

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



旭通控股
STEERING HOLDINGS

Steering Holdings Limited
旭通控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1826)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2021	2020 (Restated)	Change %
Revenue (<i>HK\$'000</i>)	382,273	411,860	(7.2%)
Gross loss (<i>HK\$'000</i>)	(29,916)	(9,050)	230.6%
Loss for the year from continuing operations (<i>HK\$'000</i>)	(64,830)	(60,110)	7.9%
Profit/(loss) for the year attributable to owners of the Company (<i>HK\$'000</i>)	40,100	(245,030)	N/A
Earnings/(loss) per share (<i>HK cents</i>)	3.0	(18.4)	N/A

- The Group's revenue amounted to approximately HK\$382.3 million for the year ended 31 December 2021, representing a decrease of approximately HK\$29.6 million or approximately 7.2% as compared with the year ended 31 December 2020 from continuing operations.
- The profit attributable to owners of the Company is approximately HK\$40.1 million for the year ended 31 December 2021 from continuing and discontinued operations, as compared with loss attributable to owners of the Company of approximately HK\$245.0 million for the year ended 31 December 2020.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2021.

AUDITED ANNUAL RESULTS

The board (the “**Board**”) of Directors (the “**Directors**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) together with the restated comparative audited figures for the year ended 31 December 2020. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Continuing operations			
Revenue	4	382,273	411,860
Cost of services		(412,189)	(420,910)
		<hr/>	<hr/>
Gross loss		(29,916)	(9,050)
Other income		673	6,593
Other gains and losses, net	5	(395)	(6,786)
Impairment losses under expected credit loss (“ ECL ”) model, net of reversal	6	(2,919)	(20,150)
Administrative expenses		(31,988)	(28,160)
Finance costs	7	(285)	(1,886)
		<hr/>	<hr/>
Loss before tax from continuing operations	8	(64,830)	(59,439)
Income tax expense	10	—	(671)
		<hr/>	<hr/>
Loss for the year from continuing operations		(64,830)	(60,110)
		<hr/>	<hr/>
Discontinued operations			
Profit/(loss) for the year from discontinued operations, net of tax	19	106,259	(369,418)
		<hr/>	<hr/>
Profit/(loss) for the year		41,429	(429,528)
		<hr/>	<hr/>
Other comprehensive (loss)/income			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income (“ FVTOCI ”)		(4,826)	(1,240)
Exchange differences on translation from functional currency to presentation currency		(49)	2,873
		<hr/>	<hr/>
		(4,875)	1,633
		<hr/>	<hr/>

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000 (Restated)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Reclassification of cumulative translation of foreign operations		(11,953)	—
Exchange differences arising on translation of foreign operations		(1,929)	13,770
		(13,882)	13,770
Other comprehensive (loss)/income for the year		(18,757)	15,403
Total comprehensive income/(loss) for the year		22,672	(414,125)
Profit/(loss) for the year attributable to:			
Owners of the Company			
From continuing operations		(64,830)	(60,110)
From discontinued operations		104,930	(184,920)
Non-controlling interests			
From discontinued operations		1,329	(184,498)
		41,429	(429,528)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company			
From continuing operations		(69,705)	(58,477)
From discontinued operations		92,115	(172,400)
Non-controlling interests			
From discontinued operations		262	(183,248)
		22,672	(414,125)
Earnings/(loss) per share, basic and diluted (<i>HK cents</i>)			
	<i>11</i>		
— For continuing operations		(4.9)	(4.5)
— For discontinued operations		7.9	(13.9)
For continuing and discontinued operations		3.0	(18.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		185	1,908
Intangible assets		—	—
Right-of-use assets		3,161	337
Equity instruments at FVTOCI	<i>12</i>	—	18,457
Deferred tax assets		—	3
		<u>3,346</u>	<u>20,705</u>
Current assets			
Contract assets	<i>13</i>	87,918	95,193
Trade and other receivables	<i>14</i>	123,967	226,309
Financial assets at fair value through profit or loss (“FVTPL”)	<i>15</i>	—	13,902
Tax recoverable		180	1,346
Pledged deposits		9,883	25,583
Bank balances and cash		9,551	24,023
		<u>231,499</u>	<u>386,356</u>
Assets classified as held for sale	<i>20</i>	<u>6,038</u>	<u>—</u>
		<u>237,537</u>	<u>386,356</u>
Current liabilities			
Trade and other payables	<i>16</i>	165,836	229,259
Contract liabilities	<i>17</i>	—	31,731
Amounts due to a shareholder	<i>18</i>	14,149	12,406
Tax payable		—	119,285
Lease liabilities		3,752	3,994
Bank borrowings		—	6,500
		<u>183,737</u>	<u>403,175</u>
Liabilities associated with assets classified as held for sale	<i>20</i>	<u>6,553</u>	<u>—</u>
		<u>190,290</u>	<u>403,175</u>

	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current assets/(liabilities)	<u>47,247</u>	<u>(16,819)</u>
Total assets less current liabilities	<u>50,593</u>	<u>3,886</u>
Non-current liabilities		
Deferred tax liabilities	56	56
Lease liabilities	<u>632</u>	<u>1,514</u>
	<u>688</u>	<u>1,570</u>
Net assets	<u><u>49,905</u></u>	<u><u>2,316</u></u>
Capital and reserves		
Share capital	13,320	13,320
Reserves	<u>36,464</u>	<u>14,054</u>
Equity attributable to owners of the Company	49,784	27,374
Non-controlling interests	<u>121</u>	<u>(25,058)</u>
Total equity	<u><u>49,905</u></u>	<u><u>2,316</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

Steering Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 March 2015. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Its immediate holding company is Masterveyor Holdings Limited (“**Masterveyor**”), a company incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Ng Kin Siu (“**Mr. Ng**”), who is an executive director and chief executive officer of the Company and was subsequently appointed as Chairman of the Board on 14 December 2021.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of contracting business and project management.

The consolidated financial statements are presented in Hong Kong Dollar (“**HK\$**”) to suit the needs of the shareholders and investors. All values are rounded to the nearest thousand except when otherwise stated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

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

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

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

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

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

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

Going concern

The Group incurred net loss of approximately HK\$64,830,000 from continuing operations and has recorded negative operating cashflow of approximately HK\$29,670,000 from its continuing operations for the year ended 31 December 2021. In addition, a winding up petition has been filed against Jet Speed Asia Pacific Limited (“**Jet Speed**”), an indirect wholly-owned subsidiary of the Group, in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region for the sum of approximately HK\$14,149,000. These conditions, along with other matters, indicate the existence of material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern.

In view of the above circumstances, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group’s financial position which include, but are not limited to, the following:

- (i) The Company has actively negotiated with stakeholders for the purpose of obtaining further financing when necessary, including but not limited to shareholder’s loan, equity financing, bank borrowing and issuance of new convertible bonds to improve the liquidity of the Group;
- (ii) The Group has taken measures to tighten cost control over expenses, manage and expedite receivables and negotiate a compromise with creditors with a view to achieving positive cash flow from operations; and
- (iii) The Group will look into business and investment opportunities for business expansion and capital injection in order to enhance the long-term growth potential of the Group.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

4. REVENUE AND SEGMENT INFORMATION

The Group recognises revenue from continuing operations was contracting business and project management (the “**contracting service**”).

The consultancy service and financial information and technology service were presented discontinued operations during the year ended 31 December 2021. The segment results below do not include any amounts from the discontinued operations which are separately disclosed in Note 19.

(i) **Disaggregation of revenue from contracts with customers**

Continuing operations

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Types of service		
Contracting service	<u>382,273</u>	<u>411,860</u>
Geographical markets		
Hong Kong	<u>382,273</u>	<u>411,860</u>
Timing of revenue recognition		
Over time	<u>382,273</u>	<u>411,860</u>

(ii) **Transaction price allocated to the remaining performance obligation for contracts with customers**

Continuing operations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 and 2020 and the expected timing of recognising revenue are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Within one year	339,118	341,024
More than one year but not more than two years	83,708	121,292
More than two years	<u>142,288</u>	<u>—</u>
	<u>565,114</u>	<u>462,316</u>

(iii) Segment information

The chief operating decision maker (“**CODM**”) has been identified as the executive directors who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

Subsequent to the discontinued segments of consultancy service and financial information and technology service, the CODM assesses the performance based on a measure of loss for the year and considers all businesses to be included in a single operating segment which is the contracting service. The comparative information has been restated accordingly.

Information reported to CODM for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group’s activities are carried out in Hong Kong and all of the Group’s assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis is presented.

Information about major customers

Continuing operations

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2021	2020
	<i>HK\$’000</i>	<i>HK\$’000</i>
		(Restated)
Customer A	N/A ¹	66,658
Customer B	85,144	N/A ¹
Customer C	71,121	N/A ¹
Customer D	61,646	N/A ¹
Customer E	43,100	N/A ¹

¹ The corresponding revenue did not contribute over 10% of total revenue of the Group in the respective year.

No other revenue from transactions with a single external customer amounted to 10% or more of the total revenue of the Group for both years.

