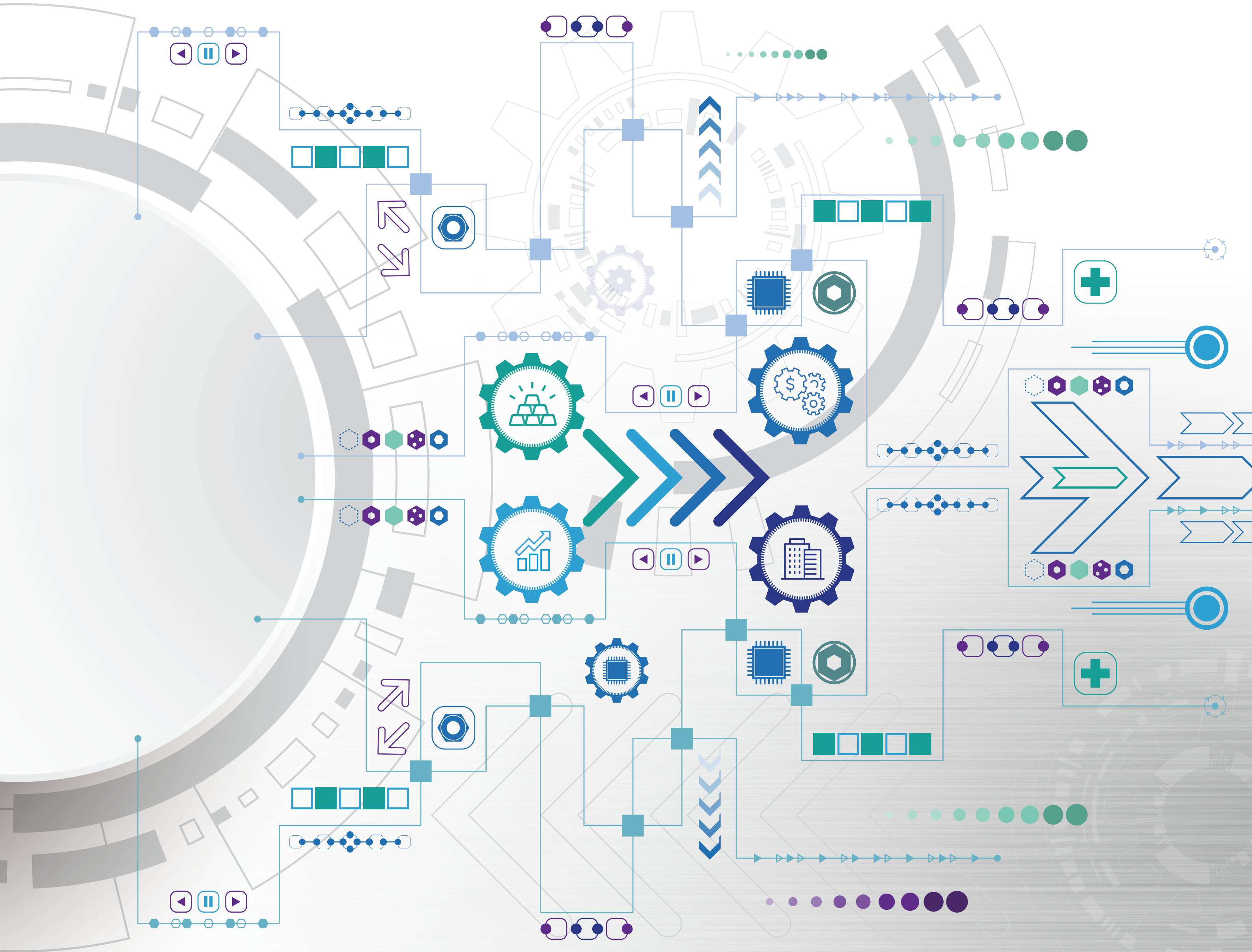
百德國際有限公司

Pak Tak International Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 2668



2021 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu *(Chief Executive Officer)*
Mr. Wang Jian
Mr. Ning Jie

Non-executive Directors

Mr. Shin Yick Fabian
Mr. Liu Xiaowei

Independent Non-executive Directors

Mr. Chan Ngai Sang Kenny
Mr. Chan Kin Sang
Mr. Zheng Suijun

AUDIT COMMITTEE

Mr. Chan Ngai Sang Kenny *(Chairman)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

NOMINATION COMMITTEE

Mr. Liao Nangang *(Chairman)*
Mr. Chan Ngai Sang Kenny
Mr. Chan Kin Sang
Mr. Zheng Suijun
Ms. Qian Pu

REMUNERATION COMMITTEE

Mr. Chan Kin Sang *(Chairman)*
Mr. Chan Ngai Sang Kenny
Mr. Zheng Suijun
Ms. Qian Pu

STRATEGIC COMMITTEE

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu
Mr. Shin Yick Fabian

INVESTMENT AND FUND RAISING COMMITTEE

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu
Mr. Shin Yick Fabian

COMPANY SECRETARY

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Ms. Qian Pu
Mr. Sze Kat Man

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1902, 19/F
Tower 2 Lippo Centre
No. 89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR &TRANSFER OFFICE

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

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
2nd Floor, Foyer, 625 King's Road
North Point, Hong Kong

HONG KONG LEGAL ADVISER

Chiu & Partners
40/F, Jardine House
1 Connaught Place
Central, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Sang Bank Limited

STOCK CODE

2668

WEBSITE

www.paktakintl.com

DEAR SHAREHOLDERS

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Pak Tak International 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.

In 2021, the global economy has been recovering from the COVID-19 pandemic progressively but the external environment remained fragile and uncertain. The supply chain business (the "**Supply Chain Business**") remained the core business of the Group which was treated as the focus of continuous development in the past year even though it was susceptible to the rapidly changing policy direction and market environment. For the year ended 31 December 2021, the Group recorded a total revenue of HKD2,125.2 million, representing a decrease of 29.2% as compared with that for the year ended 31 December 2020 of HKD3,003.2 million. Such decrease was mainly due to the decline in revenue generated in the Supply Chain Business of HKD2,114.8 million as compared with HKD2,983.6 million for the year ended 31 December 2020.

The Group was facing the challenges from upstream disruption of supply chain caused by the impact of COVID-19 and the enforcement of "three red lines" in the real estate industry introduced in China (the "**PRC**"). The Group recorded a revenue of the Supply Chain Business of HKD2,114.8 million, a significant decrease of HKD868.8 million as compared with the corresponding period in 2020. Such decrease was due to high volatility in the price of non-ferrous metals in the first half of 2021, resulting in a decrease in demand in the supply chain of non-ferrous metals. The situation stabilised steadily in the second half of the year.

The total revenue from other business (including money lending business (the "**Money Lending Business**"), securities investment ("**Securities Investment**"), Leasing Business (the "**Leasing Business**"), and property investment ("**Property Investment**") amounted to approximately HKD10.4 million as compared with that for the year ended 31 December 2020 of HKD19.6 million.

For the year ended 31 December 2021, the Group recorded a net loss of approximately HKD5.6 million as compared to a net profit of approximately HKD21.3 million for the year ended 31 December 2020. Such net loss was mainly due to (i) the reduction in revenue contribution from the Supply Chain Business for the year ended 31 December 2021; (ii) the recognition of the expected credit losses on trade receivables of HKD6.8 million caused by the slowdown of the trade receivables collection from the customers in the Supply Chain Business; and (iii) the increase in finance cost.

Amidst the ongoing COVID-19 pandemic and global political uncertainties in the past years, the global economy experienced a slow recovery and was full of uncertainties. The management of the Group adopted a prudent approach in this continuing operations to minimise its credit and business risks.

LOOKING FORWARD

In 2022, facing unprecedented changes in a century and macroeconomic challenges, the management of the Group must rationally and carefully formulate strategy with the mindset of walking on the thin ice. The management of the Group will continue to exercise prudence to operate our other core businesses for generating stable income and sustaining its growth under the unstable economic environment. In addition, in order to diversify business and expand income streams, the Group continues to seek and capture the potential business opportunities and prepare the business development once COVID-19 is over and the economy is back to normal. The Board considers that under the measures to boost the economy by the PRC government, the prospects of the tourism industry in the PRC will still be generally promising in the future. Therefore, the Group have made a business acquisition for developing hotel operations and management, and provision of food and beverage catering services in the PRC in January 2022.

Meanwhile, the management of the Group and I shall continue to lead the Group to move forward while taking the initiative to provide great support to all employees to overcome the difficult times in order to further create value for the shareholders (the "**Shareholder(s)**"), customers, and employees of the Company, and strive to bring better returns for all Shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude and appreciation toward all our Shareholders, our customers, suppliers and business partners for their supports, trust and confidence, and to the management and staff for their outstanding efforts and dedication.

Liao Nangang
Chairman
Hong Kong, 25 March 2022

BUSINESS REVIEW

For the year ended 31 December 2021, the principal activities of the Group are: (i) Supply Chain Business, (ii) Leasing Business, (iii) Property Investment, (iv) Money Lending Business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and (v) Securities Investment.

Supply Chain Business

The Supply Chain Business, being the provision of supply chain services of non-ferrous metals and construction materials, continued to be the Group's core business. Customers under this business include major non-ferrous metals mining and production companies and integrated infrastructure companies.

For the year ended 31 December 2021, the Supply Chain Business recorded a revenue of HKD2,114.8 million, a significant decrease of HKD868.8 million as compared with the corresponding period in 2020. Such decrease was due to high volatility in the price of non-ferrous metals in the first half of 2021, resulting in a decrease in demand in the supply chain of non-ferrous metals. The situation stabilised steadily in the second half of the year. Regarding the supply chain services in respect of construction materials, while measures implemented to control the spread of the epidemic in the PRC were successful, some confirmed cases has still been recorded. Most customers are still under pressure by the impact of the epidemic and the enforcement of "three red lines" introduced in the PRC. The construction projects of the Group's customers were delayed and fell behind the schedule but on the other hand, the customers urged to place orders to achieve the completion of the construction as soon as possible. The overall construction period was extended, slowing down collection of the Group's trade receivables from its customers in the Supply Chain Business. The Group will tighten the credit risk assessment and aims to expand business potential with more valuable customers.

Leasing Business

The Leasing Business is operated through direct lease or sale-and-leaseback arrangements. As at 31 December 2021, the aggregate finance lease receivables were HKD26.4 million and the recognised revenue of Leasing Business was HKD3.3 million for the year ended 31 December 2021. During the year under review, the new leasing business in construction and machinery were declined due to the slowdown of the construction projects in PRC. In order to safeguard the Group's resources and respond to the current market situation, the Group will continue to adopt a prudent approach by strengthening its post-lending management to the current customers, tightening the credit risk assessment for any new customers and promptly attend to any material adverse development in the Leasing Business to minimise its credit and business risks. Nevertheless, the Group will continue to develop the Leasing Business and strive to discover further potential business opportunities.

Property Investment

For the year ended 31 December 2021, the investment properties located in Yunfu, the PRC recorded a revenue of rental income of HKD4.3 million, of which the Group had offered rent concessions due to the recent market conditions. As at 31 December 2021, the fair value of the above investment properties amounted to HKD244.2 million, representing a fair value gain of HKD16.4 million. The Group will continue to lease out the investment properties for rental income and may realise its properties investment to enhance its working capital if necessary as and when appropriate.

Money Lending Business

For the year ended 31 December 2021, a new loan of HKD30 million was made and drawn down during the year and recognised revenue of HKD2.8 million in the Money Lending Business. As at 31 December 2021, no loan receivables balances was recorded. The interest of the Money Lending Business was at 10% for the year. The Group will continue to adopt a prudent risk management policy with reference to the prevailing market condition and tighten the loan approval procedures to ensure the healthy development of the Money Lending Business.

Securities Investment

The Group conducts securities investment activities including investments in listed securities by subscription in the initial public offerings. The Group adopts a prudent investment strategy for both short-term investments and long-term investments and will closely monitor the market changes and adjust its investment portfolio as and when necessary.

FINANCIAL REVIEW

Below is an analysis of the Group's key financial information including but not limited to revenue, expenses and loss for the year, which reflects the financial position of the Group's business.

Revenue

For the year ended 31 December 2021, the Group recorded a total revenue of HKD2,125.2 million, representing a decrease of 29.2% as compared with that for the year ended 31 December 2020 of HKD3,003.2 million. Such decrease was mainly due to the decline in revenue generated in the Supply Chain Business of HKD2,114.8 million as compared with HKD2,983.6 million for the year ended 31 December 2020.

The total revenue from Money Lending Business, Securities Investment, Leasing Business, and Property Investment amounted to approximately HKD10.4 million as compared with that for the year ended 31 December 2020 of HKD19.6 million.

Expenses

The Group's direct costs and operating expenses significantly decreased by HKD858.9 million from HKD2,923.0 million for the year ended 31 December 2020 to HKD2,064.1 million for the year ended 31 December 2021. The decrease in direct costs and operating expenses was mainly due to the significant decline in revenue of the Supply Chain Business, which accounted for over 99% of the Group's total revenue.

The Group's administrative expenses increased by HKD8.0 million from HKD38.3 million for the year ended 31 December 2020 to HKD46.3 million for the year ended 31 December 2021 mainly attributable to the expected credit losses (the "**ECL**") allowance on receivables and operating cost for providing supply chain financing arrangements.

The Group's finance cost increased by HKD11.0 million from HKD37.0 million for the year ended 31 December 2020 to HKD48.0 million for the year ended 31 December 2021. The increase in finance cost was mainly due to the increase of interest expense for borrowings used in the development of Supply Chain Business starting from the second half year in 2020.

Loss for the year

For the year ended 31 December 2021, the Group recorded a net loss of approximately HKD5.6 million as compared to a net profit of approximately HKD21.3 million for the year ended 31 December 2020. Such net loss was mainly due to (i) the reduction in revenue contribution from the Supply Chain Business for the year ended 31 December 2021; (ii) the recognition of the ECL on trade receivables of HKD6.8 million caused by the slowdown of the trade receivables collection from the customers in the Supply Chain Business; and (iii) the increase in finance cost.

Trade and other receivables

The increase in trade and other receivables of HKD61.9 million was primarily due to the increase in the deposits and prepayments amounting to HKD91.6 million, which mainly comprise prepayments made the suppliers in Supply Chain Business. In addition, there was an increase in other receivables of HKD31.3 million, which represented the growth in the supply chain financing arrangements. The Group seeks to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by the management, which performs assessment of recoverability on a case-by-case basis.

Financial assets at fair value through profit or loss

As at 31 December 2021, the Group's financial assets at fair value through profit or loss significantly decreased by HKD189.5 million from HKD274.0 million as at 31 December 2020 to HKD84.5 million. Such decrease was mainly due to the maturity of structured deposits in the amount of RMB225.0 million (equivalent to HKD275.5 million) in the current year.

Trade and bills payables

As at 31 December 2021, the Group's trade and bills payable significantly decreased by HKD234.1 million from HKD544.9 million as at 31 December 2020 to HKD310.8 million. Such decrease was in line with the slowdown of the Supply Chain Business in the current year.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2021, the cash and cash equivalents of the Group were HKD15.4 million (2020: HKD118.6 million) and interest-bearing borrowings, including the unlisted bonds, borrowings and lease liabilities were HKD527.6 million (2020: HKD665.8 million). The following table details the cash and cash equivalents, the bonds, the borrowings and the lease liabilities of the Group as at 31 December 2021 denominated in original currencies:

	As 31 December 2021	
	HKD ('000)	RMB ('000)
Cash	**15,113**	269
Bond	—	—
Borrowings	**6,000**	422,286
Lease liabilities	—	3,709

	As 31 December 2020	
	HKD ('000)	RMB ('000)
Cash	**18,517**	83,995
Bond	**189,927**	—
Borrowings	**43,000**	359,372
Lease liabilities	—	3,788

The Group principally satisfies its demand for operating capital with cash inflow from its operations and borrowings. As at 31 December 2021, the gearing ratio, which is calculated on the basis of total debts (including interest-bearing bonds, borrowings and lease liabilities) over total shareholders' fund of the Group, was 81.6% (2020: 125.4%). The gearing ratio dropped in comparison to previous year mainly due to the placing and subscription of new shares in the Company during the year, which have enlarged the amount of shareholder's fund of the Group. The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.30 (2020: 1.04). The liquidity ratio improved in comparison to that as at 31 December 2020 due to the repayment of bonds during the year.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no material contingent liabilities (2020: nil).

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollar, and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in Renminbi. While the Group's operations in the PRC, the location of its production, are primarily conducted in Renminbi, its Hong Kong operations are conducted in Hong Kong dollar. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from bonds and borrowings, which, being obtained at variable rates and at fixed rates, expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through a variety of means.

PLEDGES ON GROUP ASSETS

As at 31 December 2021, the investment properties of the Group located in Yunfu, PRC with carrying amount of HKD244.2 million (2020: HKD221.4 million) were pledged to banks for loans granted to the Group.

As at 31 December 2021, the property held for own use and financial assets at fair value through other comprehensive income of the Group with carrying amount of HKDnil (2020: HKD67.4 million) and HKD3.8 million (2020: HKD11.0 million) respectively were pledged to an independent third party to secure for other borrowings granted to the Group.

As at 31 December 2021, the structured deposits and pledged bank deposits of the Group with carrying amount of HKD72.8 million (2020: HKD273.9 million) and HKD98.0 million (2020: HKD47.7 million) were pledged as guarantee deposits for bills payable made available to the Group.

FINANCIAL GUARANTEES PROVIDED

As at 31 December 2021, the Company had provided corporate guarantees amounting to HKD342.9 million (2020: HKD435.0 million) and HKD6 million (2020: HKD43 million) in favour of certain banks and an independent third party respectively in connection with facilities granted to certain subsidiaries of the Group.

