. Man was awarded a Master's degree in Business Administration by the University of Sheffield, United Kingdom in 1988. He has been an associate member of the Hong Kong Institute of Certified Public Accountants since 1993, a fellow member of the Association of Chartered Certified Accountants since 1998 and a fellow member of the Hong Kong Institute of Chartered Secretaries since 2000. Mr. Man has over 30 years of experience in the finance and company secretarial fields. Mr. Man was formerly an executive director of Willie International Holdings Limited (stock code: 273, currently known as Mason Group Holdings Limited) from July 2013 to May 2017, an independent non-executive director of Mission Capital Holdings Limited (stock code: 1141, currently known as CMBC Capital Holdings Limited) from November 2014 to November 2015, and an independent non-executive director of China Optoelectronics Holdings Group Co., Limited (stock code: 1332, currently known as Touyun Biotech Group Limited) from August 2015 to January 2016, all of which are companies listed on the main board of the Stock Exchange. Mr. Man has not held any directorships in other public companies, the securities of which are listed on any securities exchange in Hong Kong or overseas in the past three years.

Chan Sze Hung, aged 69, was appointed an independent non-executive director in April 2019. He is also a member of audit committee. He graduated from the University of Hong Kong with a degree in law. He is now a consultant of Chan, Lau and Wai, a firm of solicitors in Hong Kong. He has over 40 years' experience in the legal profession. During the period from June 2012 to June 2016, Mr. Chan was an independent non-executive director of Touyun Biotech Group Limited (stock code: 1332) of which the shares are listed on the Stock Exchange.

Zhang Shuang, aged 50, has been appointed as an independent non-executive director of the Company with effect from 1 April 2020. Mr. Zhang graduated from Nanjing University (南京大學), majoring in natural resources management, in July 1994 and obtained a Master's degree in Science from James Madison University in the United States in May 2002. He has been chief executive officer of The Paradise International Foundation (桃花源生態保護基金會) since 2015. Mr. Zhang has been a project director of the China region at The Nature Conservancy (大自然保護協會) from 2005 to 2015. He has served as an independent non-executive director of ZhongAn Online P & C Insurance Co., Ltd. (stock code: 6060), a company listed on the Stock Exchange, since November 2016.

Profiles of Directors and Senior Management

Chung Kwok Pan, aged 58, has been appointed as an independent non-executive director, a member of the audit committee, remuneration committee and nomination committee of the Company with effect from 1 April 2020.

He has been responsible for the business management of Chungweiming Knitting Factory Limited since early 1988. Mr. Chung also has several social positions, including a member of the 5th and 6th Legislative Council of Hong Kong (Textile and Garment Sector), Leader of Liberal Party, Honorary Life Chairman of Hong Kong Apparel Society, a member of Honorary General Committee of The Chinese Manufacturers' Association of Hong Kong, an advisor of New Territories General Chamber of Commerce, a director of Hong Kong Design Centre, Chairman of Design Discipline Advisory Board of Vocational Training Council, Chairman of Fashion Industry Training Advisory Committee, Education Bureau of the Hong Kong Special Administrative Region ("**HKSAR**") and a member of the Advisory Group on Implementation of Fashion Initiatives, The Commerce and Economic Development Bureau of the HKSAR. He was also a member of the 9th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference in 2005. Mr. Chung obtained a Bachelor's degree in Quantity Surveying from Robert Gordon's Institute of Technology, Scotland (currently known as Robert Gordon University, Aberdeen) in July 1986 and a Master's degree in Business Administration from the University of Stirling, Scotland, United Kingdom in May 1988. He served as an independent non-executive director of SFund International Holdings Limited (previously known as "Hanbo Enterprises Holdings Limited") (stock code: 1367), a company listed on the Stock Exchange, from June 2014 to November 2016. He has served as an independent non-executive director of High Fashion International Limited (stock code: 608) since July 2019 and an independent non-executive director of Esprit Holdings Limited (stock code: 330) since July 2020. He also served as an independent non-executive director of Legendary Group Limited (formerly known as L&A International Holdings Limited) (stock code: 8195) since June 2021. These companies are listed on the Stock Exchange.

Liu Yan, aged 50, has been appointed as an independent non-executive Director with effect form 1 November 2020. She has been appointed as the chairman of the audit committee, remuneration committee and a member of nomination committee of the Company with effect from 1 December 2020. She has over twenty years of solid experience in auditing, financial management, taxation and fund management. She holds a Bachelor Degree in Economics from the Central University of Finance & Economics awarded in 1992 and a Master Degree in Business Administration from University of Rochester awarded in 2005. She is a member of Chinese Institute of Certified Public Accountants (CICPA) since 1996 and passed all tests for Chartered Financial Analyst (CFA) program. Ms. Liu previously worked for Brilliance Group (Shanghai) from 1992 to 1994, PricewaterhouseCoopers (Guangzhou, China) from 1994 to 2001, Barclays Capital (New York City) from 2005 to 2006, Angelo Gordon Asia Limited (Hong Kong and New York) from 2007 to 2010 and China Everbright Limited (Hong Kong) from 2010 to 2015.

Ms. Liu is currently serving as an independent non-executive director of Tai United Holdings Limited (stock code: 718) since June 2015, Haitong International Securities Group Limited (stock code: 665) since June 2018 and Great Wall Pan Asia Holdings Limited (stock code: 583) since November 2018. She previously served as an independent non-executive director of U Banquet Group Holding Ltd (stock code: 1483, currently known as Net-a-Go Technology Company Limited) from October 2016 to September 2018. All of the aforesaid companies are listed public companies in Hong Kong.

INDEPENDENT AUDITOR'S REPORT

MAZARS CPA LIMITED
中審眾環(香港)會計師事務所有限公司
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info@mazars.hk
Website 網址: www.mazars.hk

To the members of
Planetree International Development Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Planetree International Development Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 59 to 146, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS *(continued)*

Key Audit Matters	How our audit addressed the key audit matters
Loss allowance for expected credit loss ("ECL") on loan and interest receivables from credit and lending business	
We identified the loss allowance for ECL on loan and interest receivables from credit and lending business as a key audit matter due to the application of significant judgement by the management in evaluating the recoverability and credit worthiness of the borrowers. Management assessed the impairment losses on loan and interest receivables with reference to valuation carried out by an independent professional valuer engaged by the Group, based on probability-weighted estimate of credit losses over the expected life of these receivables and whether there are any events or changes in circumstances indicate a detrimental impact on the estimated future cash flows of these balances. In particular, as detailed in note 36 to the consolidated financial statements, the Group has concentration of credit risk as the exposure of the largest client and the five largest clients represents 10% and 42% of the total loans to credit and lending clients as at 31 December 2021 respectively. As any impairment of such receivables will have a significant impact on the Group's financial position and financial performance, we consider impairment assessment of such receivables as a key audit matter. The carrying value of the loan and interest receivables from credit and lending business was approximately HK$297,279,000 as at 31 December 2021, in respect of which loss allowance for ECL of HK$48,441,000 has been made. Further details are set out in notes 4, 21 and 36 to the consolidated financial statements.	Our key audit procedures in relation to management's recoverability assessment of loan and interest receivables from credit and lending business included: • Understanding, through enquiry with the management, the established policies and procedures on credit risk management of receivables from credit and lending business; • Assessing and evaluating the design of controls with respect to the identification of receivables with overdue or default payments; • Assessing, on a sample basis, management's judgement over the ECL and creditworthiness of the borrowers by assessing the available information, such as background information of the borrowers, recoverable amount of securities collateral, past collection history of borrowers, concentration risk of borrowers, the Group's actual loss experience forward-looking information and subsequent settlement of the loan and interest receivables. • Assessing the competence, capabilities and objectivity of independent professional valuer who assisted the management to determine the ECL; and • Challenging the judgements and estimates made by management and valuer regarding the factors considered during ECL assessment.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key Audit Matters	How our audit addressed the key audit matters
Valuation of investment properties	
As at 31 December 2021, the Group's investment properties amounted to HK$349,300,000, which were measured at fair value. The fair values of the investment properties as at 31 December 2021 were determined based on valuations by an independent external valuer. Significant estimation is required to determine the fair values of the investment properties, which reflect market conditions at the end of the reporting period. Management engaged independent external valuer to perform valuations on these investment properties at the end of the reporting period and, in case of the absence of current prices in an active market for similar properties, the external valuer considered information from a variety of sources such as estimated rental value of the relevant properties and made assumptions about capitalisation rates. Related disclosures are included in notes 4 and 15 to the consolidated financial statements.	Our key audit procedures in relation to the assessment of the valuations of investment properties included: • Obtaining and reviewing the valuation reports prepared by the independent external valuer engaged by the Group; • Assessing the independent external valuer's qualifications, experience and expertise and considering their objectivity and independence; and • Discussing with the valuer to understand the valuation process and methodologies, the performance of the property market, and assessing the significant assumptions adopted and critical judgements used in the valuation of investment properties.
Loss allowance for ECL on trade receivables from margin clients arising from the business of securities brokerage	
At 31 December 2021, the trade receivables from margin clients arising from the business of securities brokerage amounted to approximately HK$653,497,000, net of loss allowance for ECL of approximately HK$24,113,000. Management assessed the provision for ECL of trade receivables from margin clients based on various inputs such as credit quality if clients, the collateral to margin receivables balance ratio, amount of shortfall of margin clients and pledged marketable securities and forward-looking factors that are specific to the debtors and general economic conditions of the industry analysis. We considered this matter to be a key audit matter due to the significance of the balance and the significant judgement in determining ECL on the trade receivables from margin clients. Further details are set out in notes 4, 21 and 36 to the consolidated financial statements.	Our key audit procedures in relation to management's recoverability as-sessment of trade receivables from margin clients arising from the business of dealing in securities margin financing included: • Obtaining and reviewing the valuation reports prepared by the independent external valuer engaged by the Group; • Assessing the independent external valuer's qualifications, experience and expertise and considering their objectivity and independence; and • Discussing with the valuer to understand the valuation process and methodologies, the performance of the property market, significant assumptions adopted, critical judgements used in the valuation of investment properties.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2021 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. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional 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.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

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

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

We communicate with 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 and 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.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 23 March 2022

The engagement director on the audit resulting in this independent auditor's report is:
Chan Wai Man
Practising Certificate Number: P02487

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Revenue			
Fee and commission income		**1,861**	1,216
Asset management service income		**18,821**	51,735
Corporate advisory service income		**27,943**	16,759
Financial advisory service income		**7,882**	4,736
Net (loss) gain on disposal of financial assets at fair value through profit or loss ("FVPL")		**(2,347)**	3,497
Interest income from margin clients, loan receivables and debt investments at amortised cost		**132,255**	88,631
Dividend income from financial assets at FVPL		**–**	659
Gross rental income		**8,901**	9,543
Total revenue	5	**195,316**	176,776
Other income and gains	5	**10,514**	66,880
Net (loss) gain on disposal of debt investments at amortised cost	19	**(2,998)**	155
Gain on bargain purchase of a subsidiary		**–**	683
(Impairment loss) Reversal of impairment loss on loan and interest receivables	36	**(41,141)**	495
Impairment loss on margin loan receivables	36	**(24,113)**	–
Reversal of impairment loss on promissory note receivable		**–**	3,184
Reversal of impairment loss (Impairment loss) on trade receivables	36	**468**	(613)
Depreciation of property and equipment and rights-of-use assets	14	**(15,041)**	(11,981)
Administrative expenses		**(61,159)**	(103,962)
Other losses	7	**(9,683)**	(121,811)
Finance costs	8	**(5,241)**	(7,062)
Share of result of an associate	18	**(55,232)**	46,563
(Loss) Profit before taxation	9	**(8,310)**	49,307
Income tax expense	10	**(6,949)**	(8,464)
(Loss) Profit and total comprehensive (loss) income for the year		**(15,259)**	40,843
(Loss) Profit for the year attributable to:			
Owners of the Company		**(22,153)**	41,762
Non-controlling interests		**6,894**	(919)
		(15,259)	40,843
Total comprehensive (loss) income attributable to:			
Owners of the Company		**(22,153)**	41,762
Non-controlling interests		**6,894**	(919)
		(15,259)	40,843
		HK cents	HK cents
(Losses) Earnings per share	13		
Basic		**(2.35)**	4.47
Diluted		**(2.37)**	4.46