5. OTHER GAINS AND LOSSES, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
<u>Continuing operations</u>		
Net foreign exchange losses	(395)	(2,679)
Gain on disposal on subsidiaries	—	1,943
Loss on disposal of property, plant and equipment	—	(138)
Impairment losses recognised on:		
— Property, plant and equipment	—	(894)
— Right-of-use assets	—	(5,018)
	<u>(395)</u>	<u>(6,786)</u>

6. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
<u>Continuing operations</u>		
Impairment losses/(reversal of impairment losses) recognised on:		
— Trade receivables	1,737	9,733
— Retention receivables	(226)	2,990
— Other receivables and deposits	(161)	5,827
— Contract assets	1,569	1,600
	<u>2,919</u>	<u>20,150</u>

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
<u>Continuing operations</u>		
Interest on:		
— Bank borrowings	16	1,362
— Bank overdrafts	—	19
— Loan interest on advance payment	—	287
— Lease liabilities	269	218
	<u>285</u>	<u>1,886</u>

8. LOSS BEFORE TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
<u>Continuing operations</u>		
Loss before tax has been arrived at after charging:		
Directors' emoluments	5,207	5,175
Salaries and other allowances	47,571	40,564
Retirement benefit scheme contributions, excluding those of directors	<u>1,953</u>	<u>3,455</u>
Total staff costs	<u><u>54,731</u></u>	<u><u>49,194</u></u>
Auditor's remuneration	1,810	2,759
Sub-contracting cost in cost of services	300,141	312,172
Depreciation of property, plant and equipment	18	780
Depreciation of right-of-use assets	<u>1,996</u>	<u>7,134</u>

9. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

10. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
<u>Continuing operations</u>		
Current tax:		
Hong Kong	—	27
PRC Enterprises Income Tax	<u>—</u>	<u>600</u>
	—	627
Under-provision in respect of prior years:		
Hong Kong	<u>—</u>	<u>41</u>
	—	668
Deferred tax	<u>—</u>	<u>3</u>
Income tax expense	<u><u>—</u></u>	<u><u>671</u></u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of 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.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Company’s subsidiaries operating in the PRC are eligible for certain tax holidays and concessions and were exempted from PRC income taxes for the year.

The Company’s subsidiaries that are tax residents in the PRC are subject to the PRC dividend withholding tax at 10% when and if undistributed earnings out of profits that arose on or after 1 January 2008 are declared to be paid as dividends to its immediate holding company which is a non-PRC tax resident.

11. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

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

	2021	2020
	<i>HK\$’000</i>	<i>HK\$’000</i>
		(Restated)
Earnings		
Loss for the year from continuing operations attributable to owners of the Company	(64,830)	(60,110)
Earnings/(loss) for the year from discontinued operations attributable to owners of the Company	104,930	(184,920)
	<u> </u>	<u> </u>
Earnings/(loss) for the purpose of basic earnings/(loss) per share from continuing and discontinued operations	<u>40,100</u>	<u>(245,030)</u>
	2021	2020
	’000	’000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<u>1,332,000</u>	<u>1,332,000</u>

For the years ended 31 December 2021 and 2020, the computation of diluted earnings/(loss) per share from continuing and discontinued operations were the same as the basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the year.

12. EQUITY INSTRUMENTS AT FVTOCI

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Listed investments		
— Equity securities listed in Hong Kong (<i>Note</i>)	<u>—</u>	<u>18,457</u>

Note: The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the period between 27 May 2021 and 1 June 2021, the Company, through its indirect wholly-owned subsidiary, Jet Speed, conducted a series of on-market transactions to dispose of the whole sums of equity instruments at FVTOCI (137,740,000 number of shares), at the selling price between HK\$0.098 and HK\$0.101, with an aggregate consideration of approximately HK\$13,674,000 (exclusive of transaction costs).

As at 31 December 2020, the cumulative amount of loss classified as financial assets at FVTOCI was approximately HK\$31,543,000. During the year, the unrealised loss on fair value change of approximately HK\$4,826,000 was recorded measured at investment revaluation reserve. Upon the disposal, the cumulative fair value loss and the transaction costs measured at investment revaluation reserve that related to the disposal amounted to approximately HK\$36,369,000 was transferred to retained accumulated losses.

13. CONTRACT ASSETS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contracting service (<i>Note</i>)	<u>87,918</u>	<u>95,193</u>

Note: As at 31 December 2021, included in contract assets was retention held by customers for contract works amounting to approximately HK\$39,362,000 (2020: HK\$37,295,000), in which approximately HK\$Nil (2020: HK\$4,475,000) was retention held by Land Ease Limited (“**Land Ease**”), a company wholly-owned by Mr. Ng. The retention money held by Land Ease was expected to be recovered or settled within twelve months from the end of the reporting period.

As at 31 December 2020, contract assets of approximately HK\$4,475,000 were due from a related party, Land Ease Limited.

14. TRADE AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables (<i>Note a</i>)	93,306	361,885
Less: allowance for ECL	<u>(4,367)</u>	<u>(292,513)</u>
	<u>88,939</u>	<u>69,372</u>
Retention receivables (<i>Note b</i>)	6,661	16,086
Less: allowance for ECL	<u>(2,155)</u>	<u>(2,381)</u>
	<u>4,506</u>	<u>13,705</u>
Other receivables, deposits and prepayments		
— Deposits to a credit service provider and a financial institution (<i>Note c</i>)	—	52,472
Less: allowance for ECL	<u>—</u>	<u>(42,198)</u>
	<u>—</u>	<u>10,274</u>
— Other receivables from a credit service provider (<i>Note d</i>)	—	126,727
Less: allowance for ECL	<u>—</u>	<u>(97,537)</u>
	<u>—</u>	<u>29,190</u>
— Other receivables	8,074	122,901
Less: allowance for ECL (<i>Note e</i>)	<u>(163)</u>	<u>(80,097)</u>
	<u>7,911</u>	<u>42,804</u>
— Prepayment	19,559	56,349
— Sundry deposits	3,052	3,790
— Accounts receivables in custodian (<i>Note f</i>)	<u>—</u>	<u>825</u>
	<u>22,611</u>	<u>60,964</u>
	<u>123,967</u>	<u>226,309</u>

Notes:

- (a) Of the trade receivables as at 31 December 2021, approximately HK\$Nil (2020: HK\$1,612,000) were due from Land Ease. The trade receivables due from Land Ease were all aged within 30 days, based on certificate/invoice dates. As at 31 December 2021, an aggregate gross amount of approximately HK\$301,635,000 were derecognised due to disposal of subsidiaries.

- (b) Retention money in relation to completed projects of approximately HK\$1,934,000 (2020: HK\$13,470,000) was unbilled as at 31 December 2021. The Group has an unconditional right to the payment of the unbilled retention receivables which is expected to be billed within 12 months from the end of the reporting period. Of the retention receivables as at 31 December 2021, approximately HK\$Nil (2020: HK\$4,475,000) were due from Land Ease.
- (c) The Group paid deposits of approximately RMB35,735,000 (equivalent to approximately HK\$39,946,000) and RMB8,804,000 (equivalent to approximately HK\$9,848,000) to a credit service provider and a financial institution, respectively. Both parties are independent to the Group. The deposits were calculated based on a fixed percentage of the amounts of loans distributed to the borrowers through the credit service provider or the financial institution. The deposits will be released upon the maturity of the relevant loans. The loans periods are within 3 months to 1 year. Amounts were derecognised due to disposal of subsidiaries for the year ended 31 December 2021.
- (d) The Group provided an amount of approximately RMB158,929,000 (equivalent to approximately HK\$177,689,000) to a credit service provider, which is independent to the Group, as part of the business cooperation between the Group and the credit service provider. The amount is unsecured, interest-free and repayable on demand. As at 31 December 2020, the carrying amount of the other receivables was approximately HK\$29,190,000, net of allowance of ECL of approximately HK\$97,537,000. Amounts were derecognised due to disposal of subsidiaries for the year ended 31 December 2021.
- (e) Included in receivables as at 31 December 2020, gross carrying amount of approximately HK\$79,528,000 arose from payments amounting to approximately RMB67,504,000 made by the Group to agents in relation to the financial information and technology services business of the Group. Full impairment loss under ECL model of approximately HK\$79,528,000 was provided during the year ended 31 December 2020. As at 31 December 2021, an aggregate gross amount of approximately HK\$79,528,000 were derecognised due to disposal of subsidiaries.
- (f) Balance represents revenue collected by the custodian on behalf of the Group for service fees earned from individual borrowers in the financial information and technology service business. The balance will be transferred back to the bank accounts of the Group upon the Group's instructions. Amounts were derecognised due to disposed of subsidiaries for the year ended 31 December 2021.

The Group allows a credit period ranging from 0 to 90 days to its customers. The following is an aged analysis of the Group's trade receivables net of allowance for ECL presented based on certificate/invoice dates:

	2021	2020
	HK\$'000	HK\$'000
Trade receivables:		
1–30 days	59,138	28,489
31–60 days	20,217	15,133
61–90 days	—	2,568
91–180 days	—	14,101
Over 180 days	9,584	9,081
	88,939	69,372

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Receivables in relation to billed retention money:		
1–30 days	—	—
31–60 days	—	34
61–90 days	—	—
91–180 days	53	33
Over 180 days	<u>2,519</u>	<u>168</u>
	<u><u>2,572</u></u>	<u><u>235</u></u>

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

As at 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$30,492,000 (2020: HK\$29,549,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$9,584,000 (2020: HK\$12,765,000) have been past due 90 days or more and are not considered as in default due to the long-term/on-going relationship with and good repayment record of these customers. The Group does not hold any collateral over these balances.