CAPITAL EXPENDITURES AND COMMITMENTS

During the year ended 31 December 2021, the Group invested HKD25,000 (2020: HKD28,000) on property, plant and equipment, which included furniture, fixtures and equipment. As at 31 December 2021 and 2020, the Group had no capital commitments.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2021, the significant investments held by the Group are as follows:

	As 31 December 2021 HKD'000	As 31 December 2020 HKD'000
Financial assets at fair value through other comprehensive income	**133,162**	221,489
Financial assets at fair value through profit or loss		
— Listed equity securities	**923**	108
— Structured deposits	**72,847**	273,897
— Wealth management products	**10,776**	—
	217,708	495,494

Information in relation to the equity securities under the financial assets at fair value through other comprehensive income and the financial assets at fair value through profit or loss as at 31 December 2021 are set out as follows:

Stock Code	Name of investee company	Nature of investment	Number of shares held	Percentage of shareholding in such stock	Fair value as at 31 December 2021 HKD'000	Percentage to the Group's total assets as at 31 December 2021	Change in fair value for the year ended 31 December 2021 HKD'000
Financial assets at fair value through other comprehensive income							
Listed equity securities							
1282.HK	Glory Sun Financial Group Limited ("**GSFG**")	Investment in shares	85,000,000	0.27%	17,000	1.10%	(11,050)
Others					6,162		(7,154)
Unlisted equity securities							
	Golden Affluent Limited ("**Golden Affluent**")	Investment in shares	13,921,278	14.73%	110,000	7.09%	(70,123)
					133,162		(88,327)
Financial assets at fair value through profit or loss							
Listed equity securities					923		(86)

The principal activities of the securities are as follows:

1. GSFG is an investment holding company and its subsidiaries are principally engaged in the business of financial services, property investment and development, automation, securities investment, trading of commodities, yacht club and education.

2. Golden Affluent is principally engaged in investment holding and its subsidiaries are engaged in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Future Ordinance and provision of bullion services in Hong Kong and private investment management services in the PRC.

Save as disclosed above, the Group also invested in other shares listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Each of the fair value of these shares represented less than 1% of the total assets of the Group as at 31 December 2021.

As at 31 December 2021, the Group subscribed for structured deposit and wealth management products under financial assets at fair value through profit or loss. Each of the fair value of these structured deposits and wealth management products represented less than 5% of the total assets of the Group as at 31 December 2021.

Save as disclosed above, there were no significant investments held by the Group for the year ended 31 December 2021.

INVESTMENT PROPERTIES HELD

Location	Usage	Tenure	Attributable interest of the Group
City Plaza, No. 1 Yunxiang Avenue, Xijang New District, Yunfu, Guangdong Province, the PRC	The Investment property comprises 141 retailing shops for rental and/or capital appreciation	Granted the land use rights of the property until 29 October 2053	100%

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE AND CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 20 January 2021, the Company entered into the placing agreement with the placing agent, pursuant to which the placing agent had conditionally agreed to procure placees, on a best effort basis, to subscribe for of up to 720,000,000 new shares of the Company (the "**Shares**") at the placing price of HKD0.20 per placing Share (the "**Placing**"). On the same date, the Company entered into the subscription agreement with the subscriber, pursuant to which the subscriber had conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, an aggregate of 280,000,000 new Shares at the subscription price of HKD0.20 per subscription Share to the subscriber (the "**Subscription**").

The Placing, the Subscription and transactions contemplated thereunder are subject to the approval by the Shareholders and independent Shareholders of the Company at the special general meeting on 12 March 2021, and the Listing Committee of the Stock Exchange approving the Placing and the Subscription and listing on the Stock Exchange of new Shares arising from the Placing and the Subscription.

On 24 March 2021, all conditions precedent to the Placing and the Subscription as set forth in the placing agreement and the subscription agreement respectively have been fulfilled. Accordingly, completion of the Placing and the Subscription took place on 24 March 2021. Details of the Placing and the Subscription were set out in the announcements of the Company dated 20 January 2021, 10 February 2021, 12 March 2021 and 24 March 2021 and the circular of the Company dated 23 February 2021, respectively.

The net proceeds received by the Company from the Placing and the Subscription after deducting related fees and expenses were approximately HKD198.2 million, which have been entirely used for repayment of the bonds and its accrued interests as at 31 December 2021.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries and associated companies by the Group during the year ended 31 December 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a total of approximately 50 employees (2020: approximately 50 employees). The total staff cost of the Group amounted to approximately HKD18.9 million for the year ended 31 December 2021, representing 0.9% of the Group's turnover. Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of difference positions.

DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

Discloseable Transaction - Acquisition of the Entire Issued Share Capital of Foresight Industrial Group Limited

On 26 January 2022, the Company through its direct wholly-owned subsidiary, entered into a sale and purchase agreement with an independent third party in relation to acquire the entire issued share capital of Foresight Industrial Group Limited, which, together with its subsidiaries, is principally engaged in hotel operations and management and provision of food and beverage catering services in the PRC, at a cash consideration of HKD120,000,000 (the "**Acquisition**").

Details of the Acquisition have been disclosed in the announcement of the Company dated 26 January 2022.

Major Transaction – Disposal of Minority Interest in Golden Affluent Limited

On 28 January 2022, the Company through its direct wholly-owned subsidiary, entered into a share transfer agreement (the "**Share Transfer Agreement**") with an independent third party in relation to disposal of 14.73% equity interest of Golden Affluent, at a cash consideration of HK$110,000,000 (the "**Disposal**").

The Disposal and transactions contemplated thereunder are subject to the approval by the Shareholders at the forthcoming special general meeting of the Company to be held on 13 May 2022, and the Stock Exchange approving the Disposal.

Details of the Disposal have been disclosed in the announcements of the Company dated 28 January 2022, 23 February 2022, 16 March 2022 and 7 April 2022, and the circular of the Company dated 21 April 2022, respectively.

FUTURE PROSPECTS

Looking forward to 2022, the Group will continue to enhance the performance in the Supply Chain Business as its core business by improving the efficiency on utilisation of the Group's resources for the supply chain of non-ferrous metals and construction materials. In particular, the Group will seek to build its own teams to introduce and develop hedging operations and international commodity trading operations to achieve risk diversification and reduction. In respect of supply chain of construction materials, the Group will continue to improve its service quality and endeavours to expand its product portfolio and customer base.

In addition, the management will maintain the stable and healthy development in the Leasing Business. The Group will strictly adhere to the regulatory requirements in the finance lease industry and maintain strict risk control and adopt a risk-adverse approach to extend its services to the market players in other industries. In light of these macroeconomic challenges, for the other businesses including Property Investment, Money Lending Business and Securities Investment, the management will keep a cautious and prudent approach and maintain the current scale of such businesses.

The Group maintained the diversification strategy by seeking and identifying new investment opportunities to enhance the profitability and competitiveness of the Group. Subsequently, the Group has entered into an agreement in relation to the acquisition of a group of companies which is principally engaged in hotel operations and management, and provision of food and beverage catering services in the PRC. The Board believes that such acquisition poses a good investment opportunity for the Group to step into the hotel and restaurant industry in a bid to generate more revenue for the Group.

The foreseeable outlook of the business environment will continue to remain uncertain and challenging, in particular, with the occasional outbreaks of different variants of COVID-19 and global political uncertainties. Under these unpredictable circumstances, the management will seek business continuity and adjust its operating strategies in a timely manner. The Group will explore new investment opportunities and safeguard its resources to achieve stable growth of the Group.

The Directors and senior management as at the date of this annual report are as follows:

EXECUTIVE DIRECTORS

Mr. Liao Nangang, aged 52, was appointed as Chairman and Executive Director of the Company on 1 April 2021, and acted as the chairman of each of the nomination committee (the "**Nomination Committee**"), strategic committee (the "**Strategic Committee**") and the investment and fund raising committee (the "**Investment and Fund Raising Committee**") of the Company.

Mr. Liao graduated from East China University of Political Science and Law with a bachelor's degree in international economic law in 1992. Mr. Liao is qualified as a lawyer in the PRC in 2001 and he has over 20 years of experience in the legal and investment sector.

Currently, Mr. Liao is the independent director of Maoye Commercial Co., Ltd. (stock code: 600828), which is listed on the Shanghai Stock Exchange. He is also the sole shareholder and director of 深圳前海衡同資產管理有限公司(Shenzhen Qianhai Hengtong Asset Management Co., Ltd.). In addition, he is also the director of Tengyue Holding Limited ("**Tengyue Holding**") and Beyond Glory Holdings Limited ("**Beyond Glory**"), respectively.

Prior to joining the Group, Mr. Liao was the independent director of each of Shenzhen Nanshan Power Co., Ltd. (stock code: 000037) from November 2013 to November 2019 and ZJBC Information Technology Co., Ltd (formerly known Maoye Communication And Network Co., Ltd.) (stock code: 000889) from July 2016 to March 2017, which are respectively listed on the Shenzhen Stock Exchange. He also served as a partner of various law firms. Currently, Mr. Liao is the ultimate beneficial owner of Tengyue Holding and Beyond Glory, respectively.

Pursuant to Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) (the "**SFO**"), 1,092,000,000 Shares of the Company are held by Tengyue Holding, which is wholly-owned by Beyond Glory. Beyond Glory is in return wholly-owned by Mr. Liao. Accordingly, he is deemed to be interested in these Shares by virtue of SFO, representing 28% of the issued share capital of the Company, and is a substantial Shareholder.

Ms. Qian Pu, aged 32, was appointed as Executive Director of the Company on 8 September 2016 and subsequently appointed as Chief Executive Officer of the Company on 1 April 2021. She is a member of each of the Nomination Committee and the remuneration committee (the "**Remuneration Committee**") of the Company, the Strategic Committee and the Investment and Fund Raising Committee and one of the authorised representatives of the Company. She also holds directorships in certain subsidiaries of the Company.

Ms. Qian graduated from Huazhong University of Science and Technology, the PRC with a bachelor's degree in Arts and Wuhan University of Science and Technology, PRC with a bachelor's degree in Engineering respectively in 2012. She also obtained a master's degree course in financial management from University of Alberta, Canada in 2020. She has over 8 years of managerial experience in finance investment.

Mr. Wang Jian, aged 51, was appointed as Executive Director of the Company on 23 August 2016. He acted as Chairman and Chief Executive Officer of the Company, and the chairman of each of the Strategic Committee and the Investment and Fund Raising Committee of the Company since 8 September 2016 until March 2021.

Mr. Wang has about 16 years of managerial experience in the construction and engineering industry. He was a legal representative for over 10 years of a company incorporated in the PRC that specialize in the construction engineering industry. Currently, Mr. Wang is also the director of Massive Thriving Limited ("**Massive Thriving**").

Pursuant to Part XV of the SFO, 546,953,000 Shares are held by Massive Thriving, which is wholly-owned by Mr. Wang. Accordingly, he is deemed to be interested in these Shares, representing 14.02% of the issued share capital of the Company, and is a substantial Shareholder.

Mr. Ning Jie, aged 38, was appointed as Executive Director of the Company on 25 September 2020.

He obtained a bachelor's degree in law and a second bachelor's degree in accounting from Southwest University of Political Science and Law. Mr. Ning is qualified as a lawyer in the PRC in 2013 and he also has more than 16 years of experience in the legal sector.

Currently, Mr. Ning is as an independent non-executive director of Zhicheng Technology Group Ltd. (stock code: 8511), which is listed on GEM of the Stock Exchange, and is also a senior partner of 廣東港聯律師事務所 (Guandong Ganglian Law Firm).

NON-EXECUTIVE DIRECTORS

Mr. Shin Yick Fabian, aged 53, was appointed as Non-executive Director of the Company on 9 February 2017. He is a member of each of the Strategic Committee and the Investment and Fund Raising Committee of the Company.

He graduated from The University of Birmingham in England with a bachelor's degree in commerce. He is a fellow member of each of the Association of Chartered Certified Accountants, The Chartered Governance Institute and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Company Secretaries). Mr. Shin has over 31 years of experience in investment banking and financial management.

Currently, Mr. Shin is an independent non-executive director of each of China Automobile New Retail (Holdings) Limited (formerly known as Lisi Group (Holdings) Limited) (stock code: 526), Newton Resources Ltd. (stock code: 1231), and Zhenye International Holdings Company Limited (stock code: 3363), since January 2013, August 2015 and May 2019, respectively, shares of all which are listed on the Main Board of the Stock Exchange. In May 2019, he is appointed as an independent director of 廣東世運電路科技股份有限公司 (Guangdong Olympic Circuit Technology Holdings Limited) (stock code: 603920), which is listed on the Shanghai Stock Exchange.

Mr. Shin was an independent non-executive director of China Tianrui Automotive Interiors Co., Ltd (stock code: 6162) from December 2018 to September 2020, which is listed on the Main Board of the Stock Exchange. He also was an independent director of Bio-key International Inc. (stock code: BKYI), which is listed on the NASDAQ Stock Market in USA from November 2017 to September 2020. Mr. Shin was appointed as a company secretary of Victory City International Holdings Limited (stock code: 539) from January 2021 to April 2021, which is listed on the Main Board of Stock Exchange.

Mr. Shin was, subject to a public sanction imposed by the Securities and Futures Commission in September 2020 and was reprimanded by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") in August 2021 for his failure to discharge his duties as a sponsor principal, a responsible officer and the chief executive officer of a licensed corporation and breaching of the Code of Conduct for Persons Licensed by or Registered with the SFC and the Additional Fit and Proper Guidelines for Corporations and Authorized Financial Institutions applying or continuing to act as Sponsors and Compliance Advisers and for his failure to observe, maintain or otherwise apply the fundamental principle of professional behaviour under relevant sections of the applicable Code of Ethics for Professional Accountants, respectively. Further details of the above sanction and reprimand were set out in the announcements of the Company dated 17 September 2020 and 26 August 2021, respectively. Mr. Shin resigned from his membership with HKICPA and was no longer a fellow member of the HKICPA with effect from 31 August 2021.

Mr. Liu Xiaowei, aged 45, was appointed as Non-executive Director of the Company on 2 July 2021.

Mr. Liu obtained a self-study undergraduate certificate (Adult Higher Education) in Chinese Language and Literature from South China Normal University in 2005 and he also obtained a self-study undergraduate certificate (Adult Higher Education) in Law from Sun Yat-sen University in 2014. Mr. Liu is qualified as a lawyer in the PRC in 2011 and he also has more than 14 years of experience in the legal sector.

Currently, Mr. Liu is a partner of 廣東冠諾律師事務所 (G.D. Grannor Partners). Prior to joining the Group, Mr. Liu served as legal counsel to a number of listed companies in PRC, with involvement in initial public offerings (IPO) and mergers and acquisitions projects.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ngai Sang Kenny, aged 57, was appointed as Independent Non-executive Director of the Company on 1 October 2019. He is the chairman of the Audit Committee; and a member of the Nomination Committee and Remuneration Committee.

Mr. Chan has over 32 years of experience in accounting, taxation, auditing and corporate finance. He is a partner and founder of Kenny Chan & Co., a Certified Public Accountant firm. Mr. Chan obtained a bachelor's degree of commerce from The University of New South Wales in Australia. He is a member of each of the HKICPA, Chartered Accountants Australia and New Zealand, CPA Australia, The Hong Kong Institute of Directors and The Taxation Institute of Hong Kong.

Currently, Mr. Chan is an independent non-executive director of each of CMIC Ocean En-Tech Holding Co., Limited (formerly known as TSC Group Holdings Limited) (stock code: 206) since October 2005, Minsheng Education Group Company Limited (stock code: 1569) since March 2017, Zhongyuan Bank Company Limited (stock code: 1216) since May 2017 and Hebei Construction Group Corporation Limited (stock code: 1727) since June 2017, all of which are listed on the Main Board of the Stock Exchange.

Mr. Chan was an independent non-executive director of Kingland Group Holdings Limited (formerly known as Sing On Holdings Limited) (stock code: 1751) from November 2016 to May 2020, which is listed on the Main Board of the Stock Exchange; and Combest Holdings Limited (stock code: 8190) from February 2002 to February 2018 which was listed on the GEM of the Stock Exchange and was delisted in December 2020, respectively.

Mr. Chan Kin Sang, aged 70, was appointed as Independent Non-executive Director of the Company on 3 April 2018. He is a member of the Audit Committee and the Nomination Committee and the chairman of the Remuneration Committee of the Company.

Mr. Chan is currently a senior partner of Messrs. Peter K.S. Chan & Co., Solicitors and Notaries (a law firm which provides various services including corporate matters and litigations). He obtained a bachelor's degree in Laws from the University of Hong Kong in 1979 and a postgraduate certificate in Laws from the University of Hong Kong in 1980. He has been a practising solicitor in Hong Kong since April 1982 and has been admitted as a Notary Public since April 1997 and a China-appointed Attesting Officer since January 2000. Mr. Chan has also been a Fellow of The Hong Kong Institute of Directors since August 2004.

Currently, Mr. Chan is a non-executive director of Sino Harbour Holdings Group Limited (stock code: 1663) since April 2020, an independent non-executive director of each of China Fortune Financial Group Limited (stock code: 290) since July 2014 and Huakang Biomedical Holdings Company Limited (stock code: 8622) since November 2018, all of which are listed on the Main Board and GEM of the Stock Exchange, respectively.

In the past three years, Mr. Chan held directorships in a number of Hong Kong, Singapore and PRC listed companies. He was an independent non-executive director of Tianhe Chemicals Group Limited (stock code: 1619) from April 2014 to September 2019, which was listed on Main Board of the Stock Exchange and was delisted in June 2020. In addition, Mr. Chan was a non-executive director of Pan Hong Holdings Group Limited (stock code: P36) from August 2006 to March 2020 and an independent non-executive director of Luxking Group Holdings Limited (stock code: BKK) from August 2006 to October 2019, all of which listed on the main board of Singapore Exchange Limited. He also acted as a director of Guanghe Landscape Culture Communication Co., Ltd, Shanxi (stock code: 600234) which is listed on the Shanghai Stock Exchange from October 2017 to October 2020.