Consolidated Statement of Financial Position

At 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property and equipment	14	**208,104**	217,128
Investment properties	15	**349,300**	358,200
Intangible assets	16	**12,767**	12,817
Goodwill	17	**6,115**	6,115
Investment in an associate	18	**126,134**	181,366
Debt investments at amortised cost	19	**–**	8,030
Other receivables	21	**1,822**	1,503
Other assets	20	**3,205**	3,205
		707,447	788,364
Current assets			
Trade, loan and other receivables	21	**977,912**	1,062,642
Financial assets at FVPL	22	**125,933**	27,922
Bank balances – trust and segregated accounts	23	**3,307**	179,617
Bank balances and cash	23	**431,073**	250,579
		1,538,225	1,520,760
Current liabilities			
Trade and other payables	24	**27,586**	169,822
Lease liabilities – current portion	25	**3,848**	1,886
Interest-bearing borrowings	26	**265,390**	275,664
Income tax payable		**6,442**	11,262
		303,266	458,634
Net current assets		**1,234,959**	1,062,126
Total assets less current liabilities		**1,942,406**	1,850,490
Non-current liabilities			
Other payables	24	**1,562**	1,690
Lease liabilities – non-current portion	25	**3,924**	3,886
Deferred taxation	27	**836**	1,185
		6,322	6,761
NET ASSETS		**1,936,084**	1,843,729
Capital and reserves			
Share capital	28	**94,253**	93,953
Reserves		**1,651,324**	1,671,467
Equity attributable to owners of the Company		**1,745,577**	1,765,420
Non-controlling interests	39	**190,507**	78,309
TOTAL EQUITY		**1,936,084**	1,843,729

The consolidated financial statements on pages 59 to 146 were approved and authorised for issue by the Board of Directors on 23 March 2022 and are signed on its behalf by:

Dr. Leung Wing Cheung, William
Director

Cheung Ka Yee
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Attributable to owners of the Company										
		Reserves									
	Share capital HK$'000	Share premium HK$'000 (Note i)	Contribution surplus HK$'000 (Note ii)	Asset revaluation reserve HK$'000 (Note iii)	Share option reserve HK$'000 (Note 29)	Share award reserve HK$'000 (Note 30)	Retained earnings HK$'000	Total reserves HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2020	93,053	907,280	44,641	49,211	–	–	569,027	1,570,159	1,663,212	113,476	1,776,688
Profit and total comprehensive income for the year	–	–	–	–	–	–	41,762	41,762	41,762	(919)	40,843
Transactions with owners:											
Contribution and distribution											
Recognition of equity-settled share-based payments	–	–	–	–	50,936	2,310	–	53,246	53,246	–	53,246
Shares vested under the share award scheme	300	2,010	–	–	–	(2,310)	–	(300)	–	–	–
Equity-settled share-based payments on acquisition of a subsidiary	600	5,640	–	–	–	–	–	5,640	6,240	–	6,240
Dividend declared to non-controlling interest	–	–	–	–	–	–	(1,246)	(1,246)	(1,246)	–	(1,246)
	900	7,650	–	–	50,936	–	(1,246)	57,340	58,240	–	58,240
Change in ownership interests											
Transfer of reserve upon disposal of a subsidiary	–	–	–	(49,211)	–	–	49,211	–	–	–	–
Change in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	–	–	2,206	2,206	2,206	(34,248)	(32,042)
Cancellation of share options	–	–	–	–	(50,936)	–	50,936	–	–	–	–
	–	–	–	(49,211)	(50,936)	–	102,353	2,206	2,206	(34,248)	(32,042)
At 31 December 2020	93,953	914,930	44,641	–	–	–	711,896	1,671,467	1,765,420	78,309	1,843,729

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Attributable to owners of the Company								
		Reserves							
	Share capital HK$'000	Share premium HK$'000 (Note i)	Contribution surplus HK$'000 (Note ii)	Share award reserve HK$'000 (Note 30)	Retained earnings HK$'000	Total reserves HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2021	93,953	914,930	44,641	–	711,896	1,671,467	1,765,420	78,309	1,843,729
(Loss) Profit and total comprehensive (loss) income for the year	–	–	–	–	(22,153)	(22,153)	(22,153)	6,894	(15,259)
Transactions with owners:									
Contribution and distribution									
Recognition of equity-settled share-based payments (Note 30)	–	–	–	2,310	–	2,310	2,310	–	2,310
Shares vested under the share award scheme (Note 30)	300	2,010	–	(2,310)	–	(300)	–	–	–
	300	2,010	–	–	–	2,010	2,310	–	2,310
Change in ownership interests									
Non-controlling interest arising from acquisition of a subsidiary (Note 32)	–	–	–	–	–	–	–	5,304	5,304
Change in ownership interests in a subsidiary that do not result in a loss of control (Note 33)	–	–	–	–	–	–	–	100,000	100,000
	–	–	–	–	–	–	–	105,304	105,304
At 31 December 2021	94,253	916,940	44,641	–	689,743	1,651,324	1,745,577	190,507	1,936,084

Notes:

(i) Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value. The application of the share premium account is governed by Section 46(2) of the Companies Act 1981 of Bermuda (as amended).

(ii) Contribution surplus represented the excess of the net asset values of the subsidiaries acquired over the nominal value of the Company's shares issued for their acquisitions at the time of the reorganisation in preparation for the listing of the Company's shares in 1993. Under the Bermuda Companies Act 1981 (as amended from time to time), the contributed surplus may be distributed to shareholders under certain circumstances.

(iii) Asset revaluation reserve as at 1 January 2020 arose from changes in use from owner-occupied properties to investment properties carried at fair value in 2019. The asset revaluation reserve was transferred to retained earnings upon disposal of a subsidiary in 2020.

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Note	2021 *HK$'000*	2020 *HK$'000*
OPERATING ACTIVITIES			
(Loss) Profit before taxation		**(8,310)**	49,307
Depreciation of property and equipment and right-of-use assets	14	**15,041**	11,981
Amortisation of intangible assets	16	**50**	8
Impairment loss (Reversal of impairment loss) on loan and interest receivables	36	**41,141**	(495)
Impairment loss on margin loan receivables	36	**24,113**	–
Reversal of impairment loss on promissory note receivable		**–**	(3,184)
(Reversal of impairment loss) Impairment loss on trade receivables	36	**(468)**	613
Gain on bargain purchase of a subsidiary		**–**	(683)
Gain on disposal of subsidiaries		**(523)**	(48,187)
Loss (Gain) on disposal of debt investments at amortised cost	19	**2,998**	(155)
Loss on disposal of property and equipment	7	**–**	40
Dividend income	5	**–**	(659)
Interest income	5	**(132,270)**	(102,396)
Interest expenses	8	**5,241**	7,062
Net fair value losses on investment properties	7	**8,900**	24,600
Net fair value (gains) losses on financial assets at FVPL	5,7	**(7,961)**	94,171
Fair value losses on contingent consideration receivables	7	**–**	3,000
Equity-settled share-based payment	30	**2,310**	53,246
Share of result of an associate	18	**55,232**	(46,563)
Changes in working capital:			
Other assets		**–**	25
Financial assets at FVPL		**(28,629)**	14,150
Trade, loan and other receivables		**21,260**	(497,211)
Bank balances — trust and segregated accounts		**176,310**	(132,891)
Trade and other payables		**(157,084)**	104,648
Cash generated from (used in) operations		**17,351**	(469,573)
Interest paid for margin financing		**(326)**	–
Income tax paid		**(12,118)**	(50)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**4,907**	(469,623)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
INVESTING ACTIVITIES			
Interest received		**130,795**	89,020
Dividend received		**–**	659
Proceeds from disposal of debt investments at amortised cost		**4,926**	31,814
Proceeds from disposal of property and equipment		**–**	460
Purchases of items of equipment	14	**(245)**	(42,755)
Purchases of intangible assets	16	**–**	(5,000)
Net cash inflow arising from disposal of subsidiaries		**–**	315,684
Net cash outflow arising from acquisition of subsidiaries	32	**(39,984)**	(10,677)
NET CASH FROM INVESTING ACTIVITIES		**95,492**	379,205
FINANCING ACTIVITIES			
New interest-bearing borrowings raised	31	**–**	216,800
Net cash inflow arising from partial disposal of a subsidiary	33	**100,000**	–
Repayment of interest-bearing borrowings	31	**(10,274)**	(6,011)
Principal portion of lease payments	31	**(3,772)**	(1,814)
Interest paid	31	**(5,859)**	(6,632)
Net cash outflow arising from acquisition of additional interests in subsidiaries		**–**	(93,600)
NET CASH FROM FINANCING ACTIVITIES		**80,095**	108,743
Net increase in cash and cash equivalents		**180,494**	18,325
Cash and cash equivalents at beginning of the reporting period		**250,579**	232,254
Cash and cash equivalents at end of the reporting period, represented by cash and bank balances		**431,073**	250,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

1. GENERAL

Planetree International Development Limited (the “Company”) is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2021 annual report of the Company.

The Company and its subsidiaries (together the “Group”) principally engages in (i) financial services with operations under the Securities and Futures Ordinance (“SFO”) licences, (ii) credit and lending services with operations under Money Lenders Ordinance (the “MLO”) licences, (iii) other financial services, (iv) property investment and leasing and (v) tactical and strategic investment.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

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

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and

- disclosures – a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties and financial assets at FVPL, which are measured at fair values as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

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 is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented in note 40 to the consolidated financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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 of those policies.

The Group's investment in associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on acquisition of an associate is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate. Such goodwill is included in interests in associates. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Notes to the Consolidated Financial Statements

Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Property and equipment *(continued)*

Depreciation is provided to write off the cost less accumulated impairment losses of property and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Land and buildings	Over the shorter of the lease terms and 50 years
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	20%
Yacht	10%

An item of 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Investment properties

Investment properties are buildings that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

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

Intangible assets

Trading rights and licenses

The amount represented trading rights that confer eligibility on the Group to trade on the Stock Exchange and The Hong Kong Futures Exchange Limited. The trading rights and licenses have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, the trading rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until its useful life is determined to be finite.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

Country club membership

The useful lives of country club membership is assessed to be indefinite. Club membership with indefinite useful life is tested for impairment annually either individually or at the cash-generating unit level. Such intangible asset is not amortised. The useful life of club membership with indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Golf club membership

The useful lives of membership of golf club is assessed to be definite. Membership with finite life is subsequently amortised over the useful economic life of 10 years and assessed for impairment whenever there is an indication that the membership may be impaired. The amortisation period and the amortisation method for membership with a finite useful life are reviewed at least at each financial year end.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; or (ii) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Classification and measurement (continued)

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of HKFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

1) *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its 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 at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include debt investments at amortised cost, trade, loan and other receivables, other assets, bank balances – trust and segregated accounts and bank balances and cash.

2) *Financial assets at FVPL*

These investments include financial assets that are not measured at amortised cost or fair value through other comprehensive income ("FVOCI"), including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Classification and measurement (continued)

2) *Financial assets at FVPL(continued)*

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include listed equity securities.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables and interest-bearing borrowings. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items under HKFRS 9

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items under HKFRS 9 (continued)

Measurement of ECL (continued)

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument, except in the case of debt investment measured at FVOCI, the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) 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); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, 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.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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 in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items under HKFRS 9 (continued)

Assessment of significant increase in credit risk (continued)

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in note 36 to the consolidated financial statements, debt investments at amortised cost, other receivables and bank balances are determined to have low credit risk.

Credit-impaired financial asset

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

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) 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.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items under HKFRS 9 (continued)

Credit-impaired financial asset (continued)

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Equity instruments

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

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Rental income

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs.

Dividend income

Dividend income from financial assets is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is securities brokerage, financial, consultancy and corporate financial services.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) 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.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers within HKFRS 15 (continued)

Timing of revenue recognition (continued)

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue or income arising commission income for broking business is recorded as income at a point in time on a trade date basis.

Asset management and corporate advisory service income are recognised over time when the relevant services have been rendered.

Advisory services income are recognised at a point in time when services are rendered.

Interest income

- Interest income from margin clients is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rate applicable.

- Other interest income from financial assets is recognised using the effective interest method.

For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Foreign currency translation

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

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

Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property and equipment, intangible assets and investments in subsidiaries and an associate may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets other than goodwill *(continued)*

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Government grants

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

Leases

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

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. 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.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

As lessee (continued)

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, 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, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	3 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset, if any, during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

As lessee (continued)

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

A lease modification is accounted for as a separate lease if

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

(b) the consideration for the lease 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.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor – operating lease

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Retirement benefit costs

Payment to defined contribution retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

Long service payments

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Share-based payment transactions

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account any market conditions and non-vesting conditions.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Share-based payment transactions *(continued)*

Equity-settled transactions (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions ("vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Notes to the Consolidated Financial Statements

Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Related parties

A related party is a person or entity that is related to the Group.

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

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

(i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

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

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

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

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

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

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

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

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. FUTURE CHANGES IN HKFRSS

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 16	Proceeds before Intended Use [1]
Amendments to HKAS 37	Cost of Fulfilling a Contract [1]
Amendments to HKFRS 3	Reference to the Conceptual Framework [1]
Annual Improvements to HKFRSs	2018–2020 Cycle [1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [2]
Amendments to HKAS 1	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 HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

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 The effective date to be determined

The directors do not anticipate that the adoption of these new/revised HKFRS in future periods will have any material impact on the result of the Group.

Notes to the Consolidated Financial Statements

Year ended 31 December 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Provision for ECL on loan and interest receivables and trade receivables

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default, losses given default and value of collateral, changes in which can result in different levels of allowances.