15. FINANCIAL ASSETS AT FVTPL

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity securities listed in the PRC (<i>Note</i>)	<u>—</u>	<u>13,902</u>

Note: The equity securities were issued by a listed company in the PRC and suspended from trading on 2 July 2020. The fair value of the equity securities as at 31 December 2020 are determined based on the valuation under market approach performed by Vincorn Consulting and Appraisal Limited, a firm of independent qualified valuers.

The financial assets at FVTPL was disposed along with the disposal of the Shanghai Faye Yu Technology Company Limited (“**Shanghai Faye**”) and its subsidiary (the “**Faye Yu Group**”) on 30 March 2021.

16. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	66,299	36,405
Retention payables (<i>Note a</i>)	36,777	45,303
Accrued subcontracting charges	60,590	80,745
Accrued operating expenses (<i>Note b</i>)	2,170	54,876
Withholding tax payable related to dividend payable to non-controlling shareholder of a subsidiary	—	2,386
Dividend payable to non-controlling shareholder of a subsidiary (<i>Note c</i>)	—	9,544
	<u>165,836</u>	<u>229,259</u>

Notes:

- (a) In accordance with the normal practice of the industry, a certain percentage of contract sums is usually withheld by the Group as retention money for a period of one to two years after the work of subcontractors has been completed.
- (b) Included in the balance as at 31 December 2020, is an amount due to 達飛雲貸科技（北京）有限公司 (Dafy Yundai Technology (Beijing) Co., Ltd.)* (“**Dafy Yundai**”) of approximately HK\$6,524,000. This related company is controlled by Mr. Gao Yunhong, a former director of the Company for license fee payable and rental deposit refund received by the Group on behalf of Dafy Yundai to this related company.

Included in the balance as at 31 December 2020 is an amount due to 深圳達飛科技控股有限公司 (Shenzhen Dafy Technology Holding Co., Ltd.)* (“**Shenzhen Dafy**”) of approximately HK\$7,106,000 for the purchase of a risk management and operations management system from Shenzhen Dafy and other operating expenses paid by Shenzhen Dafy on behalf of the Group.

Amounts were derecognised due to disposal of subsidiaries for the year ended 31 December 2021.

- (c) Included in the balance as at 31 December 2020, is a dividend payable to a non-controlling shareholder of a subsidiary, 上饒市紅淼信息科技有限公司 of approximately HK\$9,544,000 (equivalent to RMB8,101,000) for declared dividends for the years ended 31 December 2018 and 2019.

The credit period on trade payables is 0 to 30 days.

An aged analysis of the Group's trade payables based on invoice dates at the end of the reporting period is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables:		
1–30 days	57,802	24,202
31–60 days	48	574
61–90 days	—	132
Over 90 days	8,449	11,497
	<u>66,299</u>	<u>36,405</u>

17. CONTRACT LIABILITIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Deposits from customers	<u>—</u>	<u>31,731</u>

18. AMOUNTS DUE TO A SHAREHOLDER

The amounts are unsecured, interest-free and repayable within one year from the end of the reporting period. On 24 December 2021, a winding-up petition was presented by Gentle Soar Limited, a shareholder of the Company against Jet Speed, an indirect wholly-owned subsidiary of the Company for the sum of approximately HK\$14,149,000, allegedly being the monies paid, injected and/or credited to Jet Speed by Gentle Soar during the period from around 15 August 2018 to 21 May 2021. As of the date of this announcement, the case is still ongoing.

19. DISCONTINUED OPERATIONS

Disposal of consultancy service segment

On 10 February 2021, the Group disposed of its entire equity interests in Fruit Design & Build Limited (“**Fruit Design**”) for cash consideration of approximately HK\$8,500,000, and thereafter the Group ceased the operation of provision of consultancy services.

Fruit Design carried out the Group's consultancy service business, which was a separate reportable and operating segment of the Group, hence the consultancy services segment was a discontinued operation of the Group upon completion of the disposal.

The results of the consultancy service segment for the period from 1 January 2021 to 10 February 2021 have been presented as part of the profit or loss for the year ended 31 December 2021 from discontinued operations of the Group in the consolidated statement of profit or loss and other comprehensive income. The comparative figures in the consolidated financial statements in respect of the preceding year have been restated to re-present the results and cash flows of the discontinued consultancy services segment as discontinued operations accordingly.

	Period from 1 January 2021 to 10 February 2021 (Completion date) HK\$'000	Year ended 31 December 2020 HK\$'000
Revenue	2,882	44,983
Cost of services	<u>(2,131)</u>	<u>(41,287)</u>
Gross profit	751	3,696
Other income	—	3,797
Impairment losses under ECL model, net of reversal	—	(52)
Administrative expenses	(1,040)	(15,020)
Finance costs	<u>(1)</u>	<u>(10)</u>
Loss before tax	(290)	(7,589)
Income tax credit	<u>—</u>	<u>127</u>
Loss for the period/year	(290)	(7,462)
Gain on disposal of a subsidiary	<u>5,437</u>	<u>—</u>
Profit/(loss) for the period/year from discontinued operations	<u><u>5,147</u></u>	<u><u>(7,462)</u></u>

Profit/(loss) for the period/year from the discontinued operation is arrived at after charging:

	Period from 1 January 2021 to 10 February 2021 (Completion date) HK\$'000	Year ended 31 December 2020 HK\$'000
Salaries and other allowances	2,037	23,165
Retirement benefit scheme contributions, excluding those of directors	<u>70</u>	<u>759</u>
Total staff costs	<u><u>2,107</u></u>	<u><u>23,924</u></u>
Depreciation of property, plant and equipment	73	761
Depreciation of right-of-use assets	<u>11</u>	<u>88</u>

Cash flows from discontinued operation for the period/year are as follows:

	Period from 1 January 2021 to 10 February 2021 (Completion date)	Year ended 31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from/(used in) operating activities	450	(10,051)
Net cash used in investing activities	—	(200)
Net cash used in financing activities	<u>(13)</u>	<u>(76)</u>

The analysis of assets and liabilities of Fruit Design at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	1,835
Right-of-use assets	326
Deferred tax assets	3
Contract assets	401
Trade and other receivables	11,950
Tax recoverable	1,166
Bank balances and cash	2,473
Trade and other payable	(8,515)
Amount due to a fellow subsidiary	(6,248)
Lease liabilities	<u>(328)</u>
	3,063
Gain on disposal of a subsidiary	<u>5,437</u>
Total consideration	<u>8,500</u>
	<i>HK\$'000</i>
Net cash inflow arising on disposal:	
Cash consideration received	8,500
Less: bank balances and cash disposed of	<u>(2,473)</u>
	<u>6,027</u>

Disposal of financial information and technology service segment

During the year ended 31 December 2021, the Group entered into sale and purchase agreement on 30 March 2021 to dispose Shanghai Faye Yu and on 28 May 2021 to dispose Tianjin Turing Technology Information Consultancy Limited (“**Tianjin Turing**”), both of which were principally engaged in provision of financial information and technology services in the PRC. The disposals were completed on the dates of the respective sale and purchase agreements.

Subsequent to the resignation of certain former directors of the Company (the “**Outgoing Directors**”) and senior management personnel of the Group who were responsible for the financial information and technology services segment on 14 December 2021, the Company has resolved that the Group shall cease the business of the financial information and technology services segment. On 24 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital in Growth Profit International Limited (“**Growth Profit**”) at the consideration of HK\$1. Prior to its disposal, Growth Profit and its subsidiaries (the “**Growth Profit Group**”) were principally engaged in the provision of debt restructuring and debt collection services in the PRC, which was part of the financial information and technology services segment of the Group. Completion of the Growth Profit Disposal took place on 24 March 2022. As disclosed in Note 20, the assets and liabilities of Growth Profit Group have been reclassified as assets of disposal group held for sale and liabilities directly associated with disposal group held for sale in the consolidated financial statements of the Group with effect from 14 December 2021.

As a result of the abovementioned disposals, the Group has completed the disposal of the entire financial information and technology services segment of the Group upon completion of the disposal of the Growth Profit Group on 24 March 2022. As the Growth Profit Group was a disposal group classified as held for sale as at 31 December 2021, the financial information and technology services segment was considered to be a discontinued operation in the consolidated financial statements for the year ended 31 December 2021. The results of the financial information and technology services segment for the periods from 1 January 2021 to the dates of disposal, or 31 December 2021 in the case of the disposal group held for sale, of the abovementioned subsidiaries have been presented as profit or loss from discontinued operation in the Group’s consolidated statement of profit or loss for the year ended 31 December 2021, and the comparative figures in the consolidated financial statements in respect of the preceding year have been restated to re-present the results and cash flows of the financial information and technology services segment as discontinued operations accordingly.