Mr. Zheng Suijun, aged 59, was appointed as Independent Non-executive Director of the Company on 31 August 2016. He is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Zheng has more than 16 years of managerial experience in taxation advisory business. Currently, Mr. Zheng is a chairman of the board of directors of Shenzhen Jinnuo Tax Agency Co., Ltd. since 2004.

SENIOR MANAGEMENT

Mr. Sze Kat Man, aged 35, joined the Group in October 2014 as the Financial Controller of the Group and was appointed as company secretary (the "**Company Secretary**") and authorised representative of the Company in April 2017. He also holds directorships in certain subsidiaries of the Company. He is currently responsible for the overall financial management and company secretarial matters of the Group. Mr. Sze graduated from City University of Hong Kong with an Associate of Business Administration in Accountancy and is a member of the HKICPA. He has over 13 years of experience in professional audit and accounting fields.

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the Supply Chain Business, Leasing Business, Property Investment, Money Lending Business and Securities Investment. The principal activities and other particulars of the Company's subsidiaries are set out in note 34 to the consolidated financial statements.

SEGMENT INFORMATION

Details of the segment information of the Group for the year ended 31 December 2021 by segments are set out in note 10 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 114 of this annual report.

BUSINESS REVIEW

Details of the Group's business review and business prospect during the year are set out in the section headed "Management Discussion and Analysis" of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidate statements of profit or loss and other comprehensive income.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2021 (31 December 2020: Nil).

RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2021 are set out in the consolidated statement of change in equity on page 47 of this annual report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2021, calculated under the Companies Act 1981 of Bermuda (the ("**Companies Act**"), amounted to HKD419,278,000 (2020: HKD292,563,000).

SHARE CAPITAL

As at 31 December 2021, the issued share capital of the Company was 3,900,000,000 ordinary Shares of HKD0.02 each.

Movements in the share capital of the Company during the year are set out in note 27(c) to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

CHARITABLE DONATIONS

During the year, the Group has not made any charitable donations (2020: Nil).

BORROWINGS

As at 31 December 2021, the Group had borrowings of approximately HKD523.1 million (2020: bonds and borrowings of approximately HKD661.3 million).

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2021, the Group acquired property, plant and equipment at a cost of approximately HKD25,000 for the purpose of expanding the Group's business (2020: HKD28,000).

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 11 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, the five largest customers of the Group together accounted for 67.7% of the Group's total revenue, with the largest customer accounting for 40.1% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers was 49.0% of the total purchase of the Group for the year ended 31 December 2021, and the largest supplier accounted for 28.0% of the Group's total purchases.

One of the five largest customers of the Company is ultimate beneficially owned by a shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the issued share capital of the Company as at the date of this annual report.

Save for the above, none of the Directors or any of their close associates or any shareholder of the Company, which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any beneficial interests in the Group's five largest customers and suppliers mentioned above.

EQUITY-LINKED AGREEMENT

Save for the share option scheme of the Group as disclosed in the section headed "Share Option Scheme" of this annual report, no equity linked agreements were entered into by the Group or existed during the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

RELATED PARTY TRANSACTION

The Group entered into certain related party transactions as disclosed in note 32 to the consolidated financial statements during the year. During the year ended 31 December 2021, none of the related party transactions constitute a connected transaction or continuing connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CONNECTED TRANSACTION

Subscription of New Shares under Specific Mandate

On 20 January 2021, the Company entered into the subscription agreement with an existing substantial Shareholder, Tengyue Holding as subscriber, pursuant to which Tengyue Holding had conditionally agreed to subscribe for, and the Company had conditionally agreed to allot and issue, an aggregate of 280,000,000 new Shares at the subscription price of HKD0.20 per subscription Share to the subscriber.

As at the date of the subscription agreements, Tengyue Holding held 812,000,000 Shares, representing approximately 28.00% of the issued share capital of the Company. Since Tengyue Holding was the substantial Shareholder and hence a connected person of the Company under the Listing Rules, the Subscription would constitute a connected transaction of the Company, and was subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Subscription was approved by the independent Shareholders of the Company at the special general meeting of the Company held on 12 March 2021. Details of the Subscription were disclosed in the announcement dated 20 January 2021, circular dated 23 February 2021 and poll results of special general meeting dated 12 March 2021 of the Company.

DIRECTORS

The Directors during the year ended 31 December 2021 and up to the date of this report were:

Executive Directors

Mr. Liao Nangang *(Chairman) (Appointed on 1 April 2021)*
Ms. Qian Pu *(Chief Executive Officer) (Appointed as Chief Executive Officer on 1 April 2021)*
Mr. Wang Jian *(Ceased to be Chairman and Chief Executive Officer on 1 April 2021)*
Mr. Ning Jie

Non-executive Directors

Mr. Law Fei Shing *(Resigned on 1 June 2021)*
Mr. Shin Yick Fabian
Mr. Liu Xiaowei *(Appointed on 2 July 2021)*

Independent Non-executive Directors

Mr. Chan Ngai Sang Kenny
Mr. Chan Kin Sang
Mr. Zheng Suijun

DIRECTORS' SERVICE CONTRACTS

Each executive Director has entered into continuous service contract with the Company. All non-executive Directors (including independent non-executive Directors) are appointed for an initial term of one year. All the Directors are subject to retirement in accordance with the Listing Rules and the Bye-laws.

In accordance with Bye-law No. 86(2) of the Bye-laws, any Director appointed by the Board to fill a casual vacancy should hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Accordingly, Mr. Liu Xiaowei shall retire, and being eligible, offer himself for re-election at the forthcoming special general meeting to held on 13 May 2022.

In accordance with the Bye-law No. 87(1), Mr. Shin Yick Fabian, Mr. Chan Kin Sang and Mr. Zheng Suijun will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

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

The Company has received an annual confirmation of independence from each of the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors as independent.

The biographical details of Directors are set out in the section headed "Directors and Senior Management Profile" of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors nor a connected entity of Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which any of the Company, its controlling shareholder or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2021.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during this period.

COMPETING INTERESTS

None of the Directors is interested in any business (apart from the business of the Company or its subsidiaries) which compete, either directly or indirectly, with the principal business of the Company or its subsidiaries during year.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 23 August 2011 and expired on 22 August 2021. No options have been granted, executed or cancelled since the adoption of the share option scheme up to the expiry date of share option sheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were 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 the Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Number of Shares Held *(Note 1)*	Capacity	Approximate % Shareholding *(Note 2)*
Mr. Liao Nangang *(Note 3)*	1,092,000,000	Interest of controlled corporation	28.00%
Mr. Wang Jian *(Note 4)*	546,953,000	Interest of controlled corporation	14.02%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.

2. The percentage was calculated based on the total number of Shares of the Company as at 31 December 2021, which was 3,900,000,000.

3. These 1,092,000,000 Shares are owned by Tengyue Holding which is wholly-owned by Beyond Glory. In addition, Beyond Glory is wholly-owned by Mr. Liao. Accordingly, Beyond Glory and Mr. Liao are deemed to be interested in all the Shares held by Tengyue Holding by virtue of the SFO.

4. These 546,953,000 Shares are owned by Massive Thriving which is wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the Shares held by Massive Thriving by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the year ended 31 December 2021 was the Company, or any of its holding companies or fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors or their connected entities to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2021, so far as is known to the Directors and chief executive of the Company, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which 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 were as follow:

Name of Shareholders	**Number of Shares Held** *(Note 1)*	**Capacity**	**Approximate % of Shareholding** *(Note 2)*
Tengyue Holding *(Note 3)*	1,092,000,000	Beneficial owner	28.00%
Beyond Glory *(Note 3)*	1,092,000,000	Interest of controlled corporation	28.00%
Youngheng Holdings Limited ("**Youngheng Holdings**") *(Note 4)*	720,000,000	Beneficial owner	18.46%
Mr. Shi Andong ("**Mr. Shi**") *(Note 4)*	720,000,000	Interest of controlled corporation	18.46%
Massive Thriving *(Note 5)*	546,953,000	Beneficial owner	14.02%
Mr. Yao Jianhui ("**Mr. Yao**") *(Note 6)*	282,697,950	Interest of controlled corporation	7.25%
Tinmark Development Limited ("**TDL**") *(Note 6)*	282,697,950	Interest of controlled corporation	7.25%
Bao Xin International Group Limited ("**BXIG**") *(Note 6)*	282,697,950	Interest of controlled corporation	7.25%
Bao Xin Development Limited ("**BXDL**") *(Note 6)*	282,697,950	Interest of controlled corporation	7.25%
GSFG *(Note 6)*	282,697,950	Interest of controlled corporation	7.25%
Glory Sun Financial Holdings Limited ("**GSFH**") *(Note 6)*	282,697,950	Interest of controlled corporation	7.25%
Great Sphere Developments Limited ("**GSDL**") *(Note 6)*	282,697,950	Interest of controlled corporation	7.25%
Mr. Huang Shilong	275,500,000	Beneficial owner	7.06%
Stellar Result Limited ("**SRL**") *(Note 6)*	203,377,950	Interest of controlled corporation	5.21%
Glory Sun Credit Limited ("**GSCL**") *(Note 6)*	203,377,950	Person having a security interest in Shares	5.21%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.

2. The percentage was calculated based on the total number of Shares of the Company as at 31 December 2021, which was 3,900,000,000.

3. These 1,092,000,000 Shares are owned by Tengyue Holding which is wholly-owned by Beyond Glory. In addition, Beyond Glory is wholly-owned by Mr. Liao. Accordingly, Beyond Glory and Mr. Liao are deemed to be interested in all the Shares held by Tengyue Holding by virtue of the SFO.

4. These 720,000,000 Shares are owned by Youngheng Holdings which is wholly-owned by Mr. Shi. Accordingly, Mr. Shi is deemed to be interested in all the Shares held by Youngheng Holdings by virtue of the SFO.

5. These 546,953,000 Shares are owned by Massive Thriving which is wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the Shares held by Massive Thriving by virtue of the SFO.

6. According to the corporate substantial shareholder notice filed on 30 June 2020 by each of BXIG and TDL and the individual substantial shareholder notice filed on 30 June 2020 by Mr. Yao, GSCL is interested in 203,377,950 Shares by way of a security interest in those Shares. GSCL is wholly-owned by SRL, which is in turn wholly-owned by GSFH; GSFH is wholly-owned by GSDL, which is in turn wholly-owned by GSFG; GSFG is owned as to approximately 47.10% in aggregate by BXDL and TDL. Glory Sun Securities Limited ("**GSSL**") is directly interested in 79,320,000 Shares and is indirectly owned by TDL through GSFH, GSDL, GSFG, BXDL and BXIG, among others. In addition, TDL is wholly-owned by Mr. Yao. Accordingly, Mr. Yao is deemed to be interested in all 282,697,950 Shares in which GSCL and GSSL are directly interested by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, the Company had not been notified by any other person or corporation (other Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Part XV of the SFO.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Director(s) of the Company since the date of the 2021 interim report of the Company and up to the date of this annual report are set out below:

Name of Directors	Details of Changes
Mr. Shin Yick Fabian	– Resigned from membership and was no longer as a fellow member of the HKICPA with effect from 31 August 2021. Please refer to the section headed "Directors and Senior Management Profile" in this annual report and the announcement of the Company dated 26 August 2021 for details.
Mr. Ning Jie	– Appointed as an independent non-executive director of Zhicheng Technology Group Ltd. (stock code: 8511), a company listed on the GEM of the Stock Exchange, on 7 January 2022.

Save as disclosed, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The 2022 Annual General Meeting of the Company is scheduled to be held on Friday, 24 June 2022 (the "**AGM**"). The register of members of the Company will be closed from Monday, 20 June 2022 to Friday, 24 June 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer of share(s) accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 17 June 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with at least 25% of the issued Shares of the Company as required under the Listing Rules throughout the year ended 31 December 2021 and up to the date of this report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties in their offices.

Such permitted indemnity provision has been in force throughout the year and is still in force. In addition, the Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2021, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

CORPORATE GOVERNANCE

The Board and management of the Company are committed to maintaining high standards of corporate governance. The Company has complied with all the applicable code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules (the "**CG Code**") throughout the year under review, with the exception of a few deviations. The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

Detailed information on the Company's corporate governance principles and practices are set out in the section headed "Corporate Governance Report" of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Company is being prepared and will be published no later than 31 May 2022.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2021 have been audited by Baker Tilly Hong Kong Limited ("**BTHK**"), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On Behalf of the Board

Liao Nangang
Chairman
Hong Kong, 25 March 2022

CORPORATE GOVERNANCE REPORT

The Company's corporate governance structure mirrors the provisions of the CG Code as set out in Appendix 14 of the Listing Rules. The Company ascribes to good governance and transparency with a view that through these business ethics, shareholders and other stakeholders are assured of a solid and credible business framework. The Company recognises the need to adapt and improve business practices in the light of the evolving business environment, investor expectations and regulatory requirements. The Board is tasked to review the corporate governance structure of the Company and effect changes whenever necessary. It views the need for transparency in practices and policies and making informed decisions as fundamental.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2021, the Company has applied the principles of, and complied with, the applicable code provisions of the CG Code, except for the following deviations:

Under code provision C.1.6, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Chan Kin Sang and Mr. Zheng Suijun, being independent non-executive Directors, were unable to attend each of the special general meeting on 12 March 2021 and the annual general meeting on 25 June 2021 (the "**2021 AGM**") due to other pre-arranged business commitments and the circumstance under the COVID-19 outbreak, respectively; and

Under code provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Liao was unable to attend the 2021 AGM due to the circumstances under the COVID-19 outbreak. Mr. Liao will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so. Mr. Liao had entrusted Mr. Shin Yick, Fabian, being a non-executive Director, to respond to Shareholders' concerns (if any) on behalf of him at the 2021 AGM.

The Board will continuously review the effectiveness of the corporate governance structure of the Company and effect changes whenever necessary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors had complied with the Model Code for the year ended 31 December 2021.

BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2021, the Board comprised nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. During the year and up to the date of this report, the composition of the Board is as follows:

Executive Directors
Mr. Liao Nangang *(Chairman) (Appointed on 1 April 2021)*
Ms. Qian Pu *(Chief Executive Officer) (Appointed as Chief Executive Officer on 1 April 2021)*
Mr. Wang Jian *(Ceased to be Chairman and Chief Executive Officer on 1 April 2021)*
Mr. Ning Jie

Non-executive Directors
Mr. Law Fei Shing *(Resigned on 1 June 2021)*
Mr. Shin Yick Fabian
Mr. Liu Xiaowei *(Appointed on 2 July 2021)*

Independent Non-executive Directors
Mr. Chan Ngai Sang, Kenny
Mr. Chan Kin Sang
Mr. Zheng Suijun

The biographical details of the Directors are set out in the section headed "Directors and Senior Management Profile".

There was no relationship (including financial, business, family or other material or relevant relationships) among members of the Board.

Responsibilities of the Board

Apart from its statutory and fiduciary responsibilities, the Board is primarily responsible for reviewing and overseeing the financial and business performance of the Group. It is accountable for the overall strategic development of the Group with the objective to maximise shareholders' value. Material matters are reserved for the Board's considerations or decisions which include, among other things, overall strategy of the Group, business plans, annual budgets, significant capital expenditure, financial reports, dividend policy and payments, material acquisitions, disposals or investment proposals, Directors' appointments, reappointments or removal, and other material transactions. The Bye-laws provide that all Director must declare their respective interests, if any, with regards to the resolutions of the Board. In case, a Director has a conflict of interest in a material matter, such Director shall abstain from voting and not be counted in quorum.

The Board has also delegated its duties of managing and implementing the daily operations and business strategies of the Group to the Chief Executive Officer, Executive Directors and senior management of the Company. Moreover, the Board has delegated certain of its responsibilities to the Audit Committee, Remuneration Committee, Nomination Committee, Strategic Committee and Investment and Fund Raising Committee.

Independent Non-executive Directors

The Company has appointed three independent non-executive Directors, at least one of whom has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his independence.

Continuous Professional Development

Under code provision C.1.4 of CG Code regarding continuous professional development ("**CPD**"), Directors should participate in CPD to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. For the year ended 31 December 2021 all Directors have participated in appropriate CPD activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

During the year ended 31 December 2021, save for Mr. Law Fei Shing who resigned with effect from 1 June 2021, all Directors confirmed to the Company that they had received CPD training.

The participation by individual Directors in 2021 is recorded as follows:

Name of Directors	Attending seminars/conference or reading material relating to the business, accounting law, rules and regulations
Executive Directors	
Mr. Laio Nangang *(Appointed on 1 April 2021)*	Yes
Ms. Qian Pu	Yes
Mr. Wang Jian	Yes
Mr. Ning Jie	Yes
Non-executive Directors	
Mr. Law Fei Shing *(Resigned on 1 June 2021)*	N/A
Mr. Shin Yick Fabian	Yes
Mr. Liu Xiaowei *(Appointed on 2 July 2021)*	Yes
Independent Non-executive Directors	
Mr. Chan Ngai Sang Kenny	Yes
Mr. Chan Kin Sang	Yes
Mr. Zheng Suijun	Yes

Director's Attendance of the Meetings

The Board meets regularly to review the financial and operating performance of the Group, to make important decisions and to approve future strategies. In addition, the Board would also hold the other Board meetings with a short notice given to discuss the material transactions as and when required. During the year ended 31 December 2021, six Board meetings, two Audit Committee meetings, three Remuneration Committee meetings, three Nomination Committee meetings, one special general meeting and one annual general meeting were held. Attendances of these meetings by Directors are set out below:

Name of Directors	Board	Audit Committee	Renumeration Committee	Nomination Committee	Special General Meeting	Annual General Meeting
	Number of Meeting Attended/Eligible to Attend					
Executive Directors						
Mr. Liao Nangang *(Appointed on 1 April 2021)*	2/2	N/A	N/A	1/1	N/A	No
Ms. Qian Pu	5/6	N/A	3/3	3/3	No	No
Mr. Wang Jian	5/6	N/A	N/A	N/A	No	No
Mr. Ning Jie	6/6	N/A	N/A	N/A	No	No
Non-executive Directors						
Mr. Law Fei Shing *(Resigned on 1 June 2021)*	3/4	N/A	N/A	N/A	Yes	N/A
Mr. Shin Yick Fabian	6/6	N/A	N/A	N/A	Yes	Yes
Mr. Liu Xiaowei *(Appointed on 2 July 2021)*	1/1	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Mr. Chan Ngai Sang Kenny	4/6	2/2	2/3	2/3	Yes	Yes
Mr. Chan Kin Sang	6/6	2/2	3/3	3/3	Yes	No
Mr. Zheng Suijun	6/6	2/2	3/3	3/3	No	No

BOARD COMMITTEES

The Board has maintained five board committees (the "**Board Committee(s)**"). Each of the Board Committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Investment and Fund Raising Committee and the Strategic Committee, is to assist in the execution of the Board's responsibilities and to oversee particular aspect of the Group's affairs. Each Board Committee is provided with sufficient resources to discharge its duties properly, and holds meetings in accordance with the Bye-laws, its specific written terms of reference and, where applicable, the proceedings of Board meeting.