The Group's ECL calculations on loan and interest receivables and trade receivables are based on assumptions about risk of default and losses given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates (such as gross domestic product and market volatility) at the end of each reporting period. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At 31 December 2021, the carrying amount of the Group's loan and interest receivables and trade receivables amounted to HK$297,279,000 (2020: HK$311,814,000) and HK$674,734,000 (2020: HK$744,752,000) respectively. Net impairment losses of HK$48,441,000 (2020: HK$7,300,000) and HK$24,258,000 (2020: HK$613,000) have been recognised for the Group's loan and interest receivables and trade receivables as at 31 December 2021 respectively. Further details, including the key assumptions and inputs used for impairment calculations, of the Group's loan and interest receivables and trade receivables are set out in notes 21 and 36 to the consolidated financial statements.

Estimation of fair value of investment properties

The fair values of the Group's investment properties are assessed by management based on the property valuation performed by independent professionally qualified valuer on an open market, existing use basis. The assumptions adopted in the property valuation are based on market conditions existing at each reporting date, with reference to comparable sales transactions and where appropriate, on the basis of capitalisation of the rental income and reversionary income potential.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

5. REVENUE, OTHER INCOME AND GAINS

	Note	2021 *HK$'000*	2020 *HK$'000*
Revenue from contracts with customers within HKFRS 15			
Fee and commission income		**1,861**	1,216
Financial advisory service income		**7,882**	4,736
Revenue recongised at point in time		**9,743**	5,952
Asset management service income		**18,821**	51,735
Corporate advisory service income		**27,943**	16,759
Revenue recongised over time		**46,764**	68,494
		56,507	74,446
Revenue from other sources			
Net (loss) gain on disposal of financial assets at FVPL	(a)	**(2,347)**	3,497
Interest income from:			
– margin clients		**81,519**	59,548
– loan receivables		**50,205**	26,883
– debt investments at amortised cost		**531**	2,200
		132,255	88,631
Dividend income from financial assets at FVPL		**–**	659
Gross rental income		**8,901**	9,543
		138,809	102,330
Total revenue		**195,316**	176,776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

	Note	**2021** **HK$'000**	2020 HK$'000
Other income and gains			
Interest income on:			
– bank deposits		**15**	310
– other receivable from an ex-shareholder of a subsidiary		**–**	48
– promissory note receivable		**–**	13,407
		15	13,765
Gain on disposal of subsidiaries		**523**	48,187
Gain on futures trading		**–**	1,487
Government subsidies	(b)	**–**	1,260
Management fee income		**640**	1,120
Net exchange gain		**–**	31
Net fair value gain on financial assets at FVPL		**7,961**	–
Others		**1,375**	1,030
		10,499	53,115
Total other income and gains		**10,514**	66,880

Notes:

(a) The amount represented the proceeds from the disposal of financial assets at FVPL of HK$19,953,000 (2020: HK$25,763,000) less relevant costs and carrying value of the investments sold of HK$22,300,000 (2020: HK$22,266,000).

(b) For the year ended 31 December 2020, the Group recognised government subsidies of HK$1,260,000 in respect of the Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government due to the COVID-19 pandemic.

6. SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

The Group's reportable and operating segments are as follows:

(a) Financial services – operations under SFO licences segment, which engages in the provision of dealing in securities, dealing in futures contracts, advising on corporate finance, margin financing services and asset management services with Type 1, Type 2, Type 6, Type 8 and Type 9 licences granted under the SFO;

(b) Credit and lending services – operations under MLO licences segment, which generates interest income from money lending activities with licences granted under the MLO;

(c) Other financial services – engages in the provision of corporate advisory related services;

(d) Property investment and leasing – engages in leasing of properties directly owned by the Group for rental income and/or capital appreciation potential; and

(e) Tactical and strategic investment – trades and holds debt and equity securities, earns interest and dividend income from the relevant securities investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

6. SEGMENT INFORMATION *(continued)*

Segment revenue and results

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

For the year ended 31 December 2021

	Financial services – operations under SFO licences *HK$'000*	Credit and lending services – operations under MLO licences *HK$'000*	Other financial services *HK$'000*	Property investment and leasing *HK$'000*	Tactical and strategic investment *HK$'000*	Consolidated *HK$'000*
Revenue						
Fee and commission income	1,861	–	–	–	–	1,861
Assets management service income	18,821	–	–	–	–	18,821
Corporate advisory service income	–	–	27,943	–	–	27,943
Financial advisory service income	7,882	–	–	–	–	7,882
Net loss on disposal of financial assets at FVPL	–	–	–	–	(2,347)	(2,347)
Interest income from margin clients, loan receivables and debt investments at amortised	81,519	50,205	–	–	531	132,255
Gross rental income	–	–	–	8,901	–	8,901
Total revenue	110,083	50,205	27,943	8,901	(1,816)	195,316
Other income and gains	1,343	1	17	–	(292)	1,069
Segment revenue	111,426	50,206	27,960	8,901	(2,108)	196,385
Segment profit (loss)	69,169	8,400	11,676	(4,360)	(63,471)	21,414
Unallocated other income and gains						9,445
Corporate and unallocated expenses, net						(46,118)
Loss for the year						(15,259)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

6. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

For the year ended 31 December 2020

	Financial services – operations under SFO licences *HK$'000*	Credit and lending services – operations under MLO licences *HK$'000*	Other financial services *HK$'000*	Property investment and leasing *HK$'000*	Tactical and strategic investment *HK$'000*	Consolidated *HK$'000*
Revenue						
Fee and commission income	1,216	–	–	–	–	1,216
Assets management service income	51,735	–	–	–	–	51,735
Corporate advisory service income	–	–	16,759	–	–	16,759
Financial advisory service income	4,736	–	–	–	–	4,736
Net gain on disposal of financial assets at FVPL	–	–	–	–	3,497	3,497
Interest income from margin clients, loan receivables and debt investments at amortised	59,548	26,883	–	–	2,200	88,631
Dividend income from financial assets at FVPL	–	–	–	–	659	659
Gross rental income	–	–	–	9,543	–	9,543
Total revenue	117,235	26,883	16,759	9,543	6,356	176,776
Other income and gains	794	14	3	3	15,918	16,732
Segment revenue	118,029	26,897	16,762	9,546	22,274	193,508
Segment profit (loss)	99,891	21,714	7,029	(21,264)	(34,849)	72,521
Unallocated other income and gains						50,148
Gain on bargain purchase of a subsidiary						683
Corporate and unallocated expenses, net						(82,509)
Profit for the year						40,843

Segment revenue includes revenue from tactical and strategic investment, property investment and leasing, other financial services, credit and lending services – operations under MLO licences and financial services – operations under SFO licences. In addition, the chief operating decision makers also consider interest income on promissory note receivable and exchange gain as segment revenue.

Segment result represents the profit earned or loss incurred by each segment without allocation of the central corporate expenses. On the other hand, the chief operating decision makers consider share of result of an associate as segment result under tactical and strategic investment segment.

Notes to the Consolidated Financial Statements

Year ended 31 December 2021

6. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

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

At 31 December 2021

	Financial services – operations under SFO licences *HK$'000*	Credit and lending services – operations under MLO licences *HK$'000*	Other financial services *HK$'000*	Property investment and leasing *HK$'000*	Tactical and strategic investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Assets	793,433	586,810	26,933	351,909	252,638	233,949	2,245,672
Liabilities	(8,343)	(3,747)	(2,503)	(143,500)	(51,321)	(100,174)	(309,588)

At 31 December 2020

	Financial services – operations under SFO licences *HK$'000*	Credit and lending services – operations under MLO licences *HK$'000*	Other financial services *HK$'000*	Property investment and leasing *HK$'000*	Tactical and strategic investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Assets	943,319	431,036	21,450	360,497	229,294	323,528	2,309,124
Liabilities	(168,316)	(4,322)	(3,736)	(149,236)	(36,661)	(103,124)	(465,395)

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

- all assets are allocated to operating and reportable segments other than certain property and equipment, certain other receivables and bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables, certain lease liabilities, interest-bearing borrowings, certain income tax payable and certain deferred taxation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

6. SEGMENT INFORMATION *(continued)*
Other segment information
For the year ended 31 December 2021

	Financial services – operations under SFO licences *HK$'000*	Credit and lending services – operations under MLO licences *HK$'000*	Other financial services *HK$'000*	Property investment and leasing *HK$'000*	Tactical and strategic investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:							
Capital expenditure	(107)	–	(52)	–	–	(86)	(245)
Interest income included in other income and gains	15	–	–	–	–	–	15
Interest expenses	–	–	–	(2,651)	(940)	(1,650)	(5,241)
Impairment loss on loan receivables	–	(41,141)	–	–	–	–	(41,141)
Impairment loss on margin loan receivables	(24,113)	–	–	–	–	–	(24,113)
Loss on futures trading	–	–	–	–	(355)	–	(355)
Net fair value losses on investment properties	–	–	–	(8,900)	–	–	(8,900)
Reversal of impairment loss on trade receivables	468	–	–	–	–	–	468
Gain on disposal of a subsidiary	–	–	–	–	–	523	523
Depreciation of property and equipment and right-of-use assets	(628)	–	(94)	(10)	–	(14,309)	(15,041)
Amortisation of intangible assets	(50)	–	–	–	–	–	(50)
Share based payment expenses	–	–	–	–	–	(2,310)	(2,310)
Share of result of an associate	–	–	–	–	(55,232)	–	(55,232)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

6. SEGMENT INFORMATION *(continued)*

Other segment information *(continued)*

For the year ended 31 December 2020

	Financial services – operations under SFO licences *HK$'000*	Credit and lending services – operations under MLO licences *HK$'000*	Other financial services *HK$'000*	Property investment and leasing *HK$'000*	Tactical and strategic investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:							
Capital expenditure	(746)	–	(403)	(61,500)	–	(42,606)	(105,255)
Interest income included in other income and gains	36	–	–	–	13,407	322	13,765
Interest expenses	–	–	–	(4,035)	(1,075)	(1,952)	(7,062)
Gain on bargain purchase of a subsidiary	–	–	–	–	–	683	683
Gain on futures trading	–	–	–	–	1,487	–	1,487
Reversal of impairment loss on loan receivables	–	495	–	–	–	–	495
Reversal of impairment loss on promissory note receivable	–	–	–	–	3,184	–	3,184
Net fair value losses on investment properties	–	–	–	(24,600)	–	–	(24,600)
Impairment loss on trade receivables	(468)	–	(145)	–	–	–	(613)
Gain on disposal of subsidiaries	–	–	–	–	–	48,187	48,187
Depreciation of property and equipment and right-of-use assets	(4,301)	–	(82)	(11)	–	(7,587)	(11,981)
Amortisation of intangible assets	(8)	–	–	–	–	–	(8)
Share-based compensation expenses	–	–	–	–	–	(53,246)	(53,246)
Share of result of an associate	–	–	–	–	46,563	–	46,563

Geographical information

The Group's operations are located in Hong Kong. Accordingly, the Group's revenue from external customers and all non-current assets (excluding financial assets) are located in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

6. SEGMENT INFORMATION *(continued)*

Information about major customers

Revenue from the customers individually accounted for 10% or more of the Group's revenue, excluding revenue from trades and holds debt and equity securities, for the years ended 31 December 2021 and 2020 is as follows:

	2021	2020
	HK$'000	*HK$'000*
Customer A **	**12,188**	36,917
Customer B *	**7,500**	–
Customer C ^^	**6,543**	–
Customer D ^	**3,920**	3,593
Customer E **	**N/A**	14,820
Customer F ^^	**–**	4,700
Customer G *	**–**	3,730

* Attributable to credit and lending services – operations under MLO licences segment.

^ Attributable to property investment and leasing segment.

** Attributable to financial services – operations under SFO licences segment.

^^ Attributable to other financial services segment.