	Period from 1 January 2021 to derecognition dates or 31 December 2021 HK\$'000	Year ended 31 December 2020 HK\$'000
Revenue	8,209	17,017
Cost of services	(5,626)	(21,680)
Gross profit/(loss)	2,583	(4,663)
Other income	2,477	16,225
Other gains and losses	2,710	(17,214)
Impairment losses under ECL model, net of reversal	—	(290,897)
Administrative expenses	(4,639)	(27,644)
Finance costs	—	(37)
Profit/(loss) before tax	3,131	(324,230)
Income tax expense	(15)	(37,726)
Profit/(loss) for the period/year	3,116	(361,956)
Gain on disposal of subsidiaries	97,996	—
Profit/(loss) for the period/year from the discontinued operations	101,112	(361,956)

Profit/(loss) for the period/year from the discontinued operation is arrived at after charging:

	Period from 1 January 2021 to derecognition dates or 31 December 2021 HK\$'000	Year ended 31 December 2020 HK\$'000
Salaries and other allowances	2,024	29,749
Retirement benefit scheme contributions, excluding those of directors	207	1,242
Total staff costs	<u>2,231</u>	<u>30,991</u>
Impairment loss of intangible asset	—	5,225
Amortisation of intangible asset	—	821
Depreciation of property, plant and equipment	—*	418
Depreciation of right-of-use assets	—	1,907
	<u>—</u>	<u>8,371</u>

* The amount is less than HK\$1,000.

Cash flows from discontinued operation for the period/year are as follows:

	Period from 1 January 2021 to derecognition dates or 31 December 2021 HK\$'000	Year ended 31 December 2020 HK\$'000
Net cash used in operating activities	(2,892)	(116,433)
Net cash generated from investing activities	—	250
Net cash used in financing activities	—	(8,870)
	<u>—</u>	<u>(124,053)</u>

(a) Faye Yu Disposal

On 30 March 2021, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group agreed to sell and the independent third party agreed to acquire the entire issued share capital of Shanghai Faye Yu, and its subsidiaries which were engaged in provision of financial information and technology services, for an aggregate consideration of approximately RMB1 (the “Faye Yu Disposal”).

Upon the completion of the disposal on 30 March 2021, Faye Yu Group ceased to be wholly-owned subsidiaries of the Group and the Group ceased to have any interests in Faye Yu Group, hence the results, cash flows, assets and liabilities of Faye Yu Group were no longer consolidated in the consolidated financial statements of the Group after that date.

The analysis of assets and liabilities of Faye Yu Group at the date of disposal were as follows:

	<i>HK\$'000</i>
Trade and other receivables	51,161
Amount due from fellow subsidiaries	4,849
Financial assets at FVTPL	16,833
Bank balances and cash	2,875
Trade and other payables	(64,404)
Contract liabilities	(86)
Tax payable	(120,786)
	<hr/>
	(109,558)
Release of translation reserve	(11,959)
Non-controlling interests	24,673
Gain on disposal of subsidiaries	96,844
	<hr/>
Total consideration	<u><u>—</u></u> *
	<i>HK\$'000</i>
Net cash inflow arising on disposal:	
Cash consideration received	<u><u>—</u></u> *
Less: bank balances and cash disposed of	(2,875)
	<hr/>
	<u><u>(2,875)</u></u>

* The amount is less than HK\$1,000.

(b) Tianjin Turing Disposal

On 28 May 2021, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group agreed to sell, and the independent third party agreed to acquire, the entire issued share capital of Tianjin Turing, and its subsidiaries (the “**Tianjin Turing Group**”), which were engaged in provision of financial information and technology services, for an aggregate consideration of approximately RMB1 (the “**Tianjin Turing Disposal**”).

Upon the completion of the disposal on 28 May 2021, Tianjin Turing Group ceased to be wholly-owned subsidiaries of the Group and the Group ceased to have any interests in Tianjin Turing Group, hence the results, cash flows, assets and liabilities of Tianjin Turing Group no longer were consolidated in the consolidated financial statements of the Group after that date.

The analysis of assets and liabilities of Tianjin Turing Group at the date of disposal were as follows:

	<i>HK\$'000</i>
Trade and other receivables	1,339
Bank balances and cash	4,607
Trade and other payables	<u>(7,348)</u>
	(1,402)
Release of translation reserve	6
Non-controlling interests	244
Gain on disposal of subsidiaries	<u>1,152</u>
Total consideration	<u><u>—</u>*</u>
	<i>HK\$'000</i>
Net cash inflow arising on disposal:	
Cash consideration received	<u>—</u> *
Less: bank balances and cash disposed of	<u>(4,607)</u>
	<u><u>(4,607)</u></u>

* The amount is less than HK\$1,000.

20. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As disclosed in Note 19 to the consolidated financial statements, subsequent to the resignation of the Outgoing Directors and certain senior management personnel of the Group who were responsible for the financial information and technology services segment. On 14 December 2021, the Company has resolved that the Group shall cease the business of the financial information and technology services segment. As at 14 December 2021, the disposals of the Faye Yu Group and Tianjin Turing Group have been completed on 30 March 2021 and 28 May 2021 respectively and Growth Profit and its subsidiary Shenzhen Heshilao Intelligence Technology Company Limited* (深圳和事佬智能科技有限公司) (collectively, the “**Held for Sale Subsidiaries**”) were the remaining subsidiaries of the Group belonging to the financial information and technology services segment.

As at 14 December 2021, which was the date of discontinuance of the discontinued operations of the financial information and technology service segment, the Directors were committed to a plan to sell the Held for Sale Subsidiaries, which were available for immediate sale and the sale was considered highly probable. Accordingly, the carrying amounts of the assets and liabilities of the Held for Sale Subsidiaries would be recovered principally through a sale transaction rather than through continuing use. The Held for Sale Subsidiaries were therefore reclassified as a disposal group held for sale and measured at the lower of its carrying amount and fair value less costs to sell.

However, the Group was unable to have access to the full accounting books and records and management personnel of the Held for Sale Subsidiaries. The Group was therefore unable to consolidate the financial performance and cash flows of the Held for Sale Subsidiaries from 1 January 2021 to 31 December 2021 in its consolidated financial statements for the year ended 31 December 2021. For the same reasons, the Group was unable to measure the disposal group as at 31 December 2021 at the lower of the net carrying amount of the assets and liabilities of the disposal group and its fair value less costs to sell as the carrying amounts of the assets and liabilities of the Held for Sale Subsidiaries as at 31 December 2021 could not be established.

Under the circumstances of unavailability of full accounting books and records and management personnel of the Held for Sale Subsidiaries, the Directors have determined that as the management accounts of the Held for Sale Subsidiaries for the period 1 January 2021 to 30 June 2021 and as at 30 June 2021 were previously made available to the Company for the purposes of the preparation of the unaudited interim financial report of the Company for the six months ended 30 June 2021, and in view of the fact that the Directors believed that there were minimal transactions involving the Held for Sale Subsidiaries during the intervening period from 1 July 2021 to 31 December 2021, the Held for Sale Subsidiaries shall be consolidated in the consolidated financial statements of the Group in the manner described below.

The Group has consolidated the financial performance and cash flows of the Held for Sale Subsidiaries for the period from 1 January 2021 to 30 June 2021, instead of the period from 1 January 2021 to 31 December 2021, in the consolidated financial performance and cash flows of the Group presented as results and cash flows of the Group from discontinued operations for the year ended 31 December 2021. For the same reasons as above, the Group has measured the carrying amount of the Held for Sale Subsidiaries as a disposed group held for sale in the consolidated statement of financial position as at 31 December 2021 based on the carrying amounts of the assets and liabilities of the Held for Sale Subsidiaries at 30 June 2021, instead of the carrying amounts at 31 December 2021. The directors believe that the results and cash flows from discontinued operations of the Group for the year ended 31 December 2021 and its consolidated financial position as at 31 December 2021 would not be materially affected by the adoption of the approach described above.

On 24 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital in Growth Profit and its subsidiary at the consideration of HK\$1. Completion of the Growth Profit Disposal took place on 24 March 2022.

The assets and liabilities of Held for Sale Subsidiaries, which belonged to the financial information and technology services segment, have been classified as assets and liabilities classified as held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2021.

The major classes of assets and liabilities of the Held for Sale Subsidiaries classified as held for sale are as follows:

	<i>HK\$'000</i>
Property, plant and equipment	11
Trade and other receivables	4,634
Bank balances and cash	<u>1,393</u>
Total assets classified as held for sale	<u><u>6,038</u></u>
Trade and other payables	<u>(6,553)</u>
Total liabilities classified as held for sale	<u><u>(6,553)</u></u>

Cumulative amount of approximately HK\$53,000 relating to the Growth Profit Group classified as held for sale has been recognised in other comprehensive income and included in equity.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

As at 31 December 2021, the principal business activity of the Group is the Construction Segment.

Construction Segment

The Construction Segment is principally engaged in the provision of contracting services for alteration and addition works, maintenance, specialist works and new development, and consulting services for alteration and addition works, new development, licensing and building services for buildings in Hong Kong. The Group provides a one-stop integrated solution for both contracting and consulting services from project planning, resources allocation, subcontractor management and material procurement to monitoring and quality assurance, and to offering value-adding services such as providing advice on designs to the Group's customers.

During the year ended 31 December 2021, the Group discontinued the business of the provision of consultancy services of the Construction Segment, details of which have been set out in the sub-section headed "Discontinued Operations" below.

Financial Segment

The Financial Segment is principally engaged in the provision of financial information and technology services to individuals in the PRC with the aim of changing consumer habits through providing a wide range of financial products or services to improve customers' accessibility of financial services. The Group will act as a financial intermediary to leverage on risk management and operations management's systems and other related technologies to analyse big data, assess risk levels, and match the financial needs of services providers and consumers by adopting artificial intelligence.