Audit Committee

The Audit Committee was established on 9 November 2001. The Audit Committee comprises three members, all of whom are independent non-executive Directors, namely:

Mr. Chan Ngai Sang Kenny *(Chairman)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

The major duties of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Group, and to provide recommendation and advices to the Board on the appointment, reappointment and removal of external auditor as well as their terms of appointment. The authority and duties of the Audit Committee are set out in its specific written terms of reference. The Audit Committee has explicit authority to investigate any activity within its duties and responsibilities and the authority to obtain outside legal or other independent professional advice if it considers necessary. Full text of the terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

The Audit Committee shall meet at least twice a year. During the year ended 31 December 2021, two committee meetings were held. Attendances of the meetings have been disclosed on page 29 of this annual report.

During the year ended 31 December 2021, a summary of the work of the Audit Committee is as follows:

1. reviewing the audited annual results for the year ended 31 December 2020 and the unaudited interim results for the six months ended 30 June 2021, with a recommendation to the Board for approval;

2. reviewing the external auditor's statutory audit plan and the letters of representation;

3. reviewing the findings and recommendations of the internal auditor;

4. reviewing the Group's financial and accounting policies and practices;

5. reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, with a recommendation to the Board for the re-appointment of the external auditor at the 2021 AGM;

6. considering and approving the remuneration and terms of engagement letters for the purpose of appointing the external auditor, BTHK, in connection with the statutory audit and review of the results announcements by BTHK; and

7. overseeing and reviewing the effectiveness of the internal control and risk management systems, and the adequacy of the accounting, internal audit and financial reporting function of the Group.

The chairman of the Audit Committee will report the findings and recommendations, if any, to the Board after each meeting.

The consolidated financial statements for the year ended 31 December 2021 was reviewed and recommended by the Audit Committee for the Board's approval for public release.

Remuneration Committee

The Remuneration Committee was established on 23 March 2001. The Remuneration Committee comprises four members, including three independent non-executive Directors and an executive Director, namely:

Mr. Chan Kin Sang *(Chairman)*
Mr. Chan Ngai Sang Kenny
Mr. Zheng Suijun
Ms. Qian Pu

The major duties of the Remuneration Committee are to assist the Board to develop and administer fair and transparent procedures for setting remuneration policies of the Directors (including non-executive Directors) and senior management of the Company, and to make recommendations to the Board on the specific remuneration packages of all Directors and senior management of the Company, including benefits-in-kind, pension rights, and compensation payments. The Directors' remuneration is determined by reference to each Director's duties and responsibilities and accountability in the Group as well as the overall performance of the respective company and the Group and the prevailing market situation and competitiveness in the industry. The remuneration packages of the Directors are recommended by the Remuneration Committee and determined by the Board except that no Director or any of his/her associates and senior management can determine his/her own remuneration. The authority and duties of the Remuneration Committee are set out in its specific written terms of reference. Full text of the terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

The Remuneration Committee shall meet at least once a year. During the year ended 31 December 2021, three committee meetings was held. Attendances of the meetings have been disclosed on page 29 of this annual report.

During the year ended 31 December 2021, a summary of the work of the Remuneration Committee is as follows:

1. reviewing the existing remuneration packages and emolument of the Board and senior management; and

2. considering and making recommendation to the Board relating to the remuneration of newly appointed Director(s) (including executive Director(s) and non-executive Director(s)).

Remuneration of Members of the Senior Management by Band

Pursuant to code provision E.1.5 of the CG Code, the remuneration of members of the senior management by band for the year ended 31 December 2021 is set out below:

Within the band of	Number of individuals
Nil to HKD1,000,000	4
HKD2,000,001 to HKD2,500,000	1
	5

Details of the remuneration of each Directors for the year ended 31 December 2021 are set out in note 7 to the consolidated financial statements of this annual report.

Nomination Committee

The Nomination Committee was established on 23 March 2005. The Nomination Committee comprises five members, including three independent non-executive Directors and two executive Directors, namely:

Mr. Liao Nangang *(Chairman)* *(Note 1)*
Mr. Chan Ngai Sang Kenny *(Note 2)*
Ms. Qian Pu
Mr. Chan Kin Sang
Mr. Zheng Suijun

Notes:

1. Appointed as Chairman on 1 April 2021.
2. Ceased to be the Chairman on 1 April 2021.

The major duties of the Nomination Committee are to formulate a formal and transparent process for the Company in the appointment of new Directors; to identify and nominate candidates for directorship; to assess the independence of each Independent Non-executive Director; and to make recommendations to the Board on such appointments. The Nomination Committee also reviews the Board structure and composition by considering the benefits of all aspects of diversity, including but not limited to differences in the background, experience, knowledge, expertise and perspectives of members of the Board. The authority and duties of the Nomination Committee are set out in its specific written terms of reference. Full text of the terms of reference of the Nomination Committee is available on the websites of the Company and the Stock Exchange.

The Nomination Committee shall meet at least once a year. During the year ended 31 December 2021, three committee meetings were held. Attendances of the meetings have been disclosed on page 29 of this annual report.

The Board has adopted a policy on board diversity (the "**Board Diversity Policy**"). Pursuant to the Board Diversity Policy, the Board shall consider the benefits of diversity when it reviews the Board composition. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience and qualifications, skills, knowledge, length of service and industry and regional experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Investment and Fund Raising Committee

The Investment and Fund Raising Committee was established on 28 March 2017. The Investment and Fund Raising Committee comprises three members, including two executive Directors and a non-executive Directors, namely:

Mr. Liao Nangang *(Chairman)* *(Note 1)*
Mr. Wang Jian *(Note 2)*
Ms. Qian Pu
Mr. Shing Yick Fabian

Notes:

1. Appointed as Chairman on 1 April 2021.
2. Ceased to be the Chairman and a member on 1 April 2021.

The Board has established the Investment and Fund Raising Committee for the purpose of, among others, reviewing and providing recommendations to the Board for appropriate investment and treasury strategies; and considering, reviewing, evaluating and making recommendations to the Board on different investment opportunities from time to time proposed by the management team of the Company and its subsidiaries.

During the year ended 31 December 2021, two Investment and Fund Raising Committee meetings was held. Attendance of the members at the meeting is set out as follows:

Committee members	**Meeting attended/held**
Mr. Liao Nangang *(Chairman)*	N/A
Mr. Wang Jian	2/2
Ms. Qian Pu	2/2
Mr. Shin Yick Fabian	2/2

The Investment and Fund Raising Committee provided recommendation to the Board for the fund-raising activities and investment opportunities for the Company; and reviewed annual performances of property and securities investments during the year.

Strategic Committee

The Strategic Committee was established on 28 March 2017. The Strategic Committee comprises three members, two executive Directors and a non-executive Director, namely:

Mr. Liao Nangang *(Chairman)* *(Note 1)*
Mr. Wang Jian *(Note 2)*
Ms. Qian Pu
Mr. Shing Yick Fabian

Notes:

1. Appointed as Chairman on 1 April 2021.
2. Ceased to be the Chairman and a member on 1 April 2021.

The Board established the Strategic Committee for the purpose of, among others, reviewing and providing recommendations to the Board for appropriate long-term development strategy of the Company and its subsidiaries.

During the year ended 31 December 2021, one Strategic Committee meeting was held. Attendance of the members at the meeting is set out as follows:

Committee members	**Meeting attended/held**
Mr. Laio Nangang *(Chairman)*	1/1
Mr. Wang Jian	N/A
Ms. Qian Pu	1/1
Mr. Shin Yick Fabian	1/1

The Strategic Committee provided recommendation to the Board for the medium-term and long-term strategic development planning for the Company; and reviewed overall performances of the Group during the year.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility to prepare the financial statements for each financial period which give a true and fair view of the financial affairs of the Group. The Directors also ensure that the financial statements of the Group are prepared in accordance with statutory requirements and applicable accounting standards on a going concern basis. The Board ensures that the publication of the financial statements of the Group is in a timely manner.

The Directors have also made judgments and estimates that are prudent and reasonable in the preparation of the consolidated financial statements. The independent auditor's report, which contains the statement of the external auditor about its reporting responsibilities on the Group consolidated financial statements, is set out in the section headed "Independent Auditor's Report" of this annual report.

Risk Management and Internal Control

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs.

During the year, the Group appointed BT Corporate Governance Limited ("**BTCG**") as an external independent professional to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and

- independently perform internal control reviews and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by BTCG to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of BTCG as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information, in order to comply with Chapter 13 of the Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures, staff training arrangements, etc.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management and further enhance the Group's internal control and risk management systems as appropriate.

Services	HKD'000
Audit service	840
Interim review services	275
	1,115
Other services	150
Total	1,265

* The fee paid/payable to BTHK and BTCG, an affiliate of BTHK, amounted to HKD1,115,000 and HKD150,000 respectively.

COMPANY SECRETARY

Mr. Sze Kat Man joined the Company as the financial controller of the Company since October 2014, and was appointed as Company Secretary in April 2017. The biographical details of Mr. Sze are set out the section headed "Directors and Senior Management Profile". During the year ended 31 December 2021, Mr. Sze has complied with Rule 3.29 of the Listing Rules on taking no less than 15 hours of relevant professional training.

DIVIDEND POLICY

The Board has formulated a dividend policy with the aim of enhancing transparency of the Company and facilitating the shareholders and investors to make informed investment decision relating to the Company's shares. The Board shall also take into account the following factors of the Group before considering the declaration and payment of dividends:

- earnings and financial condition;
- operating requirements;
- capital requirements and expenditure plans;
- financial results;
- cash flow situation;
- business conditions and strategies;
- interests of the shareholders of the Company;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The policy will continue to be reviewed from time to time by the Board and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period.

SHAREHOLDERS' RIGHT

1. Procedures for Convening a Special General Meeting

Pursuant to the Bye-laws of the Company, the Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company have rights to require a special general meeting to be called by the Board for the transaction of any business specified in written requisition, which must be signed by the requisitionist(s). The requisition must be deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the "**Registered Office**") for the attention of the Company Secretary. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the Company's principal place of business in Hong Kong at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong (the "**Head Office**") for the attention of the Company Secretary.

2. Procedures for Putting Forward Proposals at General Meetings

Pursuant to the Companies Act, the Shareholders holding at the date of deposit of the requisition not less than one-twentieth of the total voting right at general meetings of the Company or not less than one hundred Shareholders may provide a written requisition to the Company stating the resolution intended to be proceeded at the general meeting. The requisition must be deposited at the Registered Office for the attention of the Company Secretary. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the Head Office for the attention of the Company Secretary.

Shareholders can also refer to the detailed requirements and procedures as set forth in the relevant sections of the Companies Act and the Bye-laws when making any requisitions or proposals for transaction at the general meetings of the Company. For the details of requirement and procedures for convening a general meeting, putting forward the proposals and/or proposing a person for election at a general meeting are available on the Company's website.

SHAREHOLDERS' ENQUIRIES

Shareholders should direct their questions about their shareholdings to the Company's share registrars. The addresses of the Company's share registrars are set out in the section headed "Corporate Information" of this annual report. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also send written enquiries or requests to the Head Office or by fax to (852) 2115 1912 or by email to info@paktakintl.com for the attention of the Company Secretary.

INVESTOR RELATIONS

As always, the Company provides updated information of the Group to all Shareholders when it becomes available and appropriate, through the publication of interim and annual reports, circular, notices, the Bye-laws or other means in compliance with the legal and regulatory requirements. Such information has been made available on the Company's website at www.paktakintl.com.

The Company acknowledges that general meetings are good communication channel with Shareholders and encourages the Directors and the members of the Board Committees to attend and answer questions raised by Shareholders at the general meetings.

CONSTITUTIONAL DOCUMENT

There were no changes in the constitutional documents during the year ended 31 December 2021.

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Independent auditor's report to the members of
Pak Tak International Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Pak Tak International Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 43 to 113, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, 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 consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (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 Group's consolidated financial statements of the current year. These matters were addressed in the context of our audit of the Group's consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Valuation of investment properties</td></tr>
<tr><td colspan="2">Refer to Note 2(f) (significant accounting policies), Note 13 (investment properties) and Note 33(d) (accounting estimates and judgements) to the consolidated financial statements.</td></tr>
<tr><td>All of the Group's investment properties are stated at fair value based on valuations carried out by independent qualified professional valuer (the "Valuer"). The valuations are dependent on the relevant property market in the People's Republic of China ("PRC") together with significant unobservable inputs that involve management's significant judgement. Changes in the comparable properties may result in a significant increase or decrease in fair values. Details of the valuation techniques and significant unobservable inputs used in the valuations and related key sources of estimate uncertainty are set out in Note 13 to the consolidated financial statements.

We identified the valuation of investment properties as a key audit matter due to the key sources of estimate uncertainty and the significant assumptions and judgements associated with determining the fair value.</td><td>Our procedures in relation to evaluating the valuation of the investment properties included:

— Evaluating the competence, capabilities, independence and objectivity of the Valuer engaged by the management;

— Obtaining an understanding of the valuation process methodologies, performance and available market data of the property market, significant assumptions and techniques adopted by the Valuer to assess if they are consistent with industry norms;

— Obtaining the valuation report and held discussion with the management and Valuer to assess the reasonableness of the significant unobservable inputs and the accuracy of these inputs adopted by the management and the Valuer and comparing the similar comparable properties adopted with fair market unit price, on a sample basis, to where relevant, publicly available information of market data; and

— Performing sensitivity analysis to evaluate the reasonableness of the valuation, when appropriate.</td></tr>
</table>

KEY AUDIT MATTERS *(Continued)*

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Impairment assessment of trade receivables</td></tr>
<tr><td colspan="2">Refer to Note 2(i) (credit losses and impairment of assets), Note 16 (trade and other receivables) and Note 33(e) (accounting estimates and judgements) to the consolidated financial statements.</td></tr>
<tr><td>As at 31 December 2021, the Group had gross carrying amount of trade receivables amounting to HKD633,587,000 (2020: HKD687,543,000) . The loss allowances for trade receivables amounted to HKD9,125,000 (2020: HKD2,146,000), all of which was attributable to customers located in the PRC.

Loss allowances for receivables are based on management's estimate of the lifetime expected credit losses ("ECL") to be incurred, which is estimated by taking into account the historical loss rates experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgements.

We focused on the impairment assessment which involves significant management judgements and assumptions, primarily including the following:

— Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred; and

— Economic indicators for forward-looking measurement, and applicable economic scenarios and weightings.</td><td>Our procedures designed to review the management's assessment of the indicators of impairment on receivables included:

— Understanding and validating the credit control procedures performed by management, including its procedures on periodic review on aged receivables and assessment on ECL of these receivables;

— Testing on a sample basis, the accuracy of ageing profile on trade receivables by checking to the underlying sales invoices, sales contracts and document on date of delivery of goods or rendering of services to customers which approximated the respective dates on which revenue was recognised;

— Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances; and

— Reviewing subsequent settlements of the trade receivables and challenging management regarding the reasons for not considering a provision against any unsettled past-due balances.</td></tr>
</table>

KEY AUDIT MATTERS *(Continued)*

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Valuation of investment in equity securities of an unlisted company</td></tr>
<tr><td colspan="2">Refer to Note 2(e) (investment in equity securities and other investments), Note 14 (financial assets at fair value through other comprehensive income) ("FVOCI") and Note 33(f) (accounting estimates and judgements) to the consolidated financial statements.</td></tr>
<tr><td>As at 31 December 2021, the unlisted equity investment at FVOCI represented the Group's investment in Golden Affluent Limited (the "investment").

The investment is stated at fair value based on valuation carried out by an independent professional valuer. With reference to the valuation, management had estimated the fair value of the investment to be HKD110,000,000 (2020: HKD180,123,000) at year end.

We focused on the valuation of the unquoted financial asset categorised as level 3 in the fair value hierarchy due to high degree of subjectivity and management's judgement. Due to the fact that availability of market data and observable inputs is limited for this unquoted financial asset, management judgement is involved in both selection of appropriate valuation technique and unobservable inputs which include the determination of comparable companies, the use of price multiples and lack of marketability discount. Accordingly, the valuation of the investment is considered as one of the key audit matters.</td><td>Our procedures designed to review the management's valuation of the investment included:

— Evaluating the competence, capabilities, independence and objectivity of the valuer engaged by the management;

— Assessing the appropriateness of the valuation techniques based on our industry knowledge and the market practices;

— Verifying key inputs and information identified by management that used in the valuation against the underlying source information; and

— Assessing the need of key valuation adjustments by challenging management on the appropriateness of key assumptions and judgement employed based on available information and facts and circumstances of this unlisted equity investment; and

— Performing sensitivity analysis to evaluate the reasonableness of the valuation, when appropriate.</td></tr>
</table>

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon (the "**other information**").