7. OTHER LOSSES

	2021	2020
	HK$'000	*HK$'000*
Loss on disposal of property and equipment	**–**	40
Loss on futures trading	**355**	–
Fair value losses on contingent consideration receivable	**–**	3,000
Net exchange loss	**428**	–
Net fair value losses on financial assets at FVPL	**–**	94,171
Net fair value losses on investment properties (Note 15)	**8,900**	24,600
	9,683	121,811

8. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest on interest-bearing borrowings	**4,727**	5,911
Interest on margin account	**326**	1,075
Imputed interest on lease liabilities (Note 25)	**188**	76
	5,241	7,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

9. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging (crediting):directors

	2021 HK$'000	2020 HK$'000
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	**32,236**	24,580
Retirement benefit scheme contributions	**696**	454
Share-based compensation expenses – grant of share options to employees and directors	**–**	43,620
Share-based compensation expenses – grant of share award to an employee (Note 30)	**2,310**	2,310
	35,242	70,964
Auditor's remuneration	**1,517**	1,496
Amortisation of intangible assets – included in administrative expenses	**50**	8
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**1,704**	2,032
Net exchange loss (gain)	**428**	(31)
Lease payments in respect of rented premises	**124**	277
Share-based compensation expenses – grant of share options to consultants (Note 30)	**–**	7,316

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

10. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the profits tax rate for the first HK$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK$2,000,000 will continue be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 December 2021 and 2020, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	2021	2020
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**6,975**	11,529
Under provision in prior year	**323**	–
	7,298	11,529
Deferred taxation		
Origination and reversal of temporary difference (Note 27)	**(349)**	(3,065)
Income tax expense	**6,949**	8,464

Reconciliation of income tax expense

	2021	2020
	HK$'000	*HK$'000*
(Loss) Profit before taxation	**(8,310)**	49,307
Income tax at applicable tax rate 16.5% (2020: 16.5%)	**(1,371)**	8,136
Effect of two-tiered profits tax rates regime	**(165)**	(165)
Effect of share of result of an associate	**9,113**	(7,683)
Non-deductible expenses	**5,301**	10,375
Tax exempt revenue	**(3,391)**	(5,036)
Unrecognised tax losses	**517**	10,847
Utilisation of (Unrecognised) temporary differences	**791**	(3,622)
Utilisation of previously unrecognised tax losses	**(3,530)**	(3,768)
Under provision in prior year	**323**	–
Others	**(639)**	(620)
Income tax expense for the year	**6,949**	8,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

(i) Directors' and Chief Executive's remuneration:

The emoluments paid or payable to each of the 11 (2020: 14) directors were as follows:

For the year ended 31 December 2021

	Directors' fees *HK$'000*	Salaries, allowance and benefits-in-kind *HK$'000*	Discretionary bonuses *HK$'000*	Share-based payment *HK$'000* (Note 30)	Retirement scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:						
Dr. Leung Wing Cheung, William	–	1,500	–	–	–	1,500
Lam Hiu Lo	–	2,040	170	–	18	2,228
Liang Kang	–	577	–	–	7	584
Cheung Ka Yee	–	780	–	–	18	798
Wong Sheun Fun Estella (Note (a))	–	400	–	–	3	403
Man Wai Chuen	–	1,585	–	–	18	1,603
Non-executive director:						
Kwong Kai Sing, Benny (Note (b))	32	–	–	–	–	32
Independent non-executive directors:						
Chan Sze Hung	240	–	–	–	–	240
Zhang Shuang	240	–	–	–	–	240
Chung Kwok Pan	240	–	–	–	–	240
Liu Yan	240	–	–	–	–	240
	992	6,882	170	–	64	8,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION *(continued)*

(i) Directors' and Chief Executive's remuneration *(continued)*:

For the year ended 31 December 2020

	Directors' fees *HK$'000*	Salaries, allowance and benefits-in-kind *HK$'000*	Discretionary bonuses *HK$'000*	Share-based payment *HK$'000* (Note 30)	Retirement scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:						
Dr. Leung Wing Cheung, William	–	875	–	–	–	875
Lam Hiu Lo	–	2,040	170	–	18	2,228
Liang Kang	–	1,440	120	–	18	1,578
Cheung Ka Yee	–	780	–	4,405	18	5,203
Wong Sheun Fun Estella	–	1,200	–	–	9	1,209
Man Wai Chuen	–	875	–	6,339	10	7,224
Wong Hung Wai (Note (c))	–	580	–	–	8	588
Tsang Wing Man (Note (d))	–	175	–	4,405	8	4,588
Non-executive director:						
Kwong Kai Sing, Benny	240	–	–	4,405	–	4,645
Independent non-executive directors:						
Chan Sze Hung	240	–	–	–	–	240
Zhang Shuang	180	–	–	–	–	180
Chung Kwok Pan	180	–	–	–	–	180
Liu Yan	40	–	–	–	–	40
Ha Kee Choy, Eugene (Note (e))	220	–	–	–	–	220
	1,100	7,965	290	19,554	89	28,998

Notes:

(a) On 1 March 2021, Ms. Wong Sheun Fun Estella resigned as executive director of the Company.

(b) On 17 February 2021, Mr. Kwong Kai Sing, Benny resigned as non-executive director of the Company.

(c) On 6 March 2020, Mr. Wong Hung Wai was appointed as executive director of the Company. He resigned from the position on 21 July 2020.

(d) On 1 June 2020, Ms. Tsang Wing Man resigned as executive director of the Company.

(e) On 1 December 2020, Mr. Ha Kee Choy, Eugene resigned as independent non-executive director of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION *(continued)*

(i) Directors' and Chief Executive's remuneration *(continued)*:

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 31 December 2021 and 2020.

(ii) Employees' remuneration:

The five highest paid individuals of the Group included 3 (2020: 4) directors of the Company. Details of their emoluments are included in note 11 (i) above.

The emoluments of the remaining 2 (2020: 1) highest paid individual for the year are set out as follows:

	2021 *HK$'000*	2020 *HK$'000*
Salaries, allowances and benefits-in-kind	**1,943**	451
Contribution to retirement benefits schemes	**36**	18
Share-based payment and compensation expenses	**2,310**	4,184
	4,289	4,653

The emoluments of the individuals are within the following bands:

	2021 Number of employees	2020 Number of employees
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–
HK$4,500,001 to HK$5,000,000	**–**	1

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. DIVIDEND

The Board of Directors does not recommend the payment of a dividend for the years ended 31 December 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

13. (LOSSES) EARNINGS PER SHARE

The calculation of the basic and diluted (losses) earnings per share is based on (loss) profit attributable to the equity holders of the Company and the weighted average number ordinary shares in issue during the year.

Diluted losses per share for the year ended 31 December 2021 did not assume the exercise of share award since their assumed exercise during the years would have an anti-dilutive effect on the basic losses per share amount presented. Diluted losses per share is calculated by assuming the exercise of options granted to the minority shareholder of the subsidiary as mentioned in note 33 to the consolidated financial statements as it has dilutive effect on the basic losses per share of the Company. The loss attributable to equity holders for the purpose of diluted losses per share was adjusted by the Group's proportionate interest in subsidiary's earnings attributable to ordinary shares.

Diluted earnings per share for the year ended 31 December 2020 is calculated by adjusting the weighted average number of ordinary shares in issue during the year with the weighted average number of ordinary shares deemed to be issued assuming the dilutive impact on the shares under the share award and share option scheme.

The calculations of basic and diluted (losses) earnings per share are based on:

(Losses) Earnings

	2021 ***HK$'000***	2020 *HK$'000*
(Loss) Profit for the year attributable to equity holders of the Company, for the purpose of basic (losses) earnings per share	**(22,153)**	41,762
(Loss) Profit for the year attributable to equity holders of the Company, for the purpose of diluted (losses) earnings per share	**(22,285)**	41,762

Number of shares

	2021	2020
Issued ordinary shares at 1 January	**939,527,675**	9,305,276,756
Effect of share consolidation	**–**	(8,374,749,081)
Shares vested under the share award scheme (Note 30)	**1,906,849**	1,901,639
Equity-settled share-based payments on acquisition of a subsidiary	**–**	1,032,786
Weighted average number of ordinary shares in issue for the purpose of basic (losses) earnings per share	**941,434,524**	933,462,100
Effect of dilutive potential shares from share award scheme	**–**	1,095,466
Effect of dilutive potential shares from share option scheme	**–**	823,042
Weighted average number of ordinary shares in issue for the purpose of diluted (losses) earnings per share	**941,434,524**	935,380,608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

14. PROPERTY AND EQUIPMENT

	Right-of-use assets – Office premises HK$'000 (Note a)	Right-of-use assets – Land and buildings HK$'000 (Note b)	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Yacht HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 December 2020								
At 1 January 2020	2,758	171,182	3,945	478	2,847	–	–	181,210
Acquisition of subsidiaries	495	–	–	7	492	500	–	1,494
Additions	–	–	–	4	194	–	42,557	42,755
Lease modification	4,786	–	–	–	–	–	–	4,786
Disposal of subsidiaries	–	–	–	(141)	–	–	–	(141)
Disposals	(495)	–	–	–	–	(500)	–	(995)
Depreciation	(1,882)	(4,206)	(1,818)	(131)	(752)	–	(3,192)	(11,981)
At 31 December 2020	5,662	166,976	2,127	217	2,781	–	39,365	217,128
Reconciliation of carrying amount – year ended 31 December 2021								
At 1 January 2021	**5,662**	**166,976**	**2,127**	**217**	**2,781**	**–**	**39,365**	**217,128**
Additions	**–**	**–**	**48**	**5**	**192**	**–**	**–**	**245**
Lease modification	**5,772**	**–**	**–**	**–**	**–**	**–**	**–**	**5,772**
Depreciation	**(3,825)**	**(4,194)**	**(1,827)**	**(104)**	**(836)**	**–**	**(4,255)**	**(15,041)**
At 31 December 2021	**7,609**	**162,782**	**348**	**118**	**2,137**	**–**	**35,110**	**208,104**
At 31 December 2020								
Cost	8,923	171,400	4,179	474	3,615	–	42,557	231,148
Accumulated depreciation	(3,261)	(4,424)	(2,052)	(257)	(834)	–	(3,192)	(14,020)
	5,662	166,976	2,127	217	2,781	–	39,365	217,128
At 31 December 2021								
Cost	**14,695**	**171,400**	**4,227**	**479**	**3,807**	**–**	**42,557**	**237,165**
Accumulated depreciation	**(7,086)**	**(8,618)**	**(3,879)**	**(361)**	**(1,670)**	**–**	**(7,447)**	**(29,061)**
	7,609	**162,782**	**348**	**118**	**2,137**	**–**	**35,110**	**208,104**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

14. PROPERTY AND EQUIPMENT *(continued)*

Notes:

(a) The Group leases office premises for its daily operations with a lease term of 3 years (2020: 3 years).

The Group has recognised the following amounts for the year:

	2021	2020
	HK$'000	*HK$'000*
Lease payments:		
Short-term lease recognised in profit or loss	**124**	277
Total cash outflow for leases	**4,084**	2,167

(b) The property interests in land and buildings – leased for own use thereon (including the whole or part of undivided share in the underlying land) in Hong Kong of HK$162,782,000 (2020: HK$166,976,000) are held by the Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront (which may be financed by a mortgage). Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to the rateable values, for example, there are no ongoing payments to be made under the terms of the land lease. At the end of the period, the remaining lease term is about 39 years (2020: about 40 years).

The property with carrying value at the end of the reporting period of HK$162,782,000 (2020: HK$166,976,000) was pledged to secure banking facilities granted to the Group (Note 26).

15. INVESTMENT PROPERTIES

	Note	**2021**	2020
		HK$'000	*HK$'000*
Fair value			
At the beginning of the reporting period		**358,200**	457,700
Addition – acquisition of a subsidiary		**–**	61,500
Disposal – disposal of a subsidiary		**–**	(136,400)
Changes in fair value	7	**(8,900)**	(24,600)
At the end of the reporting period		**349,300**	**358,200**

At the end of the reporting period, the investment properties of HK$349,300,000 (2020: HK$358,200,000) are held with the remaining lease term of 61 to 104 years (2020: 62 to 105 years).

The Group's investment properties as at 31 December 2021 consist of three commercial properties (2020: three commercial properties) in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

15. INVESTMENT PROPERTIES *(continued)*

The property interests in investment properties thereon (including the whole or part of undivided share in the underlying land) in Hong Kong of HK$349,300,000 (2020: HK$358,200,000) are held by the Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront (which may be financed by a mortgage). Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to the rateable values, for example, there are no ongoing payments to be made under the terms of the land lease.

The Group's investment properties were revalued on 31 December 2021 based on valuations performed by Ravia Global Appraisal Advisory Limited ("Ravia"), an independent professional valuer in Hong Kong which is a member of The Hong Kong Society of Financial Analysts Ltd, at HK$349,300,000.

Certain of the Group's investment properties with an aggregate carrying value at the end of the reporting period of HK$294,300,000 (2020: HK$303,200,000) were pledged to secure banking facilities granted to the Group (Note 26).

Leasing arrangement – as lessor

The Group leases its investment properties to third parties under operating leases with lease term of 2 to 5 years, certain of which had an initial non-cancellable lease term of 2 years (2020: 6 months to 2 years). The leases do not include purchase or termination options. However, certain leases provide the lessees with options to extend at the end of the term for 3 years (2020: 3 years).