Following the resignation of the former Directors, namely, Mr. Gao Yunhong, Ms. Feng Xuelian and Ms. Chang Liang (collectively, the "**Outgoing Directors**") on 14 December 2021 subsequent to the change in control of the Company, the Company has discontinued the operations of the Financial Segment. For details, please refer to the sub-section headed "Discontinued Operations" below.

CHANGE OF CONTROLLING SHAREHOLDERS AND BOARD COMPOSITION

On 26 April 2021, CMBC Capital Finance Limited (“**CMBCCFL**”) effected the transfer of 652,680,000 shares of the Company (the “**Shares**”), representing 49% of the entire issued share capital of the Company which was charged by Gentle Soar Limited (“**Gentle Soar**”) in favour of CMBCCFL to Masterveyor Holdings Limited (“**Masterveyor**”), a company incorporated in the British Virgin Islands, in exercising its rights under the certain finance documents executed by Gentle Soar in favour of CMBCCFL. Masterveyor is wholly-owned by Mr. Ng Kin Siu (“**Mr. Ng**”), an executive Director and chief executive officer of the Company, who was subsequently appointed as chairman of the Board on 14 December 2021. On 3 June 2021, Masterveyor has made a mandatory unconditional cash offer to acquire all the issued shares (other than those owned or agreed to be acquired by Masterveyor and parties acting in concert with it) (the “**Offer**”) pursuant to rule 26.1 of the Takeovers Code. The offer closed at 4:00 p.m. on 12 July 2021. Since 26 April 2021, Masterveyor and Mr. Ng have become the controlling shareholders of the Company.

Following the change in control of the Company, each of the Outgoing Directors together with Mr. Wong Chi Shing, a former independent non-executive Director, have resigned as a Director.

DISCONTINUED OPERATIONS

During the year ended 31 December 2021, the Group discontinued the business of the provision of consultancy services of the Construction Segment along with the disposal of Fruit Design and Build Limited (“**Fruit Design**”), details of such disposal are set out in the section headed “Material Acquisitions and Disposals of Subsidiaries” below.

The Financial Segment was operated and supervised by the Outgoing Directors through the Company’s indirect wholly-owned subsidiaries Shanghai Faye Yu Technology Company Limited (“**Shanghai Faye Yu**”) and its subsidiaries (the “**Faye Yu Group**”), Tianjin Tuling Technology Information Consultancy Limited* (天津圖靈科技信息諮詢有限公司) (“**Tianjin Tuling**”) and its subsidiaries (the “**Tianjin Tuling Group**”) and Growth Profit International Limited (“**Growth Profit**”) which in turn held 80% equity interest of (the “**Growth Profit Group**”). On 30 March 2021 and 28 May 2021, the Company has completed the disposal of the Faye Yu Group and the Tianjin Tuling Group, details of which are set out in the section headed “Material Acquisitions and Disposals of Subsidiaries” below. On 14 December 2021, the Outgoing Directors have resigned and the Company no longer has sufficient personnel who possesses the necessary experience and/or qualification to operate the business activity of the Financial Segment. As a result of which, the Company has discontinued the operations of the Financial Segment and the assets and liabilities of the Growth Profit Group have been classified as assets and liabilities classified as held for sale.

FULFILMENT OF RESUMPTION CONDITIONS AND RESUMPTION OF TRADING

As the auditor of the Company has issued a disclaimer opinion in relation to the consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Disclaimer Opinion**”), trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 31 March 2021 in accordance with Rule 13.50A of the Listing Rules.

On 17 May 2021, the Stock Exchange has issued a resumption guidance to the Company. On 2 September 2021, the Stock Exchange has issued an additional resumption guidance to the Company. All resumption conditions imposed on the Company by the Stock Exchange (including but not limited to addressing the issues giving rise to the 2020 Disclaimer Opinion) have been fully fulfilled to the Stock Exchange’s satisfaction, trading in the Shares on the Stock Exchange has resumed with effect from 9:00 a.m. on 5 November 2021. For details, please refer to the announcements of the Company dated 31 March 2021, 20 May 2021, 6 September 2021, 13 September 2021 and 4 November 2021.

PROPOSED CHANGE OF COMPANY NAME

On 28 December 2021, the Company has announced its intention to change its English name from “**Steering Holdings Limited**” to “**FDB Holdings Limited**” and its dual foreign name in Chinese from “**旭通控股有限公司**” to “**豐展控股有限公司**” (the “**Proposed Change of Company Name**”). On 25 January 2022, the Company has passed a Special Resolution approving the Proposed Change of Company Name subject to and conditional upon the approval of the Registrar of Companies in the Cayman Islands having been obtained. The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 28 January 2022, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 21 March 2022. The Company is now making necessary applications with the Stock Exchange for change of stock short names on the Stock Exchange. The Directors are of the view that the Proposed Change of Name will symbolize a new era of the Group alongside with the change in control of the Company in April 2021. Further announcements will be made if and when appropriate.

BUSINESS REVIEW AND OUTLOOK

During the year ended 31 December 2021, the Group continued to develop contracting services in the Construction Segment in Hong Kong.

With the outbreak of the coronavirus pandemic (the “**COVID-19**”) in Hong Kong which have led to the implementation of travel restrictions and social distancing measures, coupled with the effect of China-US trade dispute, the cash crunch of Chinese real estate developers as the economic downturn, the business operation of the Group has been severely affected.

For the year ended 31 December 2021, the Company has undertaken 51 contracting projects with revenue contribution. With the discontinuance of the operation of the Financial Segment, the Group considers that it would be able to utilise the resources of the Group in a more effective manner.

Due to the high risk profile of the Financial Segment as well as unsatisfactory financial performance of the Group in previous years, the financing banks of the Group have adopted strengthened credit measures towards the Group and tightened the credit control over the Group, including but not limited to accelerating loan repayments and reducing the credit facility limits. With the change of controlling shareholders of the Company as well as the streamlining of the principal businesses of the Group, the Group will explore with its financial banks on various financing options and possibilities to enhance the financial position of the Group.

Looking forward, the Group will conduct a detailed review of the existing principal business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group’s future development. In particular, the Group will look into business and investment opportunities in different business areas and geographical locations and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, and/or restructuring of the business will be appropriate in order to enhance the long-term growth potential of the Group. The Group also intends to leverage upon the expertise and business opportunities that Mr. Ng may have in his sectors of real estate development, property project management and financial services and expand the income stream of the Group. Further announcement(s) in this regard will be made as and when appropriate.

FINANCIAL REVIEW

During the Year, due to the slow down of the economy in the PRC and Hong Kong and the outbreak of COVID-19, the revenue of the Group decreased by approximately HK\$29.6 million or 7.2% to approximately HK\$382.3 million (2020: HK\$411.9 million). The Group recorded a gross loss of approximately HK\$29.9 million (2020: HK\$9.1 million). During the Year, the Group recognised impairment losses under ECL model, net of reversal of approximately HK\$2.9 million (2020: HK\$20.2 million). As a result, the Group recorded a net loss for the Year of approximately HK\$64.8 million (2020: net loss of HK\$60.1 million) attributable to owners of the Company from continuing operations.

Construction segment

During the Year, the demands of the Group's contracting services dropped as compared with the previous year due to the economic downturn in Hong Kong. All the services involved in the construction segment including alternation and addition works, maintenance, specialist works and new development and licensing were severely affected. As a result, the revenue of contracting services declined by approximately 7.2% from approximately HK\$411.9 million for the year ended 31 December 2020 to approximately HK\$382.3 million for the Year.

The contracting services recorded a gross loss of approximately HK\$29.9 million for the Year (2020: HK\$9.1 million) and recorded a gross loss margin of 7.8% for the relevant period (2020: 2.2%).

The gross loss of contracting services was mainly due to (i) the decrease in gross profit of our top five projects in terms of the contract size; and (ii) high costs of the project team and operating team incurred in maintaining competitiveness of the Group in the tender bidding of other projects in the coming years.

Other Income

Other income amounted to approximately HK\$0.7 million for the Year (2020: HK\$6.6 million), representing a decrease of approximately 89.8%, which due to the one-off income that only included for the year ended 31 December 2020 comprising approximately HK\$5.6 million of Employment Support Scheme in Hong Kong.

Other Gains and Losses, net

The Group has other net losses of approximately HK\$0.4 million (2020: HK\$6.8 million) for the Year. It mainly resulted from the net exchange loss of approximately HK\$0.3 million (2020: the gain on disposal of subsidiaries, of approximately HK\$1.9 million and offset by the effect of impairment losses of right-of-use assets of approximately HK\$5.0 million, impairment losses of property, plant and equipment of approximately HK\$0.9 million, loss on disposal of property, plant and equipment of approximately HK\$0.1 million and the net exchange losses of approximately HK\$2.7 million).

Impairment losses, net of reversal

During the Year, the impairment losses, net of reversal decreased by approximately HK\$17.2 million or 85.5% to approximately HK\$2.9 million (2020: HK\$20.2 million) which is in relation to construction segment services.