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors 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 are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee are responsible for overseeing the Group's financial reporting process on behalf of the Board of Directors.

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 Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Choi Kwong Yu.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 25 March 2022

Choi Kwong Yu
Practising Certificate number P05071

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Note	2021 HKD'000	2020 HKD'000
Revenue	3	2,125,223	3,003,249
Other revenue	4	10,404	6,917
Other net gains/(losses)	4	6,043	5,357
Fair value gain on investment properties	13	16,421	16,671
Direct costs and operating expenses		(2,064,125)	(2,922,968)
Administrative expenses		(46,263)	(38,349)
Profit from operations		47,703	70,877
Finance costs	5(a)	(47,974)	(36,991)
(Loss)/profit before taxation	5	(271)	33,886
Income tax expense	6	(5,377)	(12,602)
(Loss)/profit for the year		(5,648)	21,284
Attributable to:			
— Equity shareholders of the Company		(5,648)	21,284
— Non-controlling interests		—	—
		(5,648)	21,284
		HK cents	HK cents
(Loss)/earnings per share	9		
— Basic and diluted		(0.15)	0.73

The notes on pages 50 to 113 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 HKD'000	2020 HKD'000
(Loss)/profit for the year	**(5,648)**	21,284
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**11,377**	27,382
Items that will not be reclassified subsequently to profit or loss:		
— Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	**(88,327)**	(12,338)
Total comprehensive (loss)/income for the year	**(82,598)**	36,328
Attributable to:		
Equity shareholders of the Company	**(82,598)**	36,328
Non-controlling interests	**—**	—
	(82,598)	36,328

The notes on pages 50 to 113 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	2021 HKD'000	2020 HKD'000
Non-current assets			
Property, plant and equipment	11	65,744	67,779
Right-of-use assets	12	4,223	4,354
Investment properties	13	244,181	221,443
Financial assets at fair value through other comprehensive income	14	133,162	221,489
Finance lease receivables	15	12,546	26,509
		459,856	541,574
Current assets			
Trade and other receivables	16	880,213	818,306
Loan receivables	17	—	40,526
Current portion of finance lease receivables	15	13,842	19,060
Financial assets at fair value through profit or loss	18	84,546	274,005
Pledged bank deposits	19(a)	97,960	47,676
Cash and cash equivalents	19(a)	15,442	118,630
		1,092,003	1,318,203
Current liabilities			
Trade and bills payables	20	310,762	544,869
Other payables, accrued charges and deferred income	21	24,206	53,877
Contract liabilities	22	11,144	30,729
Bonds	23	—	189,927
Borrowings	24	493,502	437,622
Lease liabilities	25	1,614	2,071
Tax payable		218	7,334
		841,446	1,266,429
Net current assets		250,557	51,774
Total assets less current liabilities		710,413	593,348
Non-current liabilities			
Borrowings	24	29,587	33,714
Lease liabilities	25	2,928	2,443
Deferred tax liabilities	26(a)	31,482	26,402
		63,997	62,559
NET ASSETS		646,416	530,789

	Note	2021 HKD'000	2020 HKD'000
CAPITAL AND RESERVES			
Share capital	27(c)	78,000	58,000
Reserves		568,414	472,787
Equity attributable to equity shareholders of the Company		646,414	530,787
Non-controlling interests		2	2
TOTAL EQUITY		646,416	530,789

Approved and authorised for issue by the board of directors on 25 March 2022.

Liao Nangang
DIRECTOR

Qian Pu
DIRECTOR

The notes on pages 50 to 113 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to equity shareholders of the Company							
	Share capital HKD'000	Share premium HKD'000	Fair value reserve HKD'000	Exchange reserve HKD'000	Retained profits HKD'000	Sub-total HKD'000	Non-controlling interests HKD'000	Total equity HKD'000
At 1 January 2020	58,000	362,134	(51,209)	(6,623)	132,157	494,459	2	494,461
Changes in equity for the year ended 31 December 2020:								
Profit for the year	—	—	—	—	21,284	21,284	—	21,284
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	—	—	—	27,382	—	27,382	—	27,382
Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	—	—	(12,338)	—	—	(12,338)	—	(12,338)
Total comprehensive income for the year	—	—	(12,338)	27,382	21,284	36,328	—	36,328
Transfer of fair value reserve upon disposal of equity instruments at fair value through other comprehensive income	—	—	37,731	—	(37,731)	—	—	—
At 31 December 2020	58,000	362,134	(25,816)	20,759	115,710	530,787	2	530,789
At 1 January 2021	**58,000**	**362,134**	**(25,816)**	**20,759**	**115,710**	**530,787**	**2**	**530,789**
Changes in equity for the year ended 31 December 2021:								
Loss for the year	**—**	**—**	**—**	**—**	**(5,648)**	**(5,648)**	**—**	**(5,648)**
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**—**	**—**	**—**	**11,377**	**—**	**11,377**	**—**	**11,377**
Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	**—**	**—**	**(88,327)**	**—**	**—**	**(88,327)**	**—**	**(88,327)**
Total comprehensive loss for the year	**—**	**—**	**(88,327)**	**11,377**	**(5,648)**	**(82,598)**	**—**	**(82,598)**
Issue of ordinary shares, net of direct transaction costs (Note 27(c))	**20,000**	**178,225**	**—**	**—**	**—**	**198,225**	**—**	**198,225**
At 31 December 2021	**78,000**	**540,359**	**(114,143)**	**32,136**	**110,062**	**646,414**	**2**	**646,416**

The notes on pages 50 to 113 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 HKD'000	2020 HKD'000
Operating activities			
(Loss)/profit before taxation		(271)	33,886
Adjustments for:			
— Interest income	4	(2,369)	(1,317)
— Dividend income	4	(8,000)	(5,148)
— Fair value gain of financial assets at fair value through profit or loss	4	(5,633)	(5,262)
— Fair value gain on investment properties	13	(16,421)	(16,671)
— (Gain)/loss on disposal of property, plant and equipment	4	(3)	10
— Gain on early termination of leases	4	(195)	—
— Depreciation on property, plant and equipment	5(c)	2,056	2,109
— Depreciation on right-of-use assets	5(c)	2,057	1,809
— Finance costs	5(a)	47,974	36,991
— Reversal of expected credit loss allowance on finance lease receivables	5(c)	(317)	(250)
— Loss allowance for expected credit loss on trade receivables	5(c)	6,813	1,752
— Loss allowance for expected credit loss on other receivables	5(c)	511	627
— Exchange realignment		(8,573)	(26,700)
Operating profit before changes in working capital		17,629	21,836
Decrease in inventories		—	1,961
Increase in trade and other receivables		(46,045)	(396,760)
Decrease in finance lease receivables		20,426	32,607
Decrease/(increase) in loan receivables		40,526	(25,531)
Increase in held for trading investments		(828)	—
(Decrease)/increase in trade and bills payables		(235,654)	475,418
(Decrease)/increase in other payables, accrued charges and deferred income		(10,971)	17,678
(Decrease)/increase in contract liabilities		(20,107)	25,216
Cash (used in)/generated from operations		(235,024)	152,425
Tax paid:			
— Hong Kong tax paid		—	(175)
— PRC tax paid		(8,292)	(7,754)
Interest received		2,369	1,317
Net cash (used in)/generated from operating activities		(240,947)	145,813

	Note	2021 HKD'000	2020 HKD'000
Investing activities			
Purchase of property, plant and equipment		(25)	(28)
Proceeds from disposal of property, plant and equipment		10	—
Payment for structured deposits		(69,913)	(253,058)
Payment for wealth management products		(10,608)	—
Proceeds from disposal of structured deposits		280,861	—
Proceeds from disposal of financial assets at fair value through other comprehensive income		—	4,833
Placement of pledged bank deposits		(50,284)	(47,676)
Dividend received from equity investments		8,000	5,148
Net cash generated from/(used in) investing activities		158,041	(290,781)
Financing activities			
Proceeds from issue of ordinary shares	27(c)	198,225	—
Capital element of lease rental paid	19(b)	(1,713)	(1,658)
Interest element of lease rental paid	19(b)	(322)	(388)
Proceeds from new loans	19(b)	474,927	603,259
Repayment of loans	19(b)	(436,091)	(359,386)
Repayment to a shareholder	19(b)	—	(70,000)
Repayment of bond	19(b)	(190,000)	—
Interest paid	19(b)	(66,986)	(21,960)
Net cash (used in)/generated from financing activities		(21,960)	149,867
Net (decrease)/increase in cash and cash equivalents		(104,866)	4,899
Cash and cash equivalents at beginning of the year		118,630	105,034
Effect of foreign exchange rate changes		1,678	8,697
Cash and cash equivalents at end of the year	19(a)	15,442	118,630

The notes on pages 50 to 113 form part of the consolidated financial statements.

1. GENERAL

Pak Tak International Limited ("**the Company**") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal office in Hong Kong was Unit 1902, 19th Floor, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the supply chain business, leasing business, property investment, money lending business, and securities investment.

The consolidated financial statements of the Company and its subsidiaries (together as the "**Group**") are presented in Hong Kong dollars ("**HKD**") which is same as the functional currency of the Company. The consolidated financial statements are presented in the nearest thousand (HKD'000) unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

— investment properties (see Note 2(f)); and

— investments in equity securities and other investments (see Note 2(e)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the consolidated financial statements *(Continued)*

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 33.

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group as follows:

- Amendment to HKFRS 16, Covid-19-Related Rent Concessions
- Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 36).

The directors of the Company do not anticipate that the adoption of the amended HKFRSs will have a material impact on the consolidated financial statements for the current and prior periods and the related disclosures.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see Note 2(i)(ii)).

(e) Investments in equity securities and other investments

The Group's policies for investments in equity securities, other than investments in subsidiaries, and other investments are as follows:

Investment in equity securities and other investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 29(g). These investments are subsequently accounted for as follows, depending on their classification.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Investments in equity securities and other investments *(Continued)*

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(s)(ii)).

— fair value through other comprehensive income ("**FVOCI**") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flow and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value through profit or loss if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(s)(vi).

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

Investment properties are stated at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(s)(iv).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvements	20% or over the remaining term of the relevant leases, whichever is shorter
Property	Over the remaining estimated useful life
Plant and machinery	10% to 25%
Furniture, fixtures and equipment	10% to 33%
Motor vehicles	20% to 25%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(a) *Where the Group is the lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Leased assets *(Continued)*

(b) Where the Group is the lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which for the Group are primarily office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their prevent value, lease any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value. Depreciation is calculated to write off the cost of right-of-use assets using straight-line method over the lease term or life of the assets, where it was likely the Group would obtain ownership of the assets, as set out in note 2(g), whichever is shorter.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Leased assets *(Continued)*

(b) Where the Group is the lessee (Continued)

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognised a loss allowance for expected credit losses ("**ECLs**") on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits, trade and other receivables and loan receivables); and

— lease receivables.

Financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls. (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without under cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and lease receivables (Continued)

Measurement of ECLs *(Continued)*

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognised a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without under cost or effort.

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

— failure to make payments of principal or interest on their contractually due dates;

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

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

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtors' ability to meet is obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any changes in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to the carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and lease receivables (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(s)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— right-of-use assets; and

— investments in subsidiaries in the Company's statement of financial position

If any such indication exists, the asset's recoverable amount is estimated.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets (Continued)

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out method and comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

(l) Interest-bearing borrowings and bond

Interest-bearing borrowings and bond are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings and bond are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(u)).

(m) Trade and other payables

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

(n) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(k)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(i)(i).

(p) Employee benefits

(i) Employee benefits entitlements

Salaries, bonuses, paid annual leave and the cost of other benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Employee benefits *(Continued)*

(ii) Pension obligations

The Group operates a mandatory provident fund scheme in Hong Kong and defined contribution government pension schemes in the PRC.

Contributions to mandatory provident fund, as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in profit or loss as when incurred.

The employees in the PRC are members of the retirement benefit scheme organised by the government in the PRC. The Group is required to contribute, based on a certain percentage of payrolls, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. Contributions to this retirement benefit scheme are recognised as an expense in profit or loss as incurred.

(q) Income tax

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Income tax *(Continued)*

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

Additional income taxes that arise from distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

(ii) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue and other income recognition

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Revenue and other income recognition *(Continued)*

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Sales of goods*

Revenue from sales from goods are recognised when the control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(ii) *Interest income*

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

(iii) *Finance lease income*

The income under finance lease is recognised in the consolidated statement of profit or loss using the effective interest rate implicit in the lease over the terms of the lease. Contingent rent is recognised as income in the period in which it is earned.

(iv) *Rental income from operating leases*

Rental income is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(v) *Gains on disposals of financial assets at fair value through profit or loss investments*

Gains or losses on disposals of financial assets at fair value through profit or loss investments are recognised on a trade date basis.

(vi) *Dividends*

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vii) *Handling fee income*

Handling fee income are recognised when services are provided.

(viii) *Government grants*

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

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

The results of foreign operations are translated into Hong Kong Dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations, are translated into Hong Kong Dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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.

(w) 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 most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, 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. REVENUE

Revenue represents net sale value of goods supplied to customers, interest income, rental income and other service income from different segments, net of discounts and related value added tax or other taxes, and is analysed as follows:

	2021 HKD'000	2020 HKD'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines (Note)		
— Sales of goods	2,103,228	2,975,532
— Handling fee income from supply chain financing arrangements	2,080	1,905
— Loan handling fee income	—	680
	2,105,308	2,978,117
Revenue from other sources		
Interest income from supply chain financing arrangements	9,521	6,181
Finance lease income	3,304	8,698
Gross rentals from investment properties		
— Lease payment that are fixed	4,250	4,627
Loan interest income	2,840	5,626
	19,915	25,132
	2,125,223	3,003,249

Note:

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for products or services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for products or services that had an original expected duration of one year or less.

4. OTHER REVENUE AND OTHER NET GAINS/(LOSSES)

	2021 HKD'000	2020 HKD'000
Other revenue		
Dividend income from equity investments	8,000	5,148
Interest income	2,369	1,317
Government grants (Note)	—	441
Sundry income	35	11
	10,404	6,917
Other net gains/(losses)		
Gain/(loss) on disposal of property, plant and equipment	3	(10)
Fair value gain of financial assets at fair value through profit or loss (see Note 18)	5,633	5,262
Gain on early termination of leases	195	—
Others	212	105
	6,043	5,357

Note:

In 2020, an indirect wholly-owned subsidiary of the Company successfully applied for funding support from the Employment Support Scheme under the COVID-19 Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, it is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the submitted and approved list of employees.

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived after charging/(crediting):

	2021 HKD'000	2020 HKD'000
(a) Finance costs:		
Interest on bonds	3,176	13,876
Interest on borrowings	44,403	22,372
Interest on lease liabilities	322	388
Amortised cost of handling fee for issuance of bonds	73	355
	47,974	36,991
(b) Staff costs (including directors' remuneration in Note 7):		
Salaries, wages, bonus and allowances	17,233	20,163
Contributions to defined contribution retirement plans (Note)	1,045	736
Staff welfare and benefits	648	558
	18,926	21,457

Note:

Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the group to reduce the existing level of contribution.

	2021 HKD'000	2020 HKD'000
(c) Other items:		
Auditor's remuneration	1,115	1,115
Cost of inventories sold	2,063,892	2,922,474
Depreciation on property, plant and equipment	2,056	2,109
Depreciation on right-of-use assets	2,057	1,809
Reversal of ECL allowance on finance lease receivables	(317)	(250)
Loss allowance for ECL on trade receivables	6,813	1,752
Loss allowance for ECL on other receivables	511	627

6. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss represents:

	2021 HKD'000	2020 HKD'000
Current tax — Hong Kong Profits Tax		
— Over-provision in respect of prior years	—	(83)
Current tax — the PRC Enterprise Income Tax		
— Current income tax	799	8,766
— Under/(over)-provision in respect of prior years, net	289	(221)
	1,088	8,545
Deferred tax (Note 26(a))		
— Hong Kong	—	(28)
— the PRC	4,289	4,168
	4,289	4,140
Income tax expense	5,377	12,602

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated or domiciled in Hong Kong have no assessable profits or sustained tax losses for taxation purpose for both years.

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

6. INCOME TAX EXPENSE *(Continued)*

(b) Reconciliation between the income tax expense and accounting (loss)/profit at the applicable tax rates:

	2021 HKD'000	2020 HKD'000
(Loss)/profit before taxation	**(271)**	33,886
Notional tax on results before taxation, calculated at the rates applicable to profit in jurisdictions concerned	**702**	10,274
Tax effect of expenses not deductible for tax purposes	**3,616**	4,806
Tax effect of income not taxable	**(1,320)**	(2,430)
Tax effect of tax losses not recognised	**2,524**	292
Under/(over)-provision in respect of prior years, net	**289**	(304)
Tax effect of temporary differences not recognised	**(434)**	(36)
Income tax expense	**5,377**	12,602

7. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees		Salaries, allowances and benefits in kind		Discretionary bonus		Retirement scheme contributions		Total	
	2021 HKD'000	2020 HKD'000	2021 HKD'000	2020 HKD'000	2021 HKD'000	2020 HKD'000	2021 HKD'000	2020 HKD'000	2021 HKD'000	2020 HKD'000
Executive directors										
Liao Nangang (appointed on 1 April 2021) *	–	–	–	–	–	–	–	–	–	–
Qian Pu #	–	–	1,650	1,503	360	2,225	113	57	2,123	3,785
Wang Jian #	–	–	308	468	–	–	14	18	322	486
Ning Jie (appointed on 25 September 2020)	–	–	390	96	–	–	18	5	408	101
Feng Guoming (resigned on 18 September 2020)	–	–	–	283	–	–	–	13	–	296
Non-executive directors										
Shin Yick Fabian	–	–	390	390	–	–	18	18	408	408
Liu Xiaowei (appointed on 2 July 2021)	–	–	194	–	–	–	4	–	198	–
Law Fei Shing (resigned on 1 June 2021)	–	–	335	871	–	–	8	18	343	889
Independent non-executive directors										
Zheng Suijun	264	264	–	–	–	–	–	–	264	264
Chan Kin Sang	264	264	–	–	–	–	–	–	264	264
Chan Ngai Sang, Kenny	264	264	–	–	–	–	–	–	264	264
	792	792	3,267	3,611	360	2,225	175	129	4,594	6,757

* Mr. Liao Nangang was appointed as chairman of the board of directors of the Company on the same date of appointment.