The investment properties are subject to residual value risk. The lease contract, as a result, includes a provision on residual value guarantee based on which the Group has the right to charge the tenant for any damage to certain of the investment properties at the end of the lease, unless the loss or damage caused through the act, neglect, omission or negligence of the Group. Besides, the Group has purchased insurance to protect it against any loss that may arise from accidents or physical damages of the properties.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties as at the end of the reporting period:

	2021	2020
	HK$'000	*HK$'000*
Year 1	**9,432**	8,760
Year 2	**5,581**	4,840
Year 3	**4,200**	4,200
Year 4	**350**	4,200
Year 5	**–**	350
Undiscounted lease payments to be received	**19,563**	22,350

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2021 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**349,300**	**349,300**

	Fair value measurement as at 31 December 2020 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Commercial properties	–	–	358,200	358,200

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurement categorised within Level 3 of the fair value hierarchy:

	Commercial properties	
	2021	2020
	HK$'000	*HK$'000*
At the beginning of the reporting period	**358,200**	313,200
Acquisition of a subsidiary	**–**	61,500
Net fair value losses on investment properties	**(8,900)**	(16,500)
At the end of the reporting period	**349,300**	358,200

Description of the valuation techniques and inputs used in Level 3 fair value measurement

At the end of the reporting period, the investment properties were revalued by Ravia, independent professional qualified valuers, on the market value basis using direct comparison approach.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties classified as Level 3 of the fair value hierarchy:

	Valuation techniques	**Significant inputs**	**Weighted average**
As at 31 December 2021			
Commercial properties	Income capitalisation approach	Market rental (per square feet)	HK$37 per month
		Market yields	2.50%
	Direct comparison approach	Price (per square feet)	HK$17,000 to HK$19,000
As at 31 December 2020			
Commercial properties	Income capitalisation approach	Market rental (per square feet)	HK$38 per month
		Market yields	2.50%
	Direct comparison approach	Price (per square feet)	HK$19,000

Under the direct comparison approach, fair value is determined by reference to comparable market transactions and adjusted for differences on location, physical and transaction attributes and is positively correlated to the estimated price.

Under the income capitalisation approach, fair value is based on capitalisation of rental income and reversionary income potential. Measurement of the fair value is positively correlated to the market rental and inversely correlated to market yields.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

16. INTANGIBLE ASSETS

	Trading rights and licenses *HK$'000*	Country club membership *HK$'000*	Golf club membership *HK$'000*	Total *HK$'000*
Reconciliation of carrying amount				
At 1 January 2020	6,500	–	–	6,500
Additions – acquisition of a subsidiary	925	–	400	1,325
Additions	–	5,000	–	5,000
Amortisation	–	–	(8)	(8)
At 31 December 2020	7,425	5,000	392	12,817
At 1 January 2021	**7,425**	**5,000**	**392**	**12,817**
Amortisation	**–**	**–**	**(50)**	**(50)**
At 31 December 2021	**7,425**	**5,000**	**342**	**12,767**
At 31 December 2020				
Cost	7,425	5,000	400	12,825
Accumulated amortisation	–	–	(8)	(8)
Net carrying amount	7,425	5,000	392	12,817
At 31 December 2021				
Cost	**7,425**	**5,000**	**400**	**12,825**
Accumulated amortisation	**–**	**–**	**(58)**	**(58)**
Net carrying amount	**7,425**	**5,000**	**342**	**12,767**

Notes:

(a) Trading rights and licenses that confer eligibility on the Group to trade on the Stock Exchange and the Hong Kong Future Exchange Limited. The Trading rights and licenses have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, trading rights and licenses are considered by the management of the Group as having indefinite useful life. The trading rights and licenses will not be amortised until its useful life is determined to be finite.

(b) The membership of Hong Kong Country Club has no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, membership is considered by the management of the Group as having indefinite useful life. The membership will not be amortised until its useful life is determined to be finite.

(c) No impairment losses on trading rights and licenses and country club membership have been recognised for the year ended 31 December 2021.

(d) Golf club membership has a validity of 10 years and the Group has determined that this asset has a useful life of 10 years. It is tested for impairment where an indicator of impairment appears.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

17. GOODWILL

	HK$'000
Reconciliation of carrying amount	
At 1 January 2020	–
Additions	6,115
At 31 December 2020	6,115
At 1 January 2020 and 31 December 2021	**6,115**
At 31 December 2020 and 31 December 2021	
Cost	**6,115**
Accumulated impairment losses	**–**
Net carrying amount	**6,115**

In October 2020, the Group acquired 100% equity interests in Briscoe Wong Advisory Limited ("Briscoe") at a consideration of HK$16,800,000. Briscoe, as a cash-generating unit, is engaged in provision of corporate advisory related services (the "Briscoe Business CGU"). The excess of the consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed amounted to approximately HK$6,115,000 and was recognised as a goodwill.

At 31 December 2021, the Group assessed the recoverable amount of the Briscoe Business CGU with reference to business valuation of Briscoe based on cash flow projection of Briscoe. The calculation uses cash flow projection based on the most recent financial budgets approved by the management that covering a 5-year period with reference to the financial information of the selected listed companies, which principal business being comparable to that of Briscoe. Cash flows beyond the 5-year period have been extrapolated using a 2% (2020: 2%) long-term growth rate.

The recoverable amount of the Briscoe Business CGU exceeded the carrying amount based on value-in-use calculation. Accordingly, no impairment on goodwill was recognised during the year ended 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

17. GOODWILL *(continued)*

Key assumptions and inputs used for the business valuation are as follows:

	2021	2020
Average growth rate	**-8.00%**	-12.00%
Long-term growth rate	**2.00%**	2.00%
Pre-tax discount rate	**14.78%**	14.78%

Management determined the average growth rate and long-term growth rate based on past performance and the expectation of market development. The discount rate used is pre-tax and reflects specific risks relating to the Briscoe Business CGU.

Sensitivity of key assumptions

The management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the Briscoe Business CGU to exceed its recoverable amount.

18. INVESTMENT IN AN ASSOCIATE

	2021 *HK$'000*	2020 *HK$'000*
Share of net asset	**126,134**	181,366

Details of the associate at the end of the reporting period is as follows:

Name of associate	Principal place of business/ incorporation	Particular of issued share capital/ registered capital	Proportion of value of registered and paid-up capital indirectly held by the Company		Principal activities
			2021	2020	
Green River Associates Limited ("Green River Marshall")	Hong Kong/ Marshall Islands	100 shares with no par value	**40%**	40%	Listed securities investment

The above associate is accounted for using the equity method in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

18. INVESTMENT IN AN ASSOCIATE *(continued)*

Relationship with associate

Green River Marshall engaged in securities investment, is a strategic partner of the Group in developing the tactical and strategic investment business.

Fair value of investments

The above associate is private company and there is no quoted market price available for the investments.

Financial information of individually material associate

Summarised financial information of the associate is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

At 31 December	**2021** ***HK$'000***	2020 *HK$'000*
Gross amount		
Current assets	**379,344**	489,040
Current liabilities	**(64,007)**	(35,624)
	315,337	453,416
Group's ownership interests	**40%**	40%
Group's share of equity and carrying amount of interests	**126,134**	181,366

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

18. INVESTMENT IN AN ASSOCIATE *(continued)*

Financial information of individually material associate *(continued)*

	2021 ***HK$'000***	Period from 11 December 2020 to 31 December 2020 *HK$'000*
Gross amount		
Revenue and other losses	**(132,634)**	127,019
(Loss) Profit for the year/period	**(138,079)**	116,407
Other comprehensive income for the year/period attributable to the Group	**–**	–
Total comprehensive (loss)income for the year/period	**(138,079)**	116,407
Group's share of:		
(Loss) Profit from operations for the year/period	**(55,232)**	46,563
Other comprehensive income for the year/period	**–**	–
Total comprehensive (loss)income for the year/period	**(55,232)**	46,563
Dividend received from the associate	**–**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

19. DEBT INVESTMENTS AT AMORTISED COST

	2021	2020
	HK$'000	*HK$'000*
Senior notes	–	8,030

As at 31 December 2020, the balance represented the senior notes bearing interest at 8.125% per annum which is payable semi-annually and would mature in 26 months.

During the year ended 31 December 2021, the Group disposed of the remaining debt investments at amortised cost with interest of approximately HK$7,924,000 (2020: HK$31,659,000) at a consideration of HK$4,926,000 (2020: HK$31,814,000). Net loss on disposal of debt investments at amortised cost of HK$2,998,000 (2020: gain of HK$155,000) was recognised and included in the consolidated statement of profit or loss and other comprehensive income during the year.

20. OTHER ASSETS

At 31 December 2021 and 2020, other assets represent statutory and other deposits with various exchanges and clearing houses and except for stamp deposits placed in the Stock Exchange, all other deposits are non-interest bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

21. TRADE, LOAN AND OTHER RECEIVABLES

	Note	2021 HK$'000	2020 HK$'000
Trade receivables			
Trade receivables arising from the business of securities brokerage	(a)		
– cash clients		**–**	36
– margin clients	(b)	**677,610**	673,832
– Hong Kong Securities Clearing Company Limited ("HKSCC")	(c)	**250**	478
Trade receivables from futures clearing house arising from the business of dealing in futures contracts	(a)	**3,643**	4,665
		681,503	679,011
Less: Loss allowance	36	**(24,113)**	–
		657,390	679,011
Trade receivables from provision of corporate advisory service	(d)	**16,177**	11,404
Trade receivables from provision of financial advisory service	(d)	**917**	3,222
Trade receivables from provision of assets management service			
– from independent third parties	(d)	**235**	36,782
– from an associate	(d)	**160**	14,820
Trade receivables from provision of underwriting service		**–**	126
		17,489	66,354
Less: Loss allowance	36	**(145)**	(613)
		17,344	65,741
Loan and interest receivables			
Loan and interest receivables from independent third parties		**345,720**	319,114
Less: Loss allowance	36	**(48,441)**	(7,300)
	(e)	**297,279**	311,814
Other receivables			
Deposits with securities brokers		**–**	77
Prepayments		**2,250**	2,607
Deposits		**1,219**	2,246
Other receivables		**4,227**	2,637
Due from an associate	(f)	**25**	12
		7,721	7,579
		979,734	1,064,145
Less: Non-current portion			
Other receivables		**(1,822)**	(1,503)
Current portion		**977,912**	1,062,642

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

21. TRADE, LOAN AND OTHER RECEIVABLES *(continued)*

Information about the Group's exposure to credit risks and loss allowance for trade, loan and other receivables is included in note 36 to the consolidated financial statements.

Notes:

(a) No ageing analysis by invoice date is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of financial services business. The Group offsets certain trade receivable and trade payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously. Details are set out in note 38 to the consolidated financial statements.

(b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 10% to 24% (2020: 15% to 24%) per annum for the year ended 31 December 2021. The loans are secured by pledged marketable securities with a total fair value of approximately HK$2,509,866,000 (2020: HK$4,009,170,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group.

As at 31 December 2021, allowance for impairment loss of HK$24,113,000 (2020: Nil) is recognised for the trade receivables from margin clients. Details are set out in note 36 to the consolidated financial statements.

(c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.

(d) Trade receivables from provision of corporate advisory service, financial advisory service and assets management service are unsecured, interest-free and repayable within 30 days upon presentation of invoices.

(e) Loan receivables represent receivables arising from the Group's credit and lending business and are stated at amortised cost.

At the end of the reporting period, the loan receivables are related to seventeen (2020: fourteen) customers. Loan receivables include fixed rate loan advances to independent third parties of approximately HK$15,036,000 (2020: HK$46,662,000) which are secured by the pledge of a Hong Kong property and personal guarantees, bearing interest ranging from 10% to 12% (2020: 12% to 15%) per annum and have contractual loan period of 6 months (2020: between 3 months and 2 years) under the Group's credit and lending operation. The remaining balance includes both fixed and variable rate loan advances to independent third parties of approximately HK$282,243,000 (2020: HK$265,152,000) which are unsecured, bearing interest ranging from 7% to 36% (2020: 5% to 36%) per annum and not overdue as at the end of reporting period. The contractual loan period for majority of the remaining balance is between 1 month and 1 year (2020: between 1 month and 2 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current job position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. As at 31 December 2021, allowance for impairment loss of HK$48,441,000 (2020: HK$7,300,000) is recognised for the loan receivables. Details are set out in note 36 to the consolidated financial statements.

(f) The amount due is unsecured, interest-free and has no fixed repayment term.

22. FINANCIAL ASSETS AT FVPL

	2021 *HK$'000*	2020 *HK$'000*
Held for trading, at fair value		
Equity securities – listed in Hong Kong	**125,933**	27,922

At the end of the reporting period, no investments exceeded 10% of the Group's total assets.

23. BANK BALANCES – TRUST AND SEGREGATED ACCOUNTS/BANK BALANCES AND CASH

Time deposits and bank balances and cash

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods from one day to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

Bank balances – trust and segregated accounts

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

24. TRADE AND OTHER PAYABLES

	Note	2021 *HK$'000*	2020 *HK$'000*
Trade payables			
Trade payables arising from the business of securities brokerage	(a)		
– cash clients		**1,367**	1,456
– margin clients		**2,076**	154,106
– HKSCC		**1**	4,409
Trade payables arising from the business of options broking	(a)	**209**	209
Trade payables arising from the business of dealing in futures contract	(b)	**1,256**	3,018
Secured margin loans from securities broker	(c)	**16,513**	–
		21,422	163,198
Other payables			
Other payables and accrued charges		**6,164**	6,624
Rental deposits received		**1,562**	1,690
		7,726	8,314
Less: non-current portion		**(1,562)**	(1,690)
Current portion		**6,164**	6,624
Total current portion		**27,586**	169,822

Notes:

(a) Trade payables to cash, margin and option clients are repayable on demand. The settlement terms of trade payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of securities brokerage business.

(b) Trade payables to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited (the "HKFE"). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand.