Details of impairment losses, net of reversal for the Year:

Impairment losses recognised on:	Non credit-impaired <i>HK\$ million</i>
Trade and retention receivables	1.5
Other receivables and deposits	(0.2)
Contract assets	1.6
	<hr/>
Total	<u>2.9</u>

The Group has applied the simplified approach in HKFRS to measure the loss allowance at lifetime ECL by using a provision matrix on a portfolio basis with reference to the Company's historical and the counterparties' industry default data, among others, historical aging schedules, settlement and default records, industry credit data and default records, and forward-looking information. The core inputs of the assessment models are consistent with last year. The Group has applied the general approach in HKFRS 9 to measure the 12-month or lifetime ECL with reference to the Company's historical and the counterparties' industry default data, among others, historical aging schedules, settlement and default records, industry credit data and default records, and forward-looking information. The Group has engaged an independent valuer to perform impairment assessment. The core inputs of the assessment models are consistent with last year.

Trade and retention receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount trade debt at the end of the reporting period to ensure that adequate impairment loss is recognised for irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 December 2021 on the trade and retention receivables from the Group's five major customers amounting to approximately HK\$72,179,000 (2020: HK\$30,779,000) and accounted for 75% (2020: 37%) of the Group's total trade and retention receivables. In the opinion of the directors of the Company, the major customers of the Group are reputable organisation in the market. The directors of the Company consider that the credit risk is limited in this regard. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Credit-impaired debtors are assessed for impairment individually, the remaining trade and retention receivables and contract assets are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. During the year ended 31 December 2021, net impairment losses of approximately HK\$1,511,000 and HK\$1,569,000 (2020: HK\$123,246,000 and HK\$6,079,000) are recognised for trade and retention receivables and contract assets, respectively.

Other receivables and deposits

During the year ended 31 December 2020, the directors of the Company estimate the loss rates of deposits to a credit service provider and a financial institution and other receivables from a credit service provider based on historical credit loss experience of these counterparties as well as other factors, including the operation scale and business performance of these counterparties.

For the year ended 31 December 2020, impairment losses of approximately HK\$36,537,000 and HK\$77,544,000 are recognised for deposits to a credit service provider and a financial institution and other receivables from a credit service provider, respectively. For the year ended 31 December 2021, reversal of impairment losses of approximately HK\$161,000 are recognised for the remaining other receivables and deposits (2020: impairment loss of approximately HK\$79,851,000).

Administrative Expenses

Administrative expenses of the Group increased by approximately HK\$3.8 million or 13.6% from approximately HK\$28.2 million for the year ended 31 December 2020 to approximately HK\$32.0 million for the Year. Such increase was primarily due to increased salaries and other allowances during the Year.

Finance Costs

Finance costs of the Group decreased by 84.9% from approximately HK\$1.9 million for the year ended 31 December 2020 to approximately HK\$0.3 million for the Year, as the interest paid for the bank overdrafts and bank borrowings declined for the Year.

Income Tax Expense

The Group had no income tax expenses for the Year, as there is no assessable profit recorded. For the year ended 31 December 2020, the Group recorded income tax expenses of approximately HK\$0.7 million.

Discontinued Operations

Profit for the year from discontinued operations was approximately HK\$106.3 million for the Year (2020: loss for the year from discontinued operations was approximately HK\$369.4 million). It was primarily attributable to (i) gain on disposal of subsidiaries; and (ii) decrease in impairment losses recorded from discontinued operations for the Year.

Profit/Loss and Total Comprehensive Income/Loss for the Year Attributable to the Owners of the Company

Profit for the year attributable to the owners of the Company was approximately HK\$40.1 million for the Year (2020: loss for the year attributable to the owners of the Company of HK\$245.0 million).

It was primarily attributable to the net effect of (i) the decrease in revenue of construction segment services; (ii) impairment losses recorded for the Year; and (iii) gain on disposal of subsidiaries from discontinued operations.

Total comprehensive income for the year attributable to the owners of the Company was approximately HK\$22.4 million (2020: total comprehensive loss for the year attributable to the owners of the company of HK\$230.9 million).

It was primarily attributable to the net effect of (i) the decrease in revenue of construction segment services; (ii) impairment losses recorded for the Year; (iii) gain on disposal of subsidiaries from discontinued operations; (iv) exchange loss on disposals of subsidiaries and translation from functional currency to presentation currency; and (v) the fair value loss on the change in fair value of equity instruments through other comprehensive income.

Equity instruments at fair value through other comprehensive income

Equity instruments at fair value through other comprehensive income (“**FVTOCI**”) represents investments in the ordinary shares of an entity listed in Hong Kong which are held for long-term strategic purposes. FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the investment revaluation reserve. The fair value of the equity is determined based on the quoted market price available on the Stock Exchange.

During the Year, the equity instruments at FVTOCI were disposed (31 December 2020: the fair value of equity instruments at FVTOCI was approximately HK\$18.5 million) and loss recognised in other comprehensive income during the Year amounted to approximately HK\$4.8 million (2020: HK\$1.2 million). During the Year, the Company had no dividend received from FVTOCI (2020: HK\$0.5 million).

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent investment in the equity securities issued by a listed company in the PRC. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses, net” line item in profit or loss. The fair value of the equity securities as at 31 December 2020 are determined based on the valuation under market approach performed by independent qualified valuer.

During the Year, the Group disposed the financial assets at FVTPL and had recognised a gain on fair value change of approximately HK\$2.8 million for the year ended 31 December 2021. As at 31 December 2020, the fair value of financial asset at FVTPL was approximately HK\$13.9 million and loss from change in fair value of financial assets at FVTPL recognised in other gains and losses amounted to approximately HK\$11.9 million during the year ended 31 December 2020. During the Year, the Company did not receive any dividend from FVTPL (2020: nil).

LIQUIDITY AND FINANCIAL RESOURCES

Net borrowing position

The total borrowings, including bank overdrafts and bank borrowings and amounts due to shareholders, as at 31 December 2021 decreased by approximately HK\$4.8 million to approximately HK\$14.1 million (31 December 2020: HK\$18.9 million). The change in total borrowings was mainly attributable to decrease in bank overdrafts and bank borrowings of approximately HK\$6.5 million during the Year. Bank balances and cash and pledged deposits as at 31 December 2021 dropped by approximately HK\$30.2 million to approximately HK\$19.4 million (31 December 2020: HK\$49.6 million). Therefore, the net cash position of the Group declined to approximately HK\$5.3 million (31 December 2020: HK\$30.7 million).

Structure of bank overdrafts and bank borrowings and amounts due to a shareholder

As at 31 December 2021, bank balances and cash and pledged deposits of the Group denominated in Hong Kong dollar (31 December 2020: denominated in Hong Kong dollar and Renminbi approximately HK\$49.6 million and approximately HK\$6.1 million respectively).

As at 31 December 2021, the Group had amounts due to a shareholder amounted to approximately HK\$14.1 million (31 December 2020: HK\$12.4 million), and the Group had no bank overdraft or bank borrowing (31 December 2020: the Group's bank overdraft and bank borrowings amounted to approximately HK\$6.5 million), all of which (31 December 2020: all) were denominated in Hong Kong Dollars. As at 31 December 2020, the effective interest rate was 2.97%. As at 31 December 2021, all bank overdrafts and bank borrowings and amounts due to shareholders were wholly repayable within one year or on demand (31 December 2020: all). As at 31 December 2021, all bank overdrafts and bank borrowings (31 December 2020: all) were charged with reference to the variable-rate and all amounts due to a shareholder (31 December 2020: all) were interest-free.

Liquidity ratios and gearing ratios

The current ratio of the Group as at 31 December 2021 was 1.25 times (31 December 2020: 0.96 times). Such increase was primarily attributable to the one-off impairment losses recognised of approximately HK\$311.1 million during the year ended 31 December 2020.

The gearing ratio, calculated based on the total borrowings including bank borrowings and amounts due to shareholders divided by total equity at the end of the Relevant Period and multiplied by 100%, decreased to approximately 28.4% as at 31 December 2021 from approximately 816.3% as at 31 December 2020. The gearing ratio decreased as the total borrowings decreased during the Year.

CAPITAL STRUCTURE

Funding policy and treasury policy

The Group maintains a prudent funding and treasury policy of its overall business operations to minimise financial risks. Surplus funds are generally placed in short term deposits denominated primarily in Hong Kong Dollars or Renminbi. All future projects will be financed by cash flows from operations, banking facilities, or any forms of financing available in Hong Kong and the PRC.

The Group regularly monitors its liquidity requirements and its relationship with bankers to ensure that it maintains sufficient reserves of cash and an adequate committed line of funding from major financial institutions to meet its liquidity requirements in the short and long term.

As at 31 December 2021, the Company's issued share capital was approximately HK\$13,320,000 (31 December 2020: HK\$13,320,000) and the number of issued ordinary shares was 1,332,000,000 (31 December 2020: 1,332,000,000) of HK\$0.01 each.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

Most of the operations of the Group were carried out in Hong Kong. The transactions were denominated in Hong Kong Dollars (2020: approximately 96.4% and 3.6% of the revenue transactions were denominated in Hong Kong Dollars and Renminbi respectively). The management of the Company has been closely monitoring the Group's exposure to foreign exchange fluctuations in Renminbi and is of the view that there is no material unfavourable exposure to foreign exchange fluctuations in Renminbi. The Group will continuously review the economic situation, development of the Group's business segments and its overall foreign exchange rate risk profile, and will consider appropriate hedging measures in the future as and when necessary. As of 31 December 2021, the Group had no significant exposure to fluctuations in exchange rates or under foreign exchange contracts, interest, currency swaps or other financial derivatives (31 December 2020: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Whilst the Group will continue to solidify its business and clientele in the construction industry, the Group will look into business and investment opportunities for business expansion and capital injection in order to enhance the long-term growth potential of the Group, as at 31 December 2021, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Fruit Design

On 22 January 2021, FDB & Associates Limited, a direct wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Mr. Ip Kong Ling (“**Mr. Ip**”), a director of Fruit Design, to dispose of the entire issued share capital of Fruit Design, an indirect wholly-owned subsidiary of the Company at a consideration of HK\$8,500,000 (the “**Fruit Design Disposal**”).