Mr. Wang Jian ceased to act as the chief executive officer (the "**CEO**") of the Company with effect from 1 April 2021. Upon Mr. Wang Jian's cessation to act as the CEO, Ms. Qian Pu has been appointed as the CEO of the Company on the same date.

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived any emoluments during the years ended 31 December 2021 and 2020.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2020: two directors), details of whose remuneration are set out in Note 7 above. Details of the remuneration of the five highest paid employees of the Company are as follows:

	2021 HKD'000	2020 HKD'000
Salaries and other emoluments	3,729	4,245
Discretionary bonus	909	2,492
Retirement scheme contributions	176	129
	4,814	6,866

The number of the five highest paid employees whose remuneration fell within the following bands is as follows:

	No. of individuals 2021	 2020
HKDNil — HKD1,000,000	4	4
HKD2,000,001 — HKD2,500,000	1	—
HKD3,500,001 — HKD4.000,000	—	1
	5	5

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/earnings attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the year.

	2021 HKD'000	2020 HKD'000
(Loss)/earnings		
(Loss)/profit attributable to equity shareholders of the Company	(5,648)	21,284
Number of shares	'000	'000
Weighted average number of ordinary shares in issue	3,675,342	2,900,000

Basic (loss)/earnings per share are the same as diluted (loss)/earnings per share as the Company has no dilutive potential shares.

10. SEGMENT REPORTING

The chief operating decision-maker ("**CODM**") has been identified as the executive directors of the Company. The CODM reviews the Group's internal reporting for purpose of allocating resources to, and assessing the performance of, the Group's various businesses.

The Group is organised into business units based on their products and services and has five reportable operating segments under HKFRS 8, Operating Segments which were as follows:

(i) Supply chain business;
(ii) Leasing business;
(iii) Property investment;
(iv) Money lending business; and
(v) Securities investment.

The Group's operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the consolidated financial statements.

The CODM assesses the performance of the operating segments based on a measure of reportable segment results. This measurement basis excludes certain other net gains/losses, finance costs, other revenue and unallocated expenses.

Segment assets mainly exclude certain assets that are managed on a central basis. Segment liabilities mainly exclude deferred tax liabilities, bonds and certain other liabilities that are managed on a central basis.

(a) Operating segment

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

Year ended 31 December 2021	Supply chain business HKD'000	Leasing business HKD'000	Property investment HKD'000	Money lending business HKD'000	Securities investment HKD'000	Total HKD'000
Disaggregated by timing of revenue recognition						
Point in time	2,105,308	161	—	—	—	2,105,469
Over time	9,521	3,143	4,250	2,840	—	19,754
Revenue from external customers	2,114,829	3,304	4,250	2,840	—	2,125,223
Segment result	27,522	(682)	20,221	(3,205)	371	44,227
Reconciliation:						
Interest income						2,369
Unallocated other net gains						201
Corporate and other unallocated expenses						(7,129)
Finance costs						(47,974)
Other revenue						8,035
Loss before taxation						(271)
Income tax expense						(5,377)
Loss for the year						(5,648)

10. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

The following is an analysis of the Group's revenue and results by reportable segments: *(Continued)*

Year ended 31 December 2020	Supply chain business HKD'000	Leasing business HKD'000	Property investment HKD'000	Money lending business HKD'000	Securities investment HKD'000	Total HKD'000
Disaggregated by timing of revenue recognition						
Point in time	2,977,437	1,591	—	680	—	2,979,708
Over time	6,181	7,107	4,627	5,626	—	23,541
Revenue from external customers	2,983,618	8,698	4,627	6,306	—	3,003,249
Segment result	50,797	4,131	20,633	(1,092)	(135)	74,334
Reconciliation:						
Interest income						1,317
Unallocated other net gains						95
Corporate and other unallocated expenses						(10,469)
Finance costs						(36,991)
Other revenue						5,600
Profit before taxation						33,886
Income tax expense						(12,602)
Profit for the year						21,284

10. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

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

At 31 December 2021	Supply chain business HKD'000	Leasing business HKD'000	Property investment HKD'000	Money lending business HKD'000	Securities investment HKD'000	Total HKD'000
Segment assets	1,061,679	28,705	248,040	12,573	133,546	1,484,543
Reconciliation:						
Corporate and other unallocated assets						67,316
Total assets						1,551,859
Segment liabilities	819,776	10,228	35,766	976	—	866,746
Reconciliation:						
Deferred tax liabilities						31,482
Corporate and other unallocated liabilities						7,215
Total liabilities						905,443

At 31 December 2020	Supply chain business HKD'000	Leasing business HKD'000	Property investment HKD'000	Money lending business HKD'000	Securities investment HKD'000	Total HKD'000
Segment assets	1,237,117	48,195	225,395	52,641	226,899	1,790,247
Reconciliation:						
Corporate and other unallocated assets						69,530
Total assets						1,859,777
Segment liabilities	987,971	11,235	39,455	2,327	—	1,040,988
Reconciliation:						
Deferred tax liabilities						26,402
Bonds						189,927
Corporate and other unallocated liabilities						71,671
Total liabilities						1,328,988

10. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

The following is an analysis of the Group's other segment information by reportable segments:

Year ended 31 December 2021	**Supply chain business HKD'000**	**Leasing business HKD'000**	**Property investment HKD'000**	**Money lending business HKD'000**	**Securities investment HKD'000**	**Total HKD'000**
Other information						
Additions to non-current segment assets	**3,652**	**1,006**	**—**	**—**	**—**	**4,658**
Depreciation	**1,433**	**699**	**—**	**11**	**—**	**2,143**
Unallocated depreciation						**1,970**
						4,113
Provision for/(reversal of) ECL allowances	**7,324**	**(317)**	**—**	**—**	**—**	**7,007**

Year ended 31 December 2020	Supply chain business HKD'000	Leasing business HKD'000	Property investment HKD'000	Money lending business HKD'000	Securities investment HKD'000	Total HKD'000
Other information						
Additions to non-current segment assets	3,917	1,998	—	—	—	5,915
Depreciation	1,209	696	—	42	—	1,947
Unallocated depreciation						1,971
						3,918
Provision for/(reversal of) ECL allowances	2,379	(250)	—	—	—	2,129

10. SEGMENT REPORTING *(Continued)*

(b) Geographical information

The Group's revenue from external customers by geographical market is as follows:

	2021 HKD'000	2020 HKD'000
The PRC	2,122,383	2,996,943
Hong Kong	2,840	6,306
	2,125,223	3,003,249

The Group's information about its non-current assets (excluding financial assets at fair value through other comprehensive income and finance lease receivables) by geographic location is as follows:

	2021 HKD'000	2020 HKD'000
The PRC	248,495	226,076
Hong Kong	65,653	67,500
	314,148	293,576

(c) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2021 HKD'000	2020 HKD'000
Customer A[1]	852,670	N/A
Customer B[1]	344,088	N/A
Customer C[2]	N/A	989,810

[1] The corresponding revenue from these customers did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2020.

[2] Revenue from this customer contributed less than 10% of the total revenue of the Group for the year ended 31 December 2021.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HKD'000	Property held for own-use HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Total HKD'000
Cost					
At 1 January 2020	718	71,332	610	571	73,231
Exchange realignment	—	—	27	—	27
Additions	—	—	28	—	28
Disposal/written-off	—	—	(28)	—	(28)
At 31 December 2020 and 1 January 2021	718	71,332	637	571	73,258
Exchange realignment	—	—	12	—	12
Additions	—	—	25	—	25
Disposal/written-off	(578)	—	(21)	—	(599)
At 31 December 2021	140	71,332	653	571	72,696
Accumulated depreciation and impairment					
At 1 January 2020	599	2,110	340	322	3,371
Exchange realignment	—	—	17	—	17
Depreciation provided for the year	28	1,829	139	113	2,109
Disposal/written-off	—	—	(18)	—	(18)
At 31 December 2020 and 1 January 2021	627	3,939	478	435	5,479
Exchange realignment	—	—	9	—	9
Depreciation provided for the year	28	1,829	86	113	2,056
Disposal/written-off	(578)	—	(14)	—	(592)
At 31 December 2021	77	5,768	559	548	6,952
Net carrying amount					
At 31 December 2021	63	65,564	94	23	65,744
At 31 December 2020	91	67,393	159	136	67,779

The property held for own-use is located in Hong Kong on a long-term lease. At 31 December 2020, the property of the Group above was pledged to an independent third party for other borrowings granted to the Group (see Note 24(b)). During the year ended 31 December 2021, the pledge terms were released upon the full settlement of relevant loan.

12. RIGHT-OF-USE ASSETS

	Leased properties HKD'000
Cost	
At 1 January 2020	—
Additions	5,887
Exchange realignment	383
At 31 December 2020 and 1 January 2021	6,270
Additions	4,633
Derecognition (Note (c))	(6,270)
Exchange realignment	69
At 31 December 2021	4,702
Accumulated depreciation	
At 1 January 2020	—
Charge for the year	1,809
Exchange realignment	107
At 31 December 2020 and 1 January 2021	1,916
Charge for the year	2,057
Derecognition (Note (c))	(3,501)
Exchange realignment	7
At 31 December 2021	479
Net carrying amount	
At 31 December 2021	4,223
At 31 December 2020	4,354

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

The analysis of items in relation to leases recognised in profit or loss is as follows:

	2021 HKD'000	2020 HKD'000
Depreciation on right-of-use assets (Note 5(c))	**2,057**	1,809
Interest on lease liabilities (Note 5(a))	**322**	388
Gain on early termination of leases (Note 4) (Note (c))	**(195)**	—

Note:

(a) During the year ended 31 December 2021, the Group entered into a number of lease agreements for its PRC offices, and therefore recognised the additions to right-of-use assets of HKD4,633,000 (2020: HKD5,887,000). The leases typically run for a period of 3 years.

(b) The leases of offices contain minimum annual lease payment terms that are fixed. These payment terms are common in offices in the PRC where the Group operates.

(c) During the year ended 31 December 2021, certain leases for offices occupied by the Group in the PRC for which the expiry is originally in 2023 was agreed to be early terminated by the Group and the relevant landlords. Accordingly, the recognised right-of-use assets and lease liabilities with carrying amounts at the termination date of HKD2,769,000 and HKD2,964,000 respectively were derecognised, and the net amount of HKD195,000 was recognised in profit or loss as "other net gains" during the year.

13. INVESTMENT PROPERTIES

	2021 HKD'000	2020 HKD'000
At the beginning of the year	**221,443**	191,056
Exchange realignment	**6,317**	13,716
Fair value gain	**16,421**	16,671
At the end of the year	**244,181**	221,443

The investment properties are situated in the PRC and are held under a medium-term lease.

At 31 December 2021, all of the Group's investment properties above were pledged to bank for loans granted to the Group (see Note 24(a)).

13. INVESTMENT PROPERTIES *(Continued)*

(a) Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair values of the Group's investment properties at 31 December 2021 and 2020 have been arrived at on the basis of valuation performed by 深圳市國正信資產評估土地房地產估價有限公司, an independent qualified professional valuer not connected with the Group. A valuation report with analysis of changes in fair value measurement has been prepared by the valuer and reviewed and approved by management.

The fair value of the Group's investment properties situated in the PRC is determined using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a discount specific to the quality and location of the properties compared to the recent sales, and are therefore grouped into Level 3 of fair value measurement.

There were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 for both reporting periods. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation technique	Significant unobservable inputs	Range	Sensitivity
Investment properties for commercial use, situated in the PRC	Direct comparison approach	Selling price of similar properties in the nearest locality	RMB11,100/m^2 to RMB13,800/m^2 (2020: RMB10,526/m^2 to RMB14,800/m^2)	The higher the selling price of similar properties in the nearest locality used, the higher the fair value
		Adjustment to price per square meter in relation to quality of properties (e.g. location, size, level and condition with reference to comparables)	-5% to 5% (2020: 10% to 19%)	The higher the quality of properties with reference to the comparables, the higher the fair value *(N.B. The higher adjustment percentage, the lower price per square meter)*

13. INVESTMENT PROPERTIES *(Continued)*

(b) Assets leased out under operating lease

The Group leases out investment properties under an operating lease. The lease runs for an initial period of 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. The lease does not include variable lease payments.

Total future minimum lease payments receivable under the non-cancellable operating lease is as follows:

	2021 HKD'000	2020 HKD'000
Within 1 year	**4,188**	5,764
After 1 year but within 2 years	**—**	3,843
	4,188	9,607

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 HKD'000	2020 HKD'000
Financial assets at fair value through other comprehensive income		
— Listed equity securities in Hong Kong	**23,162**	41,366
— Unlisted equity securities in Hong Kong	**110,000**	180,123
	133,162	221,489

At 31 December 2021, certain listed equity securities with an aggregate carrying amount of HKD3,796,000 (2020: HKD10,950,000) were pledged to an independent third party for other borrowings granted to the Group (see Note 24(b)).

The unlisted equity securities are 13,921,278 (2020: 13,921,278) ordinary shares held in Golden Affluent Limited ("**Golden Affluent**"). Golden Affluent is incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding and its subsidiaries are engaged in the provision of financial and bullion services in Hong Kong and private investment management services in the PRC. The Group designated its investment in Golden Affluent at FVOCI (non-recycling) as the investment is held for strategic purposes.

At 31 December 2020, all unlisted equity securities were pledged to an independent third party to secure for the bonds (see Note 23). During the year ended 31 December 2021, the pledge terms were released upon full settlement of relevant bonds.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

In July 2021, Golden Affluent allotted and issued new ordinary shares by way of placing of new shares and the Group's interest was diluted from 15.90% to 14.73% accordingly.

Changes in fair value of those equity securities are recognised in other comprehensive income and accumulated within the financial assets at fair value reserve within equity. The Group transfers amounts from this reserve to retained profits when the relevant equity securities are derecognised.

Information regarding the methods and assumptions used in determining fair value is stated in Note 29(g)(i).

15. FINANCE LEASE RECEIVABLES

	2021 HKD'000	2020 HKD'000
Non-current finance lease receivables	**12,763**	26,957
Current finance lease receivables	**14,084**	19,372
	26,847	46,329
Less: Expected credit loss allowance		
— Non-current portion	**(217)**	(448)
— Current portion	**(242)**	(312)
	(459)	(760)
	26,388	45,569

The total minimum lease payments receivable under finance leases and their present values are as follows:

	Minimum lease payments receivable		Present value of minimum lease payments	
	2021 HKD'000	2020 HKD'000	2021 HKD'000	2020 HKD'000
Within one year	**14,565**	23,198	**14,084**	19,372
After 1 year but within 2 years	**9,017**	13,750	**8,969**	15,562
After 2 years but within 3 years	**3,683**	5,800	**3,675**	8,275
After 3 years but within 4 years	**122**	5,124	**119**	3,120
	27,387	47,872	**26,847**	46,329
Less: Unearned interest income	**(540)**	(1,543)	**—**	—
Present value of minimum lease payments receivable	**26,847**	46,329	**26,847**	46,329

15. FINANCE LEASE RECEIVABLES *(Continued)*

Certain motor vehicles and machineries are leased out under finance leases with lease terms of 24 to 48 months (2020: 24 to 48 months). The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The interest rate is ranging from 6.2% to 12% (2020: 6.2% to 12%) per annum.

Finance lease receivables are secured over the motor vehicles and machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

Details of the Group's credit policy are set out in Note 29(a).

16. TRADE AND OTHER RECEIVABLES

	2021 HKD'000	2020 HKD'000
Trade receivables, net of ECL allowance	624,462	685,397
Other receivables, net of ECL allowance	109,453	78,203
	733,915	763,600
Deposits and prepayments	146,298	54,706
	880,213	818,306

Ageing analysis

The ageing analysis of trade receivables (net of ECL allowances) as at the end of the reporting period, based on invoice date, is as follows:

	2021 HKD'000	2020 HKD'000
Within 1 month	271,387	418,540
1 to 3 months	188,058	30,438
3 to 12 months	160,444	235,192
Over 12 months	4,573	1,227
	624,462	685,397

Details of the Group's credit policy are set out in Note 29(a).

17. LOAN RECEIVABLES

At 31 December 2020, the loan receivables from the money lending business were provided to an independent third party after credit assessment on the respective borrower which were interest-bearing at 10% per annum and were secured by charge over certain listed equity securities owned by the borrower.

During the year ended 31 December 2021, all loan receivables were fully settled by the relevant borrower.

Details of the Group's credit policy are set out in Note 29(a).

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HKD'000	2020 HKD'000
Held for trading investments stated at fair value		
— Listed equity securities in Hong Kong	82	108
— Listed equity securities in the PRC	841	—
	923	108
Other investments stated at fair value		
— Structured deposits	72,847	273,897
— Wealth management products	10,776	—
	83,623	273,897
	84,546	274,005

The movements during the year in the balance as follows:

	2021 HKD'000	2020 HKD'000
At the beginning of the year	274,005	243
Additions — structured deposits	69,913	253,058
Additions — wealth management products	10,608	—
Additions — listed equity securities	828	—
Disposals	(280,861)	—
Exchange realignment	4,420	15,442
Fair value gain	5,633	5,262
At the end of the year	84,546	274,005

Note:

At 31 December 2021, the structured deposits and wealth management products issued by the banks with the aggregate amount of RMB59,492,000 (equivalent to HKD72,847,000) (2020: RMB229,798,000 (equivalent to HKD273,897,000)) and RMB8,800,000 (equivalent to HKD10,776,000) (2020: nil) respectively, which their expected annual returns are ranging from 1.9% to 4.1% (2020: 1% to 3.6%) and 2.61% (2020: nil) respectively. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The fair values are based on cash flows discounted using the expected return based on the management judgement and are within Level 2 of fair value hierarchy.