(c) For secured margin loans provided by the securities broker to the Group, the loans are repayable on demand (except certain balance arising from trades pending settlement or margin deposits) and are interest-bearing at a range from 12% to 20% per annum (2020: Nil). The total market value of debt and equity securities pledged as collateral in respect of the loans was approximately HK$69,189,000 as at 31 December 2021 (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

25. LEASE LIABILITIES

	2021 *HK$'000*	2020 *HK$'000*
At 1 January	**5,772**	2,800
Addition – acquisition of a subsidiary	**–**	495
Lease modification	**5,772**	4,786
Disposal	**–**	(495)
Imputed interest expense on lease liabilities	**188**	76
Lease payments	**(3,960)**	(1,890)
At 31 December	**7,772**	5,772
Less: Non-current portion	**(3,924)**	(3,886)
Current portion	**3,848**	1,886

Lease liabilities as at 31 December 2021 are carried at incremental borrowing rate of 1.98% per annum (2020: 1.98% per annum) repayable within 2 years (2020: 3 years).

26. INTEREST-BEARING BORROWINGS

	2021 *HK$'000*	2020 *HK$'000*
Secured bank loans repayable on demand	**265,390**	275,664

The ranges of interest rates on the Group's interest-bearing borrowings are as follows:

	2021	2020
Interest rates		
1 month HIBOR*	**Plus 1.5% to 1.7% per annum**	Plus 1.5% to 1.7% per annum

* Hong Kong Interbank Offer Rate

At the end of the reporting period, bank loans with a clause in their terms that gives the banks an overriding right to demand for repayment are classified as current liabilities even though the directors do not expect that the banks would exercise their right to demand repayment. The bank loans were denominated in Hong Kong dollars and secured by the Group's certain investment properties and an owner-used property with carrying value of approximately HK$294,300,000 (2020: HK$303,200,000) and HK$162,782,000 (2020: HK$166,976,000) respectively and a corporate guarantee of HK$282,300,000 (2020: HK$244,800,000) was provided by the Company.

Notes to the Consolidated Financial Statements

Year ended 31 December 2021

26. INTEREST-BEARING BORROWINGS *(continued)*

The maturity terms of the bank loans based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause) are as follows:

	2021	2020
	HK$'000	*HK$'000*
Within one year	**12,835**	11,218
In the second year	**12,835**	12,405
In the third to fifth years inclusive	**239,720**	252,041
	265,390	275,664

27. DEFERRED TAXATION

The movements for the year in the Group's net deferred tax position are as follows:

	Unrealised (gain) loss on financial assets at FVPL	**Depreciation allowance**	**Collective impairment on intangible assets**	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2020	(8,398)	(3,423)	(1,073)	4,040	(8,854)
Disposal of subsidiaries	5,556	2,428	–	(3,380)	4,604
Credited (Charged) to profit or loss for the year (Note 10)	2,842	(427)	–	650	3,065
At 31 December 2020	–	(1,422)	(1,073)	1,310	(1,185)
At 1 January 2021	–	(1,422)	(1,073)	1,310	(1,185)
Credited (Charged) to profit or loss for the year (Note 10)	–	(428)	–	777	349
At 31 December 2021	**–**	**(1,850)**	**(1,073)**	**2,087**	**(836)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

27. DEFERRED TAXATION *(continued)*

Recognised deferred tax assets (liabilities) at the end of the reporting period represent the following:

	Assets		Liabilities	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation allowance	**–**	–	**(2,585)**	(2,157)
Collective impairment on intangible assets	**–**	–	**(1,073)**	(1,073)
Tax losses	**2,822**	2,045	**–**	–
Deferred tax asset (liabilities)	**2,822**	2,045	**(3,658)**	(3,230)
Offsetting	**(2,822)**	(2,045)	**2,822**	2,045
Net deferred tax liabilities	**–**	–	**(836)**	(1,185)

At the end of the reporting period, the Group had unrecognised temporary differences arising from unused tax losses of approximately HK$161,082,000 (2020: HK$163,959,000). Deferred tax assets have not been recognised due to the unpredictability of future profit available against which the Group can utilise the benefits therefrom. The tax losses do not expire under current tax legislation.

28. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2020	50,000,000,000	500,000
Share consolidation	(45,000,000,000)	–
At 31 December 2020, 1 January 2021 and 31 December 2021	**5,000,000,000**	**500,000**

28. SHARE CAPITAL *(continued)*

	Number of shares	Share capital *HK$'000*
Issued and fully paid:		
At 1 January 2020	9,305,276,756	93,053
Share consolidation	(8,374,749,081)	–
Issue of shares under share award scheme	3,000,000	300
Issue of consideration shares for acquisition of a subsidiary	6,000,000	600
At 31 December 2020	939,527,675	93,953
Issue of shares under share award scheme	3,000,000	300
At 31 December 2021	**942,527,675**	**94,253**

29. SHARE OPTION

On 21 May 2015, the Company adopted a share option scheme (the "Scheme"). The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to the employees and to serve such other purposes as the directors may approve from time to time.

Employees (including directors) of the Group are included in the eligible participants under the Share Option Scheme. Under the Share Option Scheme, the Company is allowed to issue no more than 10% of the Company's issued share capital as at the date of passing a shareholders' resolution of the Company authorizing such limit. Each participant cannot be entitled to more than 1% of the total number of shares in issue in any 12-month period. The option shall end, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Scheme. The Scheme remains in force until 20 May 2025.

During the year ended 31 December 2020, the Company granted serval share options to certain eligible persons of the Group. The Group recognised an expense of approximately HK$50,936,000 for the year ended 31 December 2020 in relation to the share options granted by the Company.

Owing to the share consolidation with effect from 12 May 2020, the exercise price and the number of existing shares to be issued upon exercise of the outstanding share options have been adjusted. On 12 November 2020, the Company has mutually agreed with grantees of all existing share options which have been granted on 2 April 2020, 14 May 2020 and 8 July 2020, that the share options were cancelled and lapsed without any monetary consideration or compensation.

Upon cancellation of the share options on 12 November 2020, share option reserve of HK$50,936,000 was transferred directly to retained earnings. No option has been granted under the Scheme during the year and there are no outstanding share options as at 31 December 2020 and 2021.

29. SHARE OPTION *(continued)*

The movement of the share options during the year ended 31 December 2020 is summarised below:

Category of grantees	Date of grant	Exercise price per share before share consolidation (HK$)	Exercise price per shares after share consolidation (HK$)	Number of share options: Outstanding as at 1 January 2020	Granted	Exercised	Share consolidation (every 10 shares into 1 share)	Lapsed/ cancelled	Outstanding as at 31 December 2020	Vested and exercisable at 31 December 2020
Directors										
Ms. Cheung Ka Yee	2 April 2020	0.108	1.080	–	80,000,000	–	(72,000,000)	(8,000,000)	–	–
Mr. Kwong Kai Sing, Benny	2 April 2020	0.108	1.080	–	80,000,000	–	(72,000,000)	(8,000,000)	–	–
Mr. Man Wai Chuen	8 July 2020	1.500	1.500	–	8,000,000	–	–	(8,000,000)	–	–
Ex-director, re-classified as employee										
Ms. Tsang Wing Man	2 April 2020	0.108	1.080	–	80,000,000	–	(72,000,000)	(8,000,000)	–	–
Consultants*										
(Total no.: 2)	2 April 2020	0.108	1.080	–	140,000,000	–	(126,000,000)	(14,000,000)	–	–
Employees*										
(Total no.: 1)	14 May 2020	0.908	0.908	–	9,000,000	–	–	(9,000,000)	–	–
(Total no.: 8)	8 July 2020	1.500	1.500	–	33,000,000	–	–	(33,000,000)	–	–
				–	430,000,000	–	(342,000,000)	(88,000,000)	–	–

* None of two consultants and the employees is a director, chief executive or substantial shareholder or their respective associates.

30. SHARE AWARD SCHEME

On 8 May 2020, the shareholders of the Company at a special general meeting approved the adoption of a share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees in accordance with the provisions of the Share Award Scheme and the nominal value of the shares awarded under the Share Award Scheme shall not exceed 10% of the issued share capital of the Company from time to time, with an annual limit equal to 3% of the Company's issued share capital as at the date of passing of a shareholder resolution of the Company, as the maximum number of Awarded Shares which can be issued under the Share Award Scheme from the adoption date up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by its bye-laws or any applicable law to be held; and (iii) the revocation or variation of the approval by members of the Company in general meeting subject to refreshment annually.

Unless terminated earlier by the Board in accordance with the rules of the Share Award Scheme, the Share Award Scheme will be valid and effective for a term of 10 years starting from 8 May 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

30. SHARE AWARD SCHEME *(continued)*

When a selected grantee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the Company shall transfer the relevant Awarded Shares to that employee at no cost. The selected grantee however is not entitled to receive any income or distribution, such as dividend derived from the unvested Awarded Shares allocated to him/her.

On 14 May 2020, the Company granted 9,000,000 Awarded Shares to an employee of the Group who is not a director, chief executive or substantial shareholder of the Company or any of their respective associates. Among the aforesaid 9,000,000 Awarded Shares, 3,000,000 Awarded Shares each were vested on 14 May 2020 and 14 May 2021 respectively, and the remaining 3,000,000 Awarded Shares will be vested on 14 May 2022. Details of movements of the Awarded Shares during the year are set out below:

			Number of Awarded Shares					
Category of grantee	**Date of grant**	**Average fair value per Awarded Share** *(HK$)*	**Outstanding as at 1 January 2021**	**Granted**	**Vested**	**Lapsed/ Cancelled**	**Unvested and exercisable at 31 December 2021**	**Vesting dates**
Employee (Total no.: 1)	14 May 2020	0.77	6,000,000	–	(3,000,000)	–	3,000,000	14 May 2022
			6,000,000	–	(3,000,000)	–	3,000,000	

			Number of Awarded Shares					
Category of grantee	Date of grant	Average fair value per Awarded Share *(HK$)*	Outstanding as at 1 January 2020	Granted	Vested	Lapsed/ Cancelled	Unvested and exercisable at 31 December 2020	Vesting dates
Employee (Total no.: 1)	14 May 2020	0.77	–	9,000,000	(3,000,000)	–	3,000,000	14 May 2021
							3,000,000	14 May 2022
			–	9,000,000	(3,000,000)	–	6,000,000	

The average fair value of the Awarded Shares on the grant date is determined by reference to the closing market price of the Company's shares at HK$0.77 on the grant date.

During the year ended 31 December 2021, 3,000,000 Awarded Shares were vested and the Group recognised share award expenses of HK$2,310,000 (2020: HK$2,310,000).

Notes to the Consolidated Financial Statements

Year ended 31 December 2021

31. OTHER CASH FLOW INFORMATION

Details of the changes in the Group's liabilities from financing activities are as follows:

For the year ended 31 December 2021

	Lease liabilities *HK$'000*	Interest-bearing borrowings *HK$'000*	Accrued interest *HK$'000*	Total *HK$'000*
At 1 January 2021	**5,772**	**275,664**	**860**	**282,296**
Lease modification	**5,772**	**–**	**–**	**5,772**
Interest expenses	**188**	**–**	**5,053**	**5,241**
Cash outflow in financing activities:				
Repayment of interest-bearing borrowings	**–**	**(10,274)**	**–**	**(10,274)**
Principal portion of lease payments	**(3,772)**	**–**	**–**	**(3,772)**
Interest paid	**(188)**	**–**	**(5,671)**	**(5,859)**
At 31 December 2021	**7,772**	**265,390**	**242**	**273,404**

For the year ended 31 December 2020

	Lease liabilities *HK$'000*	Interest-bearing borrowings *HK$'000*	Accrued interest *HK$'000*	Total *HK$'000*
At 1 January 2020	2,800	186,875	430	190,105
Addition – acquisition of a subsidiary	495	–	–	495
Lease modification	4,786	–	–	4,786
Disposal	(495)	–	–	(495)
Disposal – disposal of a subsidiary	–	(122,000)	–	(122,000)
Interest expenses	76	–	6,986	7,062
Cash inflow (outflow) in financing activities:				
New interest-bearing borrowings raised	–	216,800	–	216,800
Repayment of interest-bearing borrowings	–	(6,011)	–	(6,011)
Principal portion of lease payments	(1,814)	–	–	(1,814)
Interest paid	(76)	–	(6,556)	(6,632)
At 31 December 2020	5,772	275,664	860	282,296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

32. ACQUISITION OF A SUBSIDIARY

In October 2021, Planetree (BVI) Capital Limited, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Galaxy Vantage Limited, an independent third party, to acquire 90.1% equity interest of Genius Spring Limited ("Genius Spring"), at a total cash consideration of HK$40,000,000. The principal activity of Genius Spring is securities trading and investment. The acquisition was completed on 29 October 2021.

Upon completion of the transaction, Genius Spring had become a partially owned subsidiary of the Company and since than the assets, liabilities and results of Genius Spring were consolidated into the financial statements of the Group.

In the opinion of the directors, this acquisition did not constitute business combination as defined in HKFRS 3 (Revised) "Business Combinations". Therefore, the acquisitions have been accounted for as acquisition of assets during the year ended 31 December 2021.