Fruit Design was principally engaged in contracting business and provision of building consultancy services prior to the entering and completion of a Business Transfer Agreement dated 25 September 2020 with Win Lee Building Engineering Limited (“**Win Lee**”), another indirect wholly-owned subsidiary of the Company, pursuant to which Fruit Design has transferred the contracting business of the Construction Segment (including all assets and liabilities related therein) to Win Lee (the “**Business Transfer**”) such that the entire contracting business of the Construction Segment previously operated by Fruit Design will be retained and continued to be operated by the Group through Win Lee and Fruit Design would will be principally engaged in building consultancy services of the Construction Segment.

The consideration of the Fruit Design Disposal was determined after arm’s length negotiations with reference to various factors, including but not limited to the market value of the entire issued share capital of Fruit Design after the Business Transfer and its pro forma unaudited consolidated net asset value as at 31 August 2020.

Completion of the Fruit Design Disposal was conditional upon, among other things, satisfactory results of the due diligence on Fruit Design, completion of the Business Transfer and all necessary authorisations having been obtained, and has taken place on 10 February 2021. Upon completion of the Fruit Design Disposal, Fruit Design had ceased to be a subsidiary of the Company and the Group had discontinued the business of the provision of consultancy services of the Construction Segment.

The proceeds from the Fruit Design have been applied towards the general working capital of the Group and repayment of bank loans of the Construction Segment.

As Mr. Ip was a director of Fruit Design, Mr. Ip is a connected person of the Company at the subsidiary level under the Listing Rules. As the Stock Exchange had accepted the Company's application to use the alternative size tests in relation to the Fruit Design Disposal, all the applicable percentage ratios for the Disposal were less than 25% and the aggregate consideration for the Fruit Design Disposal is less than HK\$10,000,000, the Disposal shall not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules but is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules. For details, please refer to the announcements of the Company dated 5 October 2020, 22 January 2021 and 2 February 2021.

Shanghai Faye Yu

On 30 March 2021, Jet Speed Asia Pacific Limited ("**Jet Speed**"), an direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Shanghai Faye Yu, an indirect wholly-owned subsidiary of the Company at the consideration of RMB1 (the "**Shanghai Faye Yu Disposal**"). Prior to the Shanghai Faye Yu Disposal, Shanghai Faye Yu held 51% equity interest in Shangrao Hongmiao Information Technology Co., Ltd.* (上饒市紅淼信息科技有限公司), which in turn held 100% equity interest in Shenzhen Yunteng Dafy Technology Company Limited* (深圳雲騰達飛科技有限公司) and Beijing Yunyang Dafy Technology Company Limited* (北京雲揚達飛科技有限公司), and had effective control over the finance, operation and assets of Shenzhen Qianhai Weiyuan Zhicheng Operation Management Technology Co., Ltd* (深圳前海微遠至誠運營管理科技有限公司) by virtue of a variable interest entity (VIE) structure established through a series of agreements. Shanghai Faye Yu was principally engaged in the provision of computer information network, electronic technology development consulting and advertising and the Faye Yu Group carried out the loan facilitation business of the Group in the PRC.

The consideration of the Shanghai Faye Yu Disposal was determined after arm's length negotiations with reference to various factors, including but not limited to net liabilities of the Faye Yu Group as at 31 December 2020 and the appraised fair value of the Faye Yu Group as assessed by an independent valuer as at 31 December 2020.

Completion of the Shanghai Faye Yu Disposal took place on 30 March 2021 and the industrial and commercial registration (工商登記) in respect of the Shanghai Faye Yu Disposal has been completed on 19 October 2021. Upon completion of the Shanghai Faye Yu Disposal, Shanghai Faye Yu and the Faye Yu Group had ceased to be subsidiaries of the Company.

Given that one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Shanghai Faye Yu Disposal exceeds 5% but is less than 25%, the Shanghai Faye Yu Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 31 March 2021, 29 April 2021, 6 September 2021 and 4 November 2021.

Tianjin Tuling

On 28 May 2021, Jet Speed entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Tianjin Tuling, an indirect wholly-owned subsidiary of the Company at the consideration of RMB1 (the “**Tianjin Tuling Disposal**”). Prior to the Tianjin Tuling Disposal, Tianjin Tuling held 80% equity interest in Qindao Zhiyunyi Technology Company Limited * (青島智雲易科技有限公司). Tianjin Tuling Group was principally engaged in consumer asset management business in the PRC.

The consideration of the Tianjin Tuling Disposal was determined after arm’s length negotiations with reference to various factors, including but not limited to net liabilities of Tianjin Tuling as at 31 December 2020 and the appraised fair value of Tianjin Tuling as assessed by an independent valuer as at 30 April 2021.

Completion of the Tianjin Tuling Disposal took place on 28 May 2021. Upon completion of the Tianjin Tuling Disposal, Tianjin Tuling and the Tianjing Tuling Group had ceased to be a subsidiary of the Company.

Given that all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Tianjin Tuling Disposal are less than 5%, the Tianjin Tuling Disposal does not constitute a discloseable transaction of the Company.

Save as disclosed above and the section headed “Events after the Reporting Period”, there was no significant event that took place subsequent to 31 December 2021 and up to the date of this report.

CHARGE ON THE GROUP’S ASSETS

As at 31 December 2021, the Group has pledged its bank deposit of approximately HK\$9.9 million (31 December 2020: HK\$25.6 million) to secure the guaranteed credit facilities for issuing surety bonds and general banking facilities amounting to approximately HK\$30.7 million (31 December 2020: HK\$41.2 million).

SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group entities to issue guarantees for performance of contract works in the form of surety bonds secured by pledged bank deposits. In addition, the Group provided a counter-indemnity to the financial institutions which have issued such surety bonds.

As at 31 December 2021, the outstanding amount of surety bonds of the Group was approximately HK\$30.7 million (2020: HK\$33.2 million).

Save as disclosed above, as at 31 December 2021, the Group did not have any other material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed a total of 114 employees (2020: 207 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$54.7 million for the Year (2020: HK\$49.2 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of the individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to staff with outstanding performance to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

LITIGATION

During the period under review, the Group was involved in the following litigation cases:-

1. Board Composition Case

Reference is made to the announcement of the Company dated 15 June 2021 under the section headed "Inside information — Legal Proceedings of the Offeror" and the response document issued by the Company dated 28 June 2021 in relation to the Offer (the "**Response Document**") under the sub-section headed "HCA No. 704 of 2021" at page II-5 of the Response Document.

On 3 May 2021, Mr. Gao, a former non-executive Director and Ms. Feng Xuelian (“**Ms. Feng**”), a former executive Director, purportedly passed a Board resolution (the “**Purported Removal Resolution**”) removing each of Mr. Ng, Mr. Chan Yuk Sang (“**Mr. Chan**”), Mr. Wan Chi Wai Anthony (“**Mr. Wan**”) and Mr. Lau Kwok Fai Patrick (“**Mr. Lau**”) as Directors (the “**Purported Removal**”). On 5 May 2021, Mr. Gao and Ms. Feng purportedly passed another Board resolution (the “**Purported Appointment Resolution**”) appointing Ms. Chang Liang (“**Ms. Chang**”) as an executive Director and each of Mr. Hao Lijun (“**Mr. Hao**”), Mr. Wong Chi Shing (“**Mr. Wong**”) and Mr. Yu Xiaogeng (“**Mr. Yu**”, and collectively, the “**New Directors**”) as an independent non-executive Director (the “**Purported Appointment**”).

On 6 May 2021, Masterveyor has commenced a derivative action in the High Court of Hong Kong (the “**High Court**”) under HCA No.704 of 2021 (the “**Board Composition Case**”) against Mr. Gao, Ms. Feng, the New Directors for, among other things, (a) a declaration that each of the Purported Removal Resolution and the Purported Appointment Resolution (collectively, the “**Purported Resolutions**”) be invalid and/or void and/or otherwise of no legal effect; (b) an order that each of Mr. Gao and Ms. Feng be restrained from acting on, implementing or carrying into effect the Purported Resolutions; and (c) an order that the each of Mr. Gao, Ms. Feng and the New Directors be restrained from acting on, implementing or carrying into effect the Purported Appointment.

On 4 June 2021, upon the undertaking by Ms. Feng and Mr. Gao to Masterveyor and the High Court that each of them and servants or agents or otherwise not to act on, implement or carry into effect the Purported Resolutions pending determination of the Board or further order of the High Court, it was ordered by the High Court, among others, that the New Directors and the Company, each of them and their servants or agents or otherwise, be restrained from acting on, implementing or carrying into effect the Purported Resolutions pending determination of the Board Composition Case or further order of the High Court.