All of the structured deposits are pledged to the banks as guarantee deposits for certain bills payable made available to the Group (see Note 20).

19. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

(a) Cash and cash equivalents comprise:

	2021 HKD'000	2020 HKD'000
Cash and bank balances	113,402	166,306
Less: pledged bank deposits	(97,960)	(47,676)
Cash and cash equivalents	15,442	118,630

Pledged bank deposits carry fixed interest rate of 2.46% (2020: 2.25%) and represent deposits pledged to bank as guarantee deposits for certain bills payable made available to the Group (see Note 20). Therefore, the pledged bank deposits are classified as current assets.

Cash at banks earns interest of floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bonds HKD'000 (Note 23)	Borrowings HKD'000 (Note 24)	Lease liabilities HKD'000 (Note 25)	Total HKD'000
At 1 January 2021	189,927	471,336	4,514	665,777
Changes from financing cash flows:				
Repayment of bonds	(190,000)	—	—	(190,000)
Proceeds from new loans	—	474,927	—	474,927
Repayment of loans	—	(436,091)	—	(436,091)
Capital element of lease rental paid	—	—	(1,713)	(1,713)
Interest element of lease rental paid	—	—	(322)	(322)
Interest paid	(21,792)	(45,194)	—	(66,986)
Total changes from financing cash flows	(211,792)	(6,358)	(2,035)	(220,185)
Exchange realignment	—	12,917	72	12,989
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	—	4,633	4,633
Decrease in lease liabilities from early termination of leases during the year	—	—	(2,964)	(2,964)
Interest expenses (Note 5(a))	3,176	44,403	322	47,901
Amortised cost of handling fee for issuance of bonds (Note 5(a))	73	—	—	73
Change in interest payables	18,616	791	—	19,407
Total other changes	21,865	45,194	1,991	69,050
At 31 December 2021	—	523,089	4,542	527,631

19. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Shareholder's loan HKD'000	Bonds HKD'000 (Note 23)	Borrowings HKD'000 (Note 24)	Lease liabilities HKD'000 (Note 25)	Total HKD'000
At 1 January 2020	70,000	189,572	202,012	—	461,584
Changes from financing cash flows:					
Repayment to a shareholder	(70,000)	—	—	—	(70,000)
Proceeds from new loans	—	—	603,259	—	603,259
Repayment of loans	—	—	(359,386)	—	(359,386)
Capital element of lease rental paid	—	—	—	(1,658)	(1,658)
Interest element of lease rental paid	—	—	—	(388)	(388)
Interest paid	—	—	(21,960)	—	(21,960)
Total changes from financing cash flows	(70,000)	—	221,913	(2,046)	149,867
Exchange realignment	—	—	25,451	285	25,736
Other changes:					
Increase in lease liabilities from entering into new leases during the year	—	—	—	5,887	5,887
Interest expenses (Note 5(a))	—	13,876	22,372	388	36,636
Amortised cost of handling fee for issuance of bonds (Note 5(a))	—	355	—	—	355
Change in interest payables	—	(13,876)	(412)	—	(14,288)
Total other changes	—	355	21,960	6,275	28,590
At 31 December 2020	—	189,927	471,336	4,514	665,777

Note: Borrowings consist of bank loans, shareholder's loan and other borrowings as disclosed in Note 24.

20. TRADE AND BILLS PAYABLES

	2021 **HKD'000**	2020 HKD'000
Trade payables	**90,062**	36,948
Bills payable	**220,700**	507,921
	310,762	544,869

The ageing analysis of trade and bills payables as at the end of the reporting period, based on invoice date, is as follows:

	2021 **HKD'000**	2020 HKD'000
Within 1 month	**35,005**	25,717
1 to 3 months	**32,653**	1,064
3 to 12 months	**240,639**	517,167
Over 12 months	**2,465**	921
	310,762	544,869

At 31 December 2021, the Group had HKD220,700,000 (2020: HKD507,921,000) bills payable in which amount of HKDnil (2020: HKD184,745,000) were secured by corporate guarantee executed by the Company and amount of HKD220,700,000 (2020: HKD323,176,000) were secured by structured deposits and pledged bank deposits respectively.

21. OTHER PAYABLES, ACCRUED CHARGES AND DEFERRED INCOME

	2021 **HKD'000**	2020 HKD'000
Accrued staff costs, welfare and benefits (including accrued directors' remunerations)	**3,600**	8,226
Deposits received for finance lease	**8,060**	7,603
Other deposits received	**3,683**	9,931
Sales deposits received	**2,595**	3,192
Rental deposits received	**1,046**	1,018
Interest payables	**79**	19,486
Deferred income (Note)	**3,546**	2,854
Others (including professional fee payables)	**1,597**	1,567
	24,206	53,877

21. OTHER PAYABLES, ACCRUED CHARGES AND DEFERRED INCOME *(Continued)*

Note:

Deferred income represents the interest income received from other receivables but deferred to recognise as other revenue until the services are performed and is expected to be settled within one year.

	2021 HKD'000	2020 HKD'000
At the beginning of the year	2,854	—
Additions	9,970	8,293
Recognised during the year	(9,365)	(5,601)
Exchange realignment	87	162
At the end of the year	3,546	2,854

22. CONTRACT LIABILITIES

When the Group receives a deposit from customers before supply and delivery of premised goods, which depends on the specific term of sales and concern of new customer, this will give rise to contract liabilities at the start of contract.

Movements in contract liabilities during the year are as follows:

	2021 HKD'000	2020 HKD'000
At 1 January	30,729	3,756
Revenue recognised during the year that was included in the contract liabilities at the beginning of the year	(30,729)	(3,756)
Increase due to cash received in advance before delivery of promised goods, excluding amounts recognised as revenue during the year	10,970	28,972
Exchange realignment	174	1,757
At 31 December	11,144	30,729

All of the contract liabilities are expected to be recognised as revenue within one year.

23. BONDS

	2021 HKD'000	2020 HKD'000
Bonds carried at fixed coupon rate of 7% to 7.5% per annum	—	189,927

The Company issued 7.5% and 7% coupon unlisted bonds with the principal amount of HKD100,000,000 and HKD90,000,000 respectively which both of them were originally repayable in 2020. On 31 March 2020, the Company entered into supplemental agreements to extend the maturity date of the 7.5% and the 7% coupon unlisted bonds to 17 January 2021 and 14 April 2021 respectively. On 30 November 2020, the Company entered into second supplemental agreements to revise the maturity date of both the 7.5% and the 7% coupon unlisted bonds to 17 March 2021, which were also secured by the financial assets at FVOCI of the Group (see Note 14). On 15 March 2021, the Company entered into third supplemental agreements to extend the maturity date of both the 7.5% and the 7% coupon unlisted bonds to 25 March 2021. Subsequently, the bonds were fully settled by the Company on 24 March 2021.

24. BORROWINGS

	2021 HKD'000	2020 HKD'000
Bank loans, secured (Note (a))	517,089	428,336
Other borrowings, secured (Note (b))	6,000	43,000
	523,089	471,336

The maturity profile of borrowings, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	2021 HKD'000	2020 HKD'000
Within 1 year	493,502	437,622
After 1 year but within 2 years	5,385	4,915
After 2 years but within 5 years	24,202	28,799
	523,089	471,336
Less: Amount due within one year or repayable on demand classified as current liabilities	(493,502)	(437,622)
Amount due for settlement after one year	29,587	33,714

24. BORROWINGS *(Continued)*

Notes:

(a) At 31 December 2021, bank loans comprised Bank Loan 1, Bank Loan 2 and Bank Loan 3 with principal amount of RMB28,286,000 (equivalent to HKD34,636,000) (2020: RMB32,152,000 (equivalent to HKD38,322,000)), RMB280,000,000 (equivalent to HKD342,860,000) (2020: RMB200,000,000 (equivalent to HKD238,380,000)) and RMB114,000,000 (equivalent to HKD139,593,000) (2020: RMB127,220,000 (equivalent to HKD151,634,000)) respectively.

Bank Loan 1 is secured by the investment properties of the Group (see Note 13) and is repayable by instalments up to 2027. Interest is charged at Prime rate of The People's Bank Of China ("**PBOC**") plus 30% of PBOC Prime rate per annum.

Bank Loan 2 is secured by corporate guarantee executed by the Company and its certain subsidiaries and certain properties owned by an independent third party and is repayable within one year. Interest is charged at a fixed rate of 5.4% (2020: 5.4%) per annum.

Bank Loan 3 is secured by properties owned by independent third parties, and is repayable within one year. Interest is charged at a fixed rate of 6.5% (2020: 6.5%) per annum.

Above-mentioned third parties represent the business associates of the Group.

(b) At 31 December 2021, other borrowings comprised Loan 1 and Loan 2 with principal amount of HKD6,000,000 (2020: HKD6,000,000) and HKDnil (2020: HKD37,000,000) respectively which are obtained from an independent third party.

Loan 1 is secured by certain listed equity securities classified as financial assets at fair value through other comprehensive income held by the Group (see Note 14) and the corporate guarantee executed by the Company, and is repayable within one year.

Loan 2 is secured by a property held for own use of the Group (see Note 11) and the corporate guarantee executed by the Company. During the year ended 31 December 2021, this loan was fully settled and the pledged terms were released accordingly.

Both loans above are interest-bearing at 10% (2020: 10%) per annum.

25. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2021 Present value of the lease payments HKD'000	**2021** Total lease payments HKD'000	2020 Present value of the lease payments HKD'000	2020 Total lease payments HKD'000
Within 1 year	**1,614**	**1,820**	2,071	2,365
After 1 year but within 2 years	**1,628**	**1,746**	2,247	2,364
After 2 year but within 5 years	**1,300**	**1,327**	196	197
	4,542	**4,893**	4,514	4,926
Less: Total future interest expenses		**(351)**		(412)
Present value of lease liabilities		**4,542**		4,514

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax (assets)/liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accelerated tax depreciation HKD'000	**Fair value changes of investments** HKD'000	**Investment properties** HKD'000	**Total** HKD'000
At 1 January 2020	7	(27)	20,658	20,638
Exchange realignment	—	—	1,624	1,624
(Credited)/charged to profit or loss (Note 6(a))	(7)	(21)	4,168	4,140
At 31 December 2020 and 1 January 2021	—	(48)	26,450	26,402
Exchange realignment	—	7	784	791
Charged to profit or loss (Note 6(a))	—	449	3,840	4,289
At 31 December 2021	—	408	31,074	31,482

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax not recognised

At 31 December 2021, the Group had not recognised deferred tax assets in respect of cumulative tax losses of approximately HKD23,389,000 (2020: HKD10,611,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Of the total tax losses, under the current tax legislation of respective tax jurisdiction of the entities within the Group, amount of HKD4,557,000 (2020: nil) will expire within 5 years and the remaining tax losses of HKD18,832,000 (2020: HKD10,611,000) have no expiry date.

At 31 December 2021, the Group has unrecognised deferred tax liabilities of HKD7,592,000 (2020: HKD7,065,000) in relation to withholding tax on undistributed profits of HKD151,840,000 (2020: HKD141,309,000) of the Group's subsidiaries in the PRC as the Group is in a position to control the dividend policy of these subsidiaries and no distribution of such profits is expected to be declared by them in the foreseeable future.

Except for the amounts recognised and disclosed above, the Group does not have any other material temporary differences at the end of the reporting period (2020: nil).

27. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Share capital HKD'000	Share premium HKD'000	Contributed surplus HKD'000	Accumulated losses HKD'000	Total HKD'000
At 1 January 2020	58,000	362,134	181,059	(229,157)	372,036
Changes in equity for the year ended 31 December 2020:					
Loss and total comprehensive loss for the year	—	—	—	(21,473)	(21,473)
At 31 December 2020	58,000	362,134	181,059	(250,630)	350,563
At 1 January 2021	58,000	362,134	181,059	(250,630)	350,563
Changes in equity for the year ended 31 December 2021:					
Loss and total comprehensive loss for the year	—	—	—	(51,510)	(51,510)
Issue of ordinary shares, net of direct transaction costs (Note 27(c))	20,000	178,225	—	—	198,225
At 31 December 2021	78,000	540,359	181,059	(302,140)	497,278

27. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividend

The directors do not recommend the payment of any dividend for the year ended 31 December 2021 (2020: nil).

(c) Share capital

Authorised and issued share capital

	2021 No. of shares '000	2021 HKD'000	2020 No. of shares '000	2020 HKD'000
Authorised:				
At the beginning and end of the year	10,000,000	200,000	10,000,000	200,000
Ordinary shares, issued and fully paid:				
At the beginning of the year	2,900,000	58,000	2,900,000	58,000
Issue of shares	1,000,000	20,000	—	—
At the end of the year	3,900,000	78,000	2,900,000	58,000

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

On 24 March 2021, the Company issued 720,000,000 ordinary shares of HKD0.02 each under placing agreement to an independent third party at the placing price of HKD0.20 per share for a total cash consideration of approximately HKD144,000,000. On the same date, the Company issued 280,000,000 ordinary shares of HKD0.02 each under subscription agreement to one existing substantial shareholder of the Company at the subscription price of HKD0.20 per share for a total cash consideration of approximately HKD56,000,000. Net proceeds of approximately HKD198,225,000, after deducting direct transaction costs, were received upon the completion of the issue of ordinary shares.

(d) Nature and purpose of reserve

(i) Share premium

The application of the share premium account is governed by Bermuda Companies Act 1981 (as amended).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in Note 2(t).

27. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserve *(Continued)*

(iii) *Contributed surplus*

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time the reorganisation on 9 November 2001 and has been adjusted for the dividend declared from this reserve after 9 November 2001.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a Company is available for distribution. However, the Company cannot declare or pay dividend, or make a distribution out of the contributed surplus, if:

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

(b) the realisable value of its assets would thereby be less than its liabilities.

(iv) *Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see Note 2(e)).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group regularly reviews its capital structure on the basis of a gearing ratio computed as total debt over shareholders' fund. For this purpose, the Group defines total debts as total borrowings (which include interest-bearing borrowings, bonds and lease liabilities). Total shareholders' fund comprises all components of equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a shareholders' resolution passed on 23 August 2011 for the primary purpose of granting options to eligible participants as incentives or rewards for their contribution to the Group and will be valid and effective for a period of 10 years commencing on the date on which the Scheme was adopted. Under the Scheme, the board of directors (the "**Directors**") may grant options to eligible employees of the Group, any executive and non-executive directors (including independent non-executive directors) of the Group and other eligible participants to subscribe for shares in the Company (the "**Shares**"), at a price to be determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised. A nominal consideration of HKD1 is payable on acceptance of the grant of an option.

Shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme of the Company must not in aggregate exceed 141,500,000 shares of the Company, being 10% of the shares in issue on the date of approval of the Scheme by the shareholders of the Company.

Unless approved by shareholders of the Company, the total number of Shares issued and which may fall to be issued upon exercise of the options to be granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

The Scheme was expired during the year and no new share option scheme was proposed and adopted thereafter.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, pledged bank deposits, loan receivables, finance lease receivables, trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash and cash equivalents and pledged bank deposits are normally placed at financial institutions that have sound credit rating.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

Loan receivables

Before accepting any new loans, the Group assesses the credit quality of each potential borrower and defined limits for each borrower. The Group also demands certain borrowers to provide personal guarantees from their respective shareholders or director or equity securities as collateral to the Group at the time the money lending arrangement is entered into. In addition, the Group has reviewed the repayment history of loan payments from each borrower with reference to the repayment schedule from the date of loan receivables to determine the recoverability of the loan receivables. Also, the Group takes into account information specific to the customers as well as pertaining to the economic environment in which the customers operate.

In determining the ECLs of loan receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in measuring the loss allowance using life-time ECLs and the Group had determined the ECLs is insignificant as the loan receivables was secured by the charges on certain shares of a company listed on the Main Board of the Stock Exchange.

Finance lease receivables

The Group applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9 Financial Instruments, which permits the use of the lifetime expected credit loss provision for finance lease receivables. For customers who purchased the motor vehicles or machineries under finance lease arrangement, the Group has policies in place to review their credit worthiness and charged a market interest rate based on their credit worthiness. Management monitors the scheduled instalment pattern and credit worthiness of the customers closely. In the event, the Group notices the deterioration of credit worthiness and default settlement of 2 months contractual instalments, the Group will repossess the assets up for sale. At 31 December 2021 and 2020, all of the finance lease receivables were not past due. Management, considered among other factors, analysed historical pattern and concluded that the expected credit loss allowance for finance lease receivables to be HKD459,000 (2020: HKD760,000) as a 31 December 2021, which are secured over the vehicles and machines leased.