Since acquisition, the acquired business has contributed HK$ nil and HK$846,000 to revenue and loss of the Group respectively. If the acquisition effected during the year had been taken place at the beginning of the year, the revenue for the Group would be decreased by HK$4,343,000 and the loss of the Group would be increased by HK$85,119,000.

The following summarised the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of acquisition prepared by the management, which the transaction is treated as acquisition of assets and liabilities during the year:

	HK$'000
Consideration	
Cash	40,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Financial assets at FVPL	61,421
Other receivable	54
Bank balances and cash	16
Margin loan payables	(16,187)
Total identifiable net assets	45,304
Non-controlling interest	(5,304)
Total consideration	40,000
Net Cash outflow of acquisition of subsidiary	
Consideration paid in cash	(40,000)
Net cash acquired from the subsidiary	16
Net outflow of cash and cash equivalents	(39,984)

Notes to the Consolidated Financial Statements

Year ended 31 December 2021

33. CHANGES IN OWNERSHIP INTERESTS IN A SUBSIDIARY THAT DO NOT RESULT IN A LOSS OF CONTROL

On 9 March 2021, Maxlord Enterprises Limited ("Maxlord"), a wholly owned subsidiary of the Company, entered into a subscription agreement (the "Subscription Agreement") with an independent third party (the "Subscriber"). Pursuant to the Subscription Agreement, Maxlord agreed to allot and issue and the Subscriber agreed to subscribe 10,000 shares of Maxlord (the "Subscription Shares"), representing one-third (approximately 33.3%) of the enlarged share capital of Maxlord, at a consideration of HK$100,000,000 (the "Subscription"). The Subscription was completed in March 2021.

Upon completion, the Subscriber was granted an option to subscribe a further 10,000 shares of Maxlord (the "Option Shares") at a subscription price of HK$100,000,000 (the "Option"), and the Option Shares are exercisable up to 31 December 2021. The Option Shares, if exercised, together with the Subscription Shares, would represent 50% of the enlarged issued share capital of Maxlord as enlarged by the issuance of the Subscription Shares and the Option Shares. In such event when the Group's equity interest in Maxlord decreasing to 50%, Maxlord will then be changed from a subsidiary to a joint venture of the Group.

As at 31 December 2021, the Option lapsed and has not been exercised. As a result of the disposal, the Group's equity interest in Maxlord was reduced from 100.0% to 66.7% and Maxlord remains as a subsidiary of the Company.

Accordingly, the increase in carrying amount of the non-controlling interests in Maxlord of HK$100,000,000 was recognised directly in the equity of the Group.

34. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties:

Related party relationship	**Nature of transaction**	**2021** ***HK$'000***	2020 *HK$'000*
Associate	Asset management income	**2,252**	14,820
	Interest income from margin client	**6,395**	–

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 11 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

35. CAPITAL 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 Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries engaged in dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on corporate finance (Type 6), providing margin financing services (Type 8) and asset management services (Type 9) which are regulated entities under the Securities and Futures Commission and are required to maintain respective minimum capital and liquid capital under Hong Kong Securities and Futures (Finance Resource) Rules (The "SF(FR)R"). The management closely monitors, on a daily basis, the liquid capital requirements under SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by SF(FR)R throughout the years ended 31 December 2021 and 2020.

36. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Note	**2021** ***HK$'000***	2020 *HK$'000*
Financial assets			
Mandatorily measured at FVPL		**125,933**	27,922
Amortised cost	(a)	**1,415,069**	1,502,969
Financial liabilities			
Amortised cost	(b)	**294,538**	447,176

Notes:

(a) Financial assets at amortised cost include debt investments at amortised cost, trade, loan and other receivables (excluding prepayments), other assets, bank balances – trust and segregated accounts and bank balances and cash.

(b) Financial liabilities at amortised cost include trade and other payables and interest-bearing borrowings.

36. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies

At 31 December 2021, the Group's major financial instruments include trade, loan and other receivables, financial assets at FVPL, bank balances – trust and segregated accounts, bank balances and cash, trade and other payables and interest-bearing borrowings. Details of the 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 manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged from prior year.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents and variable-rate loans to independent third parties. The management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The management considers that the Group's exposure to cash flow interest rate risk on variable-rate bank balances and variable-rate loans as a result of the change of market interest rate is insignificant due to low interest rates on bank balances and insignificant balance of variable-rate loans as at 31 December 2021 and 2020, thus no sensitivity analysis is prepared for cash flow interest rate risk for both years.

Equity price risk

The Group is exposed to equity price risk through financial assets at FVPL. The directors of the Company manage the exposure by closely monitoring the portfolio of these financial instruments. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the closing market prices of the relevant listed equity and debt securities.

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period. If the prices of the respective financial assets at FVPL had been 14% (2020: 3%) higher/lower, and held other variables constant, the Group's profit after taxation for the year would increase/decrease by approximately HK$14,722,000 (2020: HK$699,000), as a result of changes in the fair value of financial assets at FVPL.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

36. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk

The carrying amount of financial assets on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group reviews the recoverable amount of each individual financial assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables from margin clients

The Group provides financing services only to recognised and creditworthy third parties. It is the Group's policy that all these margin clients are subject to credit verification procedures. The margin loans are secured by pledged marketable securities and margins are set to ensure that certain proportion of the fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans.

As at 31 December 2021, the Group has concentration of credit risk as 29% and 79% (2020: 20% and 79%) of the total loans to margin clients which due from the Group's largest margin client and the five largest margin clients respectively.

The Group's customer base consists of fourteen (2020: thirteen) clients and the trade receivables from margin clients are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition, whether the financial asset is credit-impaired and the amount of loss given default, the Group has taken into account the credit quality of clients, the collateral to margin receivable balances ratio, amount of margin shortfall of margin clients and pledged marketable securities and adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

The Group has established a margin client credit risk classification system and performs credit risk management based on margin client classification in four categories of internal credit rating, including performing, underperforming, not performing and write off. The information about the ECL for the margin loan receivables as at 31 December 2021 is summarised below. After considering the above factors, a loss allowance of HK$24,113,000 (2020: Nil) has been made as of 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

36. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk (continued)

Trade receivables from margin clients (continued)

At 31 December 2021

Internal credit rating	**Gross carrying amount** *HK$'000*	**ECL**	**Loss allowance** *HK$'000*	**Net carrying amount** *HK$'000*
Performing (Note i)	**631,928**	**12-month**	**1,272**	**630,656**
Underperforming (Note ii)	**45,682**	**Lifetime**	**22,841**	**22,841**
	677,610		**24,113**	**653,497**

At 31 December 2020

Internal credit rating	Gross carrying amount *HK$'000*	ECL	Loss allowance *HK$'000*	Net carrying amount *HK$'000*
Performing (Note i)	673,832	12-month	–	673,832
	673,832		–	673,832

Note:

(i) Performing (Normal Credit Quality) refers to the margin clients that have not had a significant increase in credit risk and ECL in the next 12 months will be recognised.

(ii) Underperforming (Significant Increase in Credit Risk) refers to the margin client that have had a significant increase in credit risk and for which the lifetime ECL will be recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

36. FINANCIAL INSTRUMENTS *(continued)*
Financial risk management objectives and policies *(continued)*
Credit risk (continued)
Trade receivables from margin clients (continued)
As at 31 December 2021, the Group recognised loss allowance of HK$24,113,000 (2020: Nil) on its margin loan receivables. The movement in the loss allowance for margin loan receivables during the year is summarised below.

	2021			
	12-month ECL Performing *HK$'000*	Lifetime ECL Under-performing *HK$'000*	Lifetime ECL Not-performing *HK$'000*	Total *HK$'000*
At the beginning of the reporting period	–	–	–	–
Increase in allowance	1,272	22,841	–	24,113
At the end of the reporting period	1,272	22,841	–	24,113

During year ended 31 December 2021, one of the margin clients had a significant increase in credit risk and was classified as under-performing for which the Lifetime ECL was recognised. The significant increase in credit risk refers to increase in rate for exposure at default due to the deterioration of personal liquidity position of the margin client. At 31 December 2021, a loss allowance of HK$22,841,000 was made for the margin client.

The management closely monitors the credit quality of the margin loans and there are no indications that the margin loan receivables neither past due nor impaired will be uncollectible.

Trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate
The Group trades with recognised and creditworthy third parties. The receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant.

As at 31 December 2021, the Group has concentration of credit risk as 53% and 77% (2020: 72% and 93%) of total trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate was due from the Group's largest receivable and the five largest receivables respectively.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the trade receivables from provision of financial and other financial service other than trade receivables from margin clients and trade receivable from an associate is credit-impaired, the Group has taken into account the financial position of the counterparty by reference to, among others, available press information, adjusted for forward-looking factors that are specific to the counterparty, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. Accordingly, impairment is measured on 12-month ECL basis.

36. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk (continued)

Trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate (continued)

As at 31 December 2021

	Expected loss rate *%*	**Gross carrying amount** *HK$'000*	**Loss allowance** *HK$'000*	**Credit-impaired**
Not past due	**–**	**6,829**	**–**	**No**
1 – 30 days past due	**1.38**	**10,500**	**145**	**No**
		17,329	**145**	

As at 31 December 2020

	Expected loss rate *%*	Gross carrying amount *HK$'000*	Loss allowance *HK$'000*	Credit-impaired
Not past due	1.19	46,578	552	No
1 – 30 days past due	1.26	4,830	61	No
		51,408	613	

Ageing analysis

Ageing analysis of trade receivables (net of loss allowance) prepared based on invoice date is as follows:

	2021 *HK$'000*	2020 *HK$'000*
Less than 1 month	**6,829**	46,026
1 to 3 months	**10,355**	4,769
At the end of the reporting period	**17,184**	50,795

The information about the ECL for the trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate as at 31 December 2021 is summarised below. After considering the above factors, a loss allowance of HK$145,000 (2020: HK$613,000) has been made as of 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

36. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk (continued)

Trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate (continued)

	12-month ECL Performing	
	2021	2020
	HK$'000	*HK$'000*
At the beginning of the reporting period	**613**	–
(Decrease) Increase in allowance	**(468)**	613
At the end of the reporting period	**145**	613

Loan and interest receivables

Management has credit and lending policies in place and the exposure to the credit risk is monitored on an ongoing basis. The Group grants loans only to recognised and creditworthy third parties. It is the Group's policy that all these borrowers are subject to credit verification procedures. Also, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts.

As at 31 December 2021, the Group has concentration of credit risk as 10% and 42% (2020: 13% and 61%) of total loan and interest receivables was due from the Group's largest borrower and the five largest borrowers respectively, within the credit and lending activities.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience for the borrowers and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

The Group has established a loan credit risk classification system and performs credit risk management based on loan classification in four categories of internal credit rating, including performing, underperforming, not performing and write off. The information about the ECL for the loan receivables as at 31 December 2021 is summarised below. After considering the above factors, a loss allowance of HK$48,441,000 (2020: HK$7,300,000) has been made as of 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

36. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk (continued)

Loan and interest receivables (continued)

At 31 December 2021

Internal credit rating	**Gross carrying amount** *HK$'000*	**ECL**	**Loss allowance** *HK$'000*	**Net carrying amount** *HK$'000*
Performing (Note i)	**288,655**	**12-month**	**767**	**287,888**
Underperforming (Note ii)	**26,170**	**Lifetime**	**16,779**	**9,391**
Not performing (Note iii)	**30,895**	**Lifetime**	**30,895**	**–**
	345,720		**48,441**	**297,279**

At 31 December 2020

Internal credit rating	Gross carrying amount *HK$'000*	ECL	Loss allowance *HK$'000*	Net carrying amount *HK$'000*
Performing (Note i)	319,114	12-month	7,300	311,814

Note:

(i) Performing (Normal Credit Quality) refers to the loans that have not had a significant increase in credit risk and ECL in the next 12 months will be recognised.

(ii) Underperforming (Significant Increase in Credit Risk) refers to the loans that have had a significant increase in credit risk and for which the lifetime ECL will be recognised.

(iii) Not performing (Credit Impaired) refers to the loans that have past due or its has become probably that the borrower will enter into bankruptcy or reorganisation for which the life time ECL will be recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

36. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk (continued)

Loan and interest receivables (continued)

Ageing analysis

Ageing analysis of loan and interest receivables (net of loss allowance) prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	2021	2020
	HK$'000	*HK$'000*
Less than 1 month	**90,226**	256,622
1 to 3 months	**52,229**	29,355
4 to 6 months	**40,643**	4,956
7 to 12 months	**84,329**	–
Over 12 months	**29,852**	20,881
At the end of the reporting period	**297,279**	311,814

Ageing analysis of loan and interest receivables (net of loss allowance) prepared based on contractual due date is as follows:

	2021	2020
	HK$'000	*HK$'000*
Not yet past due	**297,131**	311,814
1 – 90 days past due	**148**	–
At the end of the reporting period	**297,279**	311,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

36. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk (continued)

Loan and interest receivables (continued)

As at 31 December 2021, the Group recognised loss allowance of HK$48,441,000 (2020: HK$7,300,000) on its loan and interest receivables. The movement in the loss allowance for loan and interest receivables during the year is summarised below.