The Company has not taken any steps in the Board Composition Case and has maintained a neutral stance.

As of the date of this announcement, the Board Composition Case is still ongoing.

2. Disposal of FVTOCI Case

Reference is made to the Response Document under the sub-section headed “HCA No. 859 of 2021” at page II-7 of the Response Document.

As set out in the sub-section headed “Financial Review” under “Equity instruments at fair value through other comprehensive income” above, the Company has disposed of certain FVTOCI during the year under review. The FVTOCI was held through Jet Speed, an indirect wholly-owned subsidiary of the Company.

On 23 June 2021, Masterveyor has commenced a derivative action in the High Court under HCA No. 859 of 2021 (the “**Disposal of FVTOCI Case**”) against Ms. Feng (an executive Director and the sole director of Jet Speed at the material times), Rhythm Hope Limited (a direct wholly-owned subsidiary of the Company and the immediate holding company of Jet Speed), Jet Speed and the Company, in which it was alleged by Masterveyor that:-

- (a) the disposal of the FVTOCI (the “**FVTOCI Disposal**”) was in breach of Rule 4 of the Takeovers Code by the Company and might frustrate the progress of the Offer;
- (b) by effecting the FVTOCI Disposal, Ms. Feng has exercised her power as the sole director of Jet Speed for an improper purpose and in breach of fiduciary/directors duty owed to both Jet Speed and the Company; and
- (c) Ms. Feng was in breach of her duties as a director and/or fiduciary duties owed to Jet Speed and the Company, and thereby acted ultra vires, and/or committed a fraud on Jet Speed and the Company, and/or obtained personal benefits or preferred or promoted her personal interests at the expense of the interest of other shareholders or that of Jet Speed and the Company.

The Company has not taken any steps in the Disposal of FVTOCI Case and has maintained a neutral stance.

As of the date of this announcement, the Disposal of FVTOCI Case is still ongoing.

3. Shareholders Loan Case

Reference is made to the announcements of the Company dated 21 June 2021 and 13 July 2021 and the Response Document under the sub-section headed “Statutory Demand issued by Gentle Soar against the Company” at page II-7 of the Response Document.

On 18 June 2021, the Company received a statutory demand dated 18 June 2021 the (“**Statutory Demand**”) from the legal advisers of Gentle Soar pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), demanding the Company to pay the amount of HK\$14,148,825, purportedly being the amount paid, injected and/or credited to the Company from time to time between the period from 15 August 2018 to 18 May 2021, within 3 weeks from 18 June 2021, failing which Gentle Soar may present a winding up petition against the Company.

On 7 July 2021, Masterveyor has commenced a derivative action in the High Court under HCMP No.953 of 2021 (the “**Shareholders Loan Case**”) against Gentle Soar and the Company in relation to the Statutory Demand.

On 9 July 2021, upon the undertaking given by Gentle Soar to Masterveyor, the Company and the High Court that it will, and hereby did, withdraw the Statutory Demand, leave has been granted by the High Court to Masterveyor to discontinue the HCMP Action. Please refer to the announcements of the Company dated 18 June 2021 and 13 July 2021 for details.

4. Withholding of Records Case

Reference is made to the announcement of the Company dated 4 November 2021 under the sub-section headed “Fulfillment of Resumption Guidance — Inside Information Condition”.

On 30 August 2021, Gentle Soar has commenced a derivative action in the High Court under HCA No. 1298 of 2021 (the “**Withholding of Records Case**”) against Mr. Ng, Mr. Fung Kai Man (“**Mr. Fung**”) and the Company in relation to the alleged non-provision of books and records of certain subsidiaries of the Company. The Company understand that each of Mr. Ng and Mr. Fung denied such allegations and have contested the Withholding of Records Case.

Since the Company was sued as a nominal Defendant and no relief is sought against the Company, the Company has not taken any steps in the Withholding of Records Case and has maintained a neutral stance.

As of the date of this announcement, the Withholding of Records Case is still ongoing.

5. Jet Speed Winding-up Case

On 24 December 2021, Gentle Soar has presented a winding-up petition in the High Court under HCCW No. 482 of 2021 (the “**Jet Speed Winding-up Case**”) against Jet Speed, for the sum of HK\$14,148,825.00 (the “**Purported Shareholders Loan**”), allegedly being the monies paid, injected and/or credited to the Company by Gentle Soar during the period from around 15 August 2018 to 21 May 2021. The Company has engaged legal advisors to handle the Jet Speed Winding-up Case. As of the date hereof, Gentle Soar has yet to obtain the certificate of the Registrar of High Court showing compliance of the Companies (Winding-up) Rules (Chapter 32H of the Laws of Hong Kong).

Jet Speed is not considered as a major subsidiary of the Company under rule 13.25(2) of the Listing Rules and is a net liability company with no business operations. The Jet Speed Winding-up Case has no material adverse impact on the overall financial or operation conditions of the Group. In the event that a Winding-up order is granted against Jet Speed, the liabilities of Jet Speed, including the Purported Shareholders Loan, which were consolidated into the Group’s financial results, would be written off accordingly.

As of the date of this announcement, the Jet Speed Winding-up Case is still ongoing.

In addition to the above litigation cases, there are other ongoing litigation cases involving the shareholders of the Company, particulars of which have been set out under the sub-section headed “Litigation cases among the Offeror, Mr. Ng and Gentle Soar” at page II-8 of the Response Document. Save that the Injunction Application (as defined in the Response Document) has been dismissed by the High Court on 22 November 2021, the Company has not received any significant developments in relation to the litigation cases therein. For details, please refer to the announcement of the Company dated 24 November 2021.

ADDITIONAL INFORMATION REGARDING THE DISCLAIMER OF OPINION

As stated in the section headed “Basis for Disclaimer Opinion” in the draft extract of the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2021 (the “**Independent Auditor’s Report**”), the draft extract of which are set out in the section headed “*Extract of Independent Auditor’s Report on the Consolidated Financial Segments for the year ended 31 December 2021*” in this announcement, the auditor of the Company (the “**Auditor**”) has indicated that it would not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Disclaimer Opinion**”). The basis for the disclaimer of opinion is more particularly set out in the Independent Auditor’s Report and is essentially relating to the Faye Yu Group (as to the basis regarding “other receivables, deposits and prepayments”, “income tax payable” and “gain on disposal of subsidiaries” are concerned) (the “**Faye Yu Disclaimer**”) and the Growth Profit Group (as to the basis regarding “assets, liabilities, results and cash flows of disposal group classified as Held for Sale”) (the “**Growth Profit Qualification**”). In view of the 2021 Disclaimer Opinion, the Board would like to provide the following additional information:-

1. The Faye Yu Disclaimer

As stated in the Independent Auditor’s Report, the Auditor has indicated that it was unable to obtain sufficient appropriate audit evidence on (a) the net carrying amounts of certain deposits, prepayments and other receivables which had been long outstanding as at 31 December 2020 in relation to the Faye Yu Group (the “**Receivables**”), (b) the carrying amounts of the tax payable and related provision of the Group as at 31 December 2020 in relation to the Faye Yu Group (the “**Tax Payables**”), which were the issues giving rise to the disclaimer opinion expressed by the Auditor on the consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Disclaimer Opinion**”).

On 30 March 2021, the Group has completed the disposal of the Faye Yu Group, and the Receivables and the Tax Payables were derecognised by the Group during the year ended 31 December 2021. As disclosed in the annual results announcement of the Company dated 30 March 2021 and the subsequent announcements of the Company dated 29 April 2021 and 4 November 2021, such above issues have been satisfactorily addressed upon the disposal of the Faye Yu Group.

As disclosed in the announcement of the Company dated 4 November 2021, it was expected that the Auditor will express modified opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 in relation to the net carrying amounts of the net assets and liabilities of the Faye Yu Group at the date of disposal of approximately HK\$109,558,000 and hence the amount of the gain (or loss) on disposal of the Faye Yu Group of approximately HK\$96,844,000 and the impairment losses or reversal of impairment losses to be recognised in respect of the Receivables and the tax and related expenses for the period from 1 January 2021 to the date of disposal of the Faye Yu Group. As a result of the disposal of the Faye Yu Group, the Group has recorded a gain on disposal of subsidiaries for the year ended 31 December 2021 and the elements of which included those related to the Receivables and the Tax Payables. As disclosed in the Independent Auditor's Report, the Auditor is unable to conclude whether the gain on disposal of the Faye Yu Group of approximately HK\$96,844,000 and the impairment losses or reversal of impairment losses to be recognised in respect of the Receivables and the tax and related expenses for the period from 1 January 2021 to the date of disposal of the Faye Yu Group were appropriately stated and free from material misstatement. Since these were the consequential effects of the disposal of the Faye Yu Group, such audit modification would no longer be required on the consolidated financial statements of the Group going forward, except for the possible effects on comparability, and the issues giving rise to the Faye Yu Disclaimer have been satisfactorily addressed.

2. The Growth Profit Qualification

Immediately prior to the resignation of the Outgoing Directors on 14 December 2021, the principal business activities of the Group were the Construction Segment and the Financial Segment. The Financial Segment was operated by the Group through the Faye Yu Group, the Tianjin Tuling Group and the Growth Profit Group. The Growth Profit Group comprised