Movements in the loss allowance account in respect of finance lease receivables during the year are as follows:

	2021 **HKD'000**	2020 HKD'000
At the beginning of the year	**760**	961
Reversal of impairment loss	**(317)**	(250)
Exchange realignment	**16**	49
At the end of the year	**459**	760

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2021, the Group had a certain concentration of credit risk as 61% (2020: 34%) and 86% (2020: 95%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 to 365 days (2020: 30 to 365 days) from the date of billing. Overdue balances are monitored tightly and regularly.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

At 31 December 2021, ECLs rates were based on actual loss experience over the past four years (2020: three years). These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The impairment for trade receivables for the year is provided upon the recognition of significant increase in credit risks and based on current economic situation and forward-looking information available to the management.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2021 Expected loss rate %	2021 Gross carrying amount HKD'000	2021 Loss allowance HKD'000
Current (not past due)	**0.19**	**556,384**	**(1,046)**
Less than 1 month past due	**10.46**	**14,455**	**(1,513)**
1 to 3 months past due	**10.46**	**29,752**	**(3,113)**
3 to 12 months past due	**10.46**	**32,996**	**(3,453)**
		633,587	**(9,125)**

	2020 Expected loss rate %	2020 Gross carrying amount HKD'000	2020 Loss allowance HKD'000
Current (not past due)	0.18	684,868	(1,250)
Less than 1 month past due	20.85	—	—
1 to 3 months past due	33.49	1,114	(373)
3 to 12 months past due	33.49	—	—
Over 12 months past due	33.49	1,561	(523)
		687,543	(2,146)

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

	2021 HKD'000	2020 HKD'000
At the beginning of the year	**2,146**	272
Impairment loss recognised	**6,813**	1,752
Exchange realignment	**166**	122
At the end of the year	**9,125**	2,146

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables (Continued)

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECLs. At 31 December 2021, the Group assessed that the cumulative expected credit loss for other receivables from supply chain finance arrangements to be approximately HKD1,776,000 (2020: HKD1,223,000). For supply chain financing arrangements, the Group has developed a series of policies to mitigate credit risk, including obtaining security deposit and guarantee from an enterprise or individual, depending on the customers' credit status and credit risk degree. The management periodically evaluates the capability of the guarantor.

Movements in the loss allowance account in respect of other receivables during the year are as follows:

	2021 HKD'000	2020 HKD'000
At the beginning of the year	1,223	523
Impairment loss recognised	511	627
Exchange realignment	42	73
At the end of the year	1,776	1,223

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2021					At 31 December 2020				
	Within 1 year or on demand HKD'000	More than 1 year but less than 2 years HKD'000	More than 2 years HKD'000	Total contractual undiscounted cash flow HKD'000	Carrying amount HKD'000	Within 1 year or on demand HKD'000	More than 1 year but less than 2 years HKD'000	More than 2 years HKD'000	Total contractual undiscounted cash flow HKD'000	Carrying amount HKD'000
Trade and bills payables	310,762	–	–	310,762	310,762	544,869	–	–	544,869	544,869
Other payables and accrued charges	20,660	–	–	20,660	20,660	51,023	–	–	51,023	51,023
Bonds	–	–	–	–	–	211,489	–	–	211,489	189,927
Borrowings+	517,894	7,138	27,391	552,423	523,089	458,724	6,948	33,610	499,282	471,336
Lease liabilities	1,820	1,746	1,327	4,893	4,542	2,365	2,364	197	4,926	4,514
	851,136	8,884	28,718	888,738	859,053	1,268,470	9,312	33,807	1,311,589	1,261,669

\+ Borrowings with repayment on demand clause are classified as on demand in the above analysis although the demand clause has not been exercised.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits, finance lease receivables, loan receivables, bonds and borrowings. Bank deposits, loan receivables, bond and borrowings are issued at variable rates and at fixed rates which would expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk.

(i) *Interest rate profile*

The Group's interest rate profile as monitored by management is set out below:

	At 31 December 2021 Effective interest rate %	At 31 December 2021 HKD'000	At 31 December 2020 Effective interest rate %	At 31 December 2020 HKD'000
Fixed rate financial instruments				
Pledged bank deposits	**2.46**	**97,960**	2.25	47,676
Finance lease receivables	**8.02**	**26,847**	8.02	46,329
Loan receivables	**N/A**	**—**	10.00	40,526
Bonds	**N/A**	**—**	7.26	(189,927)
Borrowings	**5.77**	**(488,453)**	6.24	(433,014)
Lease liabilities	**5.41**	**(4,542)**	8.20	(4,514)
Net exposure		**(368,188)**		(492,924)
Variable rate financial instruments				
Bank deposits	**0.01**	**15,364**	0.30	118,591
Borrowings	**6.37**	**(34,636)**	6.37	(38,322)
Net exposure		**(19,272)**		80,269

(ii) *Sensitivity analysis*

At 31 December 2021, it is estimated that a general increase/decrease of 100 basis points (2020: 100 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's loss (2020: profit) after tax by approximately HKD161,000 (2020: HKD670,000).

At 31 December 2021 and 2020, the Group's financial instruments issued at fixed rate which expose the Group to fair value interest rate risk. Management of the Group considers the fair value exposure of the fixed rate financial instruments is insignificant to the Group.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis as 2020.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk

The Group's business activities and its assets and liabilities were denominated in HKD and RMB. The management considers the Group is not exposed to significant foreign currency risk as most sales, income, purchases and expenses are denominated in the functional currency of the operations to which they relate. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at fair value through other comprehensive income and fair value through profit or loss (see Notes 14 and 18).

At 31 December 2021, the Group's listed investments with the carrying amount of HKD23,244,000 (2020: HKD41,474,000) and HKD841,000 (2020: nil) are listed on the Stock Exchange in Hong Kong and Shanghai respectively. Decisions to buy or sell held for trading investments are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investments that are not held for trading purposes have been chosen based on their long term growth potential are monitored regularly for performance against expectations.

At 31 December 2021, it is estimated that an increase/decrease of 5% (2020: 5%) in the relevant stock unit price, with all other variables held constant, would have favourably/unfavourably impact on the Group's results after tax and retained profits, and other components of consolidated equity as follows:

	2021			2020		
	Increase/ (decrease) in equity price rate	Effect on results after tax and retained profits HKD'000	Effect on other components of consolidated equity HKD'000	Increase/ decrease) in (equity price rate	Effect on results after tax and retained profits HKD'000	Effect on other components of consolidated equity HKD'000
Change in the relevant equity price risk variable:						
Increase	5%	35	967	5%	5	1,732
(Decrease)	(5%)	(35)	(967)	(5%)	(5)	(1,727)

The sensitivity analysis indicates the instantaneous change in the Group's results after tax and retained profits, and other components of consolidated equity that would arise assuming that the 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 re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables. The analysis is performed on the same basis as 2020.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(f) Categories of financial instruments

	2021 HKD'000	2020 HKD'000
Financial assets		
Financial assets at amortised cost	876,226	1,017,773
Financial assets at FVOCI	133,162	221,489
Financial assets at FVPL	84,546	274,005
	1,093,934	1,513,267
Financial liabilities		
Financial liabilities at amortised cost	859,053	1,261,669

(g) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table represents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's finance department which led by the Group's financial controller, performs the valuations of financial assets (including Level 3 fair values) required for financial reporting purposes and independent external valuers will be engaged for expert opinions if needed. Discussions of valuation processes and results are held by the board members and Audit Committee at least twice every year, which is in line with the Group's reporting periods.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(g) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy *(Continued)*

The following table presents the Group's assets that are measured at fair value at the end of the reporting periods:

	Fair value at 31 December 2021 HKD'000	Fair value measurements as at 31 December 2021 categorised into Level 1 HKD'000	Level 2 HKD'000	Level 3 HKD'000	Fair value at 31 December 2020 HKD'000	Fair value measurements as at 31 December 2020 categorised into Level 1 HKD'000	Level 2 HKD'000	Level 3 HKD'000
Recurring fair value measurements								
Assets:								
Financial assets measured at FVOCI								
— Listed equity securities	23,162	23,162	—	—	41,366	41,366	—	—
— Unlisted equity securities	110,000	—	—	110,000	180,123	—	—	180,123
Financial assets measured at FVPL								
— Listed equity securities	923	923	—	—	108	108	—	—
— Structured deposits	72,847	—	72,847	—	273,897	—	273,897	—
— Wealth management products	10,776	—	10,776	—	—	—	—	—

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 for both reporting periods. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Percentage
Unlisted equity instrument	Market approach (2020: Discounted cash flow model)	Discount for lack of marketability (2020: Discount rate)	15.0% (2020: 10.0%)

At 31 December 2020, the fair value of unlisted equity investments was determined using the income approach, in this approach, the discounted cash flows method was used to capture the present value of the expected future economic benefits to be derived from the equity ownership of these unlisted securities. The fair value measurement is negatively correlated to the discount rate. It is estimated that with all other variable held constant, a decrease/increase in discount rate by 5% would have increased/decreased the Group's other comprehensive income by approximately HKD10,111,000/HKD8,757,000.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(g) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy *(Continued)*

As at 31 December 2021, the fair value of unlisted equity securities was determined using the price-to-earning ratio of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. It is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would result in increase/decrease in the Group's other comprehensive income of HKD3,000,000.

In the opinion of the directors, fair value loss (2020: gain) of approximately HKD70,123,000 (2020: HKD5,011,000) was recognised in other comprehensive income during the year.

The movement during the year in the balance of Level 3 fair value measurements is as follows:

	2021 HKD'000	2020 HKD'000
Unlisted equity investments:		
At 1 January	**180,123**	175,112
Changes in fair value	**(70,123)**	5,011
At 31 December	**110,000**	180,123

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2021 and 2020.

30. FINANCIAL GUARANTEES ISSUED

At 31 December 2021, the Company had issued corporate guarantees amounting to HKD343 million (2020: HKD435 million) and HKD6 million (2020: HKD43 million) to banks and an independent third party respectively in connection with facilities granted to certain subsidiaries within the Group. The directors of the Company consider the fair value of these guarantees at the date of inception is insignificant.

At 31 December 2021, the directors of the Company considered it is not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by subsidiaries of HKD349 million (2020: HKD466 million).

31. PLEDGE OF ASSETS

At 31 December 2021, the Group has the following charge on assets:

(i) The investment properties of the Group with carrying amount of approximately HKD244,181,000 (2020: HKD221,443,000) were pledged to banks for loans granted to the Group which are disclosed in Note 13.

(ii) The property held for own use and certain listed equity securities classified as financial assets at fair value through other comprehensive income of the Group with carrying amount of approximately HKDnil (2020: HKD67,393,000) and HKD3,796,000 (2020: HKD10,950,000) respectively were pledged to an independent third party for other borrowings granted to the Group which are disclosed in Note 11 and Note 14 respectively.

(iii) The structured deposits and pledged bank deposits of the Group with carrying amount of approximately HKD72,847,000 (2020: HKD273,897,000) and HKD97,960,000 (2020: HKD47,676,000) respectively were pledged as guarantee deposits for bills payable made available to the Group which are disclosed in Note 18 and Note 19 respectively.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 7 and the highest paid employees as disclosed in Note 8, is as follows:

	2021 HKD'000	2020 HKD'000
Salaries, allowances and other benefits	**5,317**	7,503
Contributions to defined contributions retirement plan	**193**	147
	5,510	7,650

Total remuneration is included in "Staff costs" (see Note 5(b)).

(b) Other related party transactions

The Group did not enter into other significant related party transactions during both years.

(c) Related party balances

At 31 December 2021, the Group had no any balance dealt with its related party (2020: nil).

33. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation

The Group management determines the estimated useful lives and related depreciation charge for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of property, plant and equipment

In considering the impairment loss that may be required for certain property, plant and equipment, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. It is difficult to precisely estimate its fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

An increase or decrease in the above impairment loss would affect the operating results in the year and future years.

(c) Income taxes

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

Deferred tax assets/liabilities are recognised for tax losses not yet utilised, taxable temporary differences arising from revaluation of investment properties and other deductible or taxable temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the unused tax loss can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised only if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(d) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates of market conditions including unobservable inputs. In relying on the valuation report, the directors of the Company have exercised their judgements and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss that would be recognised in profit or loss. Details of these are set out in Note 13.

33. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Provision of ECLs for trade and other receivables

The Group uses a provision of matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various debtors that have similar loss patterns. The provision matrix is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the historical credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

Impairment loss on other receivables represent management's best estimate of losses incurred under ECL models. Management assesses whether the credit risk of other receivables have increased significantly since their initial recognition and apply a three-stage impairment model to calculate their ECL. The Group is required to exercise judgement in making assumptions and estimates when calculating impairment loss on other receivables, including historical loss experience on the basis of the relevant observable data that reflects current economic conditions, all of which involves significant management judgements and assumptions.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. The information about the ECLs and the Group's trade and other receivables and finance lease receivables are disclosed in Note 16, Note 15 and Note 29(a). If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(f) Estimate of fair value of equity investments

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods (such as discounted cash flow model) and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the key assumptions used and the impact of changes to these assumptions are described in Note 29(g).

34. SUBSIDIARIES

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ registration	Particular of issued and paid up capital/registered capital	Proportion of ownership interest held by the Company				Principal activities
			2021		2020		
			Directly	Indirectly	Directly	Indirectly	
Grand Mark Worldwide Limited	Hong Kong	1 share of HKD1 each	–	100%	–	100%	Money lending business and securities investment
Hua Tong Group Limited	British Virgin Islands	1 share of USD1 each	100%	–	100%	–	Investment holding
Marvel Innovation Investment Holdings Limited	Hong Kong	10,000 shares of HKD1 each	–	100%	–	100%	Securities investment
深圳金盛融資租賃有限公司#	The PRC	HKD100,000,000	100%	–	100%	–	Provision of leasing services
深圳金勝供應鏈有限公司#	The PRC	HKD100,000,000	–	100%	–	100%	Supply chain business
深圳金盛商業有限公司#	The PRC	RMB60,000,000	–	100%	–	100%	Property investment
深圳金盛商業保理有限公司#	The PRC	HKD25,000,000	–	100%	–	100%	Provision of trade financing, accounts receivable management and debt collection services

Wholly foreign owned enterprise in the PRC.

All subsidiaries operate principally in their respective places of incorporation or registration. None of the subsidiaries had issued any debt securities at the end of the year.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HKD'000	2020 HKD'000
Non-current assets		
Investments in subsidiaries	100,010	100,010
Current assets		
Other receivables, prepayments and deposits	268	420
Amounts due from subsidiaries	425,402	513,368
Cash and cash equivalents	2,182	1,053
	427,852	514,841
Current liabilities		
Accrued charges	840	19,667
Amounts due to subsidiaries	29,744	54,694
Bonds	—	189,927
	30,584	264,288
Net current assets	397,268	250,553
NET ASSETS	497,278	350,563
CAPITAL AND RESERVES (Note 27(a))		
Share capital	78,000	58,000
Reserves	419,278	292,563
TOTAL EQUITY	497,278	350,563

36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, one new standard and interpretations which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendment to HKFRS 16, Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, plant and equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual improvements to HKFRSs 2018-2020 cycle	1 January 2022
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8, Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Hong Kong Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023

The Group anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the Group's consolidated financial statements in the foreseeable future.

37. EVENTS AFTER THE REPORTING PERIOD

Acquisition of the entire issued share capital of Foresight Industrial Group Limited (the "Target Company")

On 26 January 2022, Golden Flourish Assets Limited (the "**Purchaser**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the Foresight International Group Limited (the "**Vendor**"), a company incorporated in the BVI with limited liability, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company, a wholly-owned subsidiary of the Vendor at a cash consideration of HKD120,000,000 (the "**Transaction**").

The Company implemented the diversification strategy for enhancing the profitability and competitiveness of the Group and recorded a satisfactory results in the past two years. In order to diversify business risks and expand the income streams, the Group continues to seek and identify new investment opportunities to achieve stable growth. Taking into account the financial position and the financial performance of the Target Company and its subsidiaries (the "**Target Group**"), the management of the Company considers that the acquisition is a good investment opportunity for the Group to step into the hotel and restaurant industry in a bid to generate revenue for the Group.

Upon the completion of the Transaction, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will therefore be consolidated into the consolidated financial statements of the Company.

Disposal of 14.73% equity interest in Golden Affluent owned by the Group

On 28 January 2022, Hua Tong Group Limited (the "**Vendor**"), a direct wholly-owned subsidiary of the Company, entered into a share transfer agreement with Glory Sun Financial Holdings Limited (the "**Purchaser**"), an indirect wholly-owned subsidiary of Glory Sun Financial Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1282), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 14.73% equity interest in the Golden Affluent owned by the Group at a cash consideration of HKD110,000,000 (the "**Disposal**").

Upon the completion of the Disposal, the Company will not hold any equity interest in Golden Affluent, which will cease to be classified as financial asset at fair value through other comprehensive income in the Group's consolidated financial statements.

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Period from 1 April 2017 to 31 December 2017 HKD'000	Year ended 31 December 2018 HKD'000	Year ended 31 December 2019 HKD'000	Year ended 31 December 2020 HKD'000	**Year ended 31 December 2021 HKD'000**
Continuing operations					
Revenue	751,469	1,080,517	1,466,328	3,003,249	**2,125,223**
Profit from operations	65,475	19,412	47,315	70,877	**47,703**
Finance costs	(6,598)	(8,372)	(13,714)	(36,991)	**(47,974)**
Share of results of an associate	—	(4,045)	7,939	—	**—**
Profit/(loss) before taxation	58,877	6,995	41,540	33,886	**(271)**
Income tax expense	(20,788)	(3,946)	(10,059)	(12,602)	**(5,377)**
Profit/(loss) for the year from continuing operations	38,089	3,049	31,481	21,284	**(5,648)**
Discontinued operations					
(Loss)/profit for the year from discontinued operations	(7,581)	(12,103)	23,030	—	**—**
Profit/(loss) for the year	30,508	(9,054)	54,511	21,284	**(5,648)**
Attributable to:					
Equity shareholders of the Company	39,203	(9,041)	54,511	21,284	**(5,648)**
Non-controlling interests	(8,695)	(13)	—	—	**—**
	30,508	(9,054)	54,511	21,284	**(5,648)**

ASSETS AND LIABILITIES

	At 31 December 2017 HKD'000	2018 HKD'000	2019 HKD'000	2020 HKD'000	**2021 HKD'000**
Total assets	1,026,619	868,167	1,072,113	1,859,777	**1,551,859**
Total liabilities	(512,477)	(410,372)	(577,652)	(1,328,988)	**(905,443)**
Net assets	514,142	457,795	494,461	530,789	**646,416**
Equity attributable to equity shareholders of the Company	514,142	457,793	494,459	530,787	**646,414**
Non-controlling interests	—	2	2	2	**2**
Total equity	514,142	457,795	494,461	530,789	**646,416**