	2021				2020		
	12-month ECL Performing	**Lifetime ECL Under-performing**	**Lifetime ECL Not-performing**	**Total**	12-month ECL Performing	Lifetime ECL Under-performing	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the reporting period	**7,300**	**–**	**–**	**7,300**	804	6,991	7,795
Transfer between performing to under-performing and Not-performing	**(3,463)**	**252**	**3,211**	**–**	–	–	–
Increase in allowance	**713**	**16,527**	**27,684**	**44,924**	6,537	–	6,537
Reversal of allowance upon recovery of loan	**(3,783)**	**–**	**–**	**(3,783)**	(41)	(6,991)	(7,032)
At the end of the reporting period	**767**	**16,779**	**30,895**	**48,441**	7,300	–	7,300

During year ended 31 December 2021, loss allowance were mainly comprised two of the loans, which had a significant increase in credit risk and were classified as under-performing and not-performing for which the Lifetime ECL was recognised. The significant increase in credit risk refers to increase in rate for exposure at default due to the deterioration of personal liquidity position and financial performance of the borrower. At 31 December 2021, a loss allowance of HK$16,779,000 and HK$30,895,000 was made due to deterioration of personal liquidity position of the borrower and as a result of provisional liquidation of a borrower respectively.

The management closely monitors the credit quality of the loans and there are no indications that the loan and interest receivables neither past due nor impaired will be uncollectible.

Other receivables

The Group considers that other receivables, other than deposits with HKFE and Stock Exchange, have low credit risk based on the debtors' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default, therefore, the credit risk associated with other receivables is minimal. No loss allowance was recognised for both years.

Deposits with financial institution

The credit risk on bank balances – trust and segregated accounts and cash and cash equivalents is limited because majority of the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance was recognised for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

36. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk

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 Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both principal and interest cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity risk tables

	On demand or less than 3 months *HK$'000*	3 to 12 months *HK$'000*	1 to 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at 31.12.2021 *HK$'000*
2021					
Non-derivative financial liabilities					
Trade and other payables	27,586	–	1,562	29,148	29,148
Lease liabilities	990	2,970	3,960	7,920	7,772
Interest bearing borrowings	265,390	–	–	265,390	265,390
	293,966	2,970	5,522	302,458	302,310

	On demand or less than 3 months *HK$'000*	3 to 12 months *HK$'000*	1 to 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at 31.12.2020 *HK$'000*
2020					
Non-derivative financial liabilities					
Trade and other payables	169,822	–	1,690	171,512	171,512
Lease liabilities	348	1,726	4,034	6,108	5,772
Interest bearing borrowings	275,664	–	–	275,664	275,664
	445,834	1,726	5,724	453,284	452,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

36. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

The interest-bearing borrowings would be repaid according to the following schedule as set out in the loan agreement:

	2021	2020
	HK$'000	*HK$'000*
Within one year	**17,442**	17,088
Over one year but within two years	**17,395**	18,270
Over two years but within five years	**244,341**	263,125
	279,178	298,483

37. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

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

- Level 3 (lowest level): unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

37. FAIR VALUE MEASUREMENTS *(continued)*

(a) Fair value of the Group's financial assets that are measured at fair value

Financial assets	Fair value as at 2021	Fair value as at 2020	Fair value hierarchy	Valuation techniques and key inputs
1) Investments in listed equity securities classified as financial assets at FVPL	**Listed equity securities in: — Hong Kong HK$125,933,000**	Listed equity securities in: — Hong Kong HK$27,922,000	Level 1	Quoted bid prices in an active market

There were no transfers between Level 1, Level 2 and no transfers into and out of Level 3 fair value measurements. The details of the financial assets at FVPL are set out in note 22 to the consolidated financial statements.

(b) Fair value of the Group's financial assets and financial liabilities carried at other than fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

38. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or

- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

Under the continuous net settlement arrangement, money obligations receivable and payable with HKSCC due to or from the Group entities on the same settlement date are settled on a net basis. The Group has legally enforceable right to set off the amounts of receivables and payables with margin clients that are due to be settled on the same date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

38. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS *(continued)*

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral pledged	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2021						
Accounts receivable arising from the business dealing in securities, options and futures contracts	657,437	(47)	657,390	–	(653,497)	3,893

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral pledged	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2021						
Accounts payables arising from the business dealing in securities, options and futures contracts	4,956	(47)	4,909	–	–	4,909

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

38. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS *(continued)*

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral pledged	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020						
Accounts receivable arising from the business dealing in securities, options and futures contracts	679,590	(579)	679,011	–	(673,832)	5,179

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral pledged	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020						
Accounts payables arising from the business dealing in securities, options and futures contracts	166,717	(3,519)	163,198	–	–	163,198

The amounts which have been offset against the related recognised financial assets and financial liabilities in the Group's consolidated statement of financial position are measured on the same basis as the recognised financial assets and financial liabilities, which is amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2021 and 2020 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company				Principal activities
			2021		2020		
			Directly	Indirectly	Directly	Indirectly	
Akron Corporate Finance Limited	Hong Kong	HK$10,000,000 (2020: HK$500,000)	–	100	–	100	Advising on corporate finance
August Estate Limited	British Virgin Islands/ Hong Kong	US$2	–	100	–	100	Property leasing
Briscoe Wong Advisory Limited	Hong Kong	HK$10	–	100	–	100	Corporate advisory services
Genius Spring Limited	British Virgin Islands/ Hong Kong	US$999	–	90.1	–	–	Securities investment
Green River Associates Limited	British Virgin Islands/ Hong Kong	HK$1	–	100	–	100	Securities investment
ISL Investments Limited	Hong Kong	HK$125,298,484	–	65	–	65	Property holding
Jumbo Hall International Limited	Hong Kong	HK$2	–	65	–	65	Property holding
Maxlord Enterprises Limited	Hong Kong	HK$325,495,157 (2020: HK$100,270,210)	–	66.67	–	100	Money lending
Planetree (Cayman) Capital Limited	Cayman Islands	US$3,700	–	100	–	100	Investment holding
Planetree Asset Management Limited	Hong Kong	HK$554,000,000	–	100	–	100	Asset management
Planetree Cayman Limited	Cayman Islands	US$1	100	–	100	–	Investment holding
Planetree Finance Limited	Hong Kong	HK$1	–	100	–	100	Money lending
Planetree Futures Limited	Hong Kong	HK$22,000,000	–	100	–	100	Dealing in future contracts
Planetree Management Limited	Hong Kong	HK$1	–	100	–	100	Corporate management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company				Principal activities
			2021		2020		
			Directly	Indirectly	Directly	Indirectly	
Planetree Securities Limited	Hong Kong	HK$500,000,000	–	100	–	100	Securities brokerage and financial services
Regulator Holdings Limited	British Virgin Islands/ Hong Kong	US$1	–	100	–	100	Securities investment
Sharp Light International Limited	Hong Kong	HK$1	–	100	–	100	Property leasing
Senico Investments Limited	British Virgin Islands/ Hong Kong	US$2	–	100	–	100	Securities investment
Top Insight Holdings Limited	British Virgin Islands/ Hong Kong	US$1,000	–	65	–	65	Investment holding
Yugang International (B.V.I.) Limited	British Virgin Islands	US$5	100	–	100	–	Investment holding
Yugang Management Limited	Hong Kong	HK$2	–	100	–	100	Corporate management

The above list includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or assets and liabilities of the Group. To give details of all other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the reporting period, or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interests ("NCI")

The following table shows the information relating to each of the non-wholly owned subsidiaries that has material NCI. The summarised financial information represents amounts before inter-company eliminations.

	Maxlord Enterprise Limited *HK$'000*	Top Insight Group *HK$'000*
At 31 December 2021		
Proportion of NCI's ownership interests	33.33%	35%
Non-current assets	–	225,878
Current assets	317,605	95,981
Current liabilities	(2,675)	(3,303)
Non-current liabilities	–	(89,101)
Net assets	314,930	229,455
Carrying amount of NCI	104,977	80,309
Year ended 31 December 2021		
Revenue	17,820	9,748
Expenses	(2,890)	(4,032)
Profit for the year	14,930	5,716
Other comprehensive income	–	–
Total comprehensive income	14,930	5,716
Profit attributable to NCI	4,977	2,000
Other comprehensive income	–	–
Total comprehensive income attributable to NCI	4,977	2,000
Dividends paid to NCI	–	–
Net cash flows from (used in):		
Operating activities	(32,951)	3,180
Investing activities	215,225	4,725
Financing activities	–	(5,263)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interests ("NCI") ***(continued)***

	Top Insight Group *HK$'000*
At 31 December 2020	
Proportion of NCI's ownership interests	35%
Non-current assets	227,798
Current assets	93,357
Current liabilities	(4,516)
Non-current liabilities	(92,900)
Net assets	223,739
Carrying amount of NCI	78,309
Year ended 31 December 2020	
Revenue	1,006
Expenses	(7,339)
Loss for the year	(6,333)
Other comprehensive income	—
Total comprehensive loss	(6,333)
Loss attributable to NCI	(2,217)
Other comprehensive income attributable to NCI	—
Total comprehensive loss attributable to NCI	(2,217)
Net cash flows (used in) from:	
Operating activities	1,065
Investing activities	(90,000)
Financing activities	(1,900)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2021 *HK$'000*	2020 *HK$'000*
Non-current assets			
Interests in subsidiaries	(a)	**1,002,227**	993,778
Intangible assets		**5,000**	5,000
		1,007,227	998,778
Current assets			
Prepayments		**351**	191
Cash and cash equivalents		**66**	8,100
Tax recoverable		**469**	–
		886	8,291
Current liabilities			
Other payables and accruals		**376**	543
Tax payable		**–**	133
		376	676
Net current assets		**510**	7,615
NET ASSETS		**1,007,737**	1,006,393
Capital and reserves			
Share capital	28	**94,253**	93,953
Reserves	(b)	**913,484**	912,440
TOTAL EQUITY		**1,007,737**	1,006,393

This statement of financial position was approved and authorised for issue by the Board of Directors on 23 March 2022 and is signed on its behalf by:

Dr. Leung Wing Cheung, William
Director

Cheung Ka Yee
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

(a) Interests in subsidiaries

Information about the interests in subsidiaries of the Company at the end of the reporting period is as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Unlisted shares, at cost	**105,759**	105,759
Amounts due from subsidiaries	**896,468**	888,019
	1,002,227	993,778

The amounts due from subsidiaries included in the interests in subsidiaries above are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, the advance is considered as quasi-equity loan to the subsidiaries.

Notes to the Consolidated Financial Statements

Year ended 31 December 2021

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

(b) Movement of the reserves

	Share premium *HK$'000*	Share option reserve *HK$'000*	Share award reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2020	907,280	–	–	(1,421)	905,859
Loss and total comprehensive loss for the year	–	–	–	(52,005)	(52,005)
Transactions with owners:					
Contributions and distributions					
Recognition of equity-settled share-based payments	–	50,936	2,310	–	53,246
Shares vested under the share award scheme	2,010	–	(2,310)	–	(300)
Equity-settled share-based payments on acquisition of a subsidiary	5,640	–	–	–	5,640
	7,650	50,936	–	–	58,586
Change in ownership interests					
Cancellation of share options	–	(50,936)	–	50,936	–
At 31 December 2020	914,930	–	–	(2,490)	912,440
At 1 January 2021	**914,930**	**–**	**–**	**(2,490)**	**912,440**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(966)**	**(966)**
Transactions with owners:					
Contributions and distributions					
Recognition of equity-settled share-based payments	**–**	**–**	**2,310**	**–**	**2,310**
Shares vested under the share award scheme	**2,010**	**–**	**(2,310)**	**–**	**(300)**
	2,010	**–**	**–**	**–**	**2,010**
At 31 December 2021	**916,940**	**–**	**–**	**(3,456)**	**913,484**

Particulars of Properties

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
1/F and 11/F, China United Centre, No. 28 Marble Road, North Point, Hong Kong	Commercial	Long-term	100%
12/F, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong	Commercial	Long-term	65%

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

RESULTS

	Year ended 31 December				
	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**195,316**	176,776	5,818	65,958	34,293
(LOSS) PROFIT BEFORE TAXATION	**(8,310)**	49,307	28,037	90,366	142,785
Income tax (expense)/credit	**(6,949)**	(8,464)	(6,962)	18,814	(15,280)
(LOSS) PROFIT FOR THE YEAR	**(15,259)**	40,843	21,075	109,180	127,505

ASSETS AND LIABILITIES

	At 31 December				
	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**2,245,672**	2,309,124	2,040,457	1,646,845	2,831,197
TOTAL LIABILITIES	**(309,588)**	(465,395)	(263,769)	(14,466)	(39,193)
	1,936,084	1,843,729	1,776,688	1,632,379	2,792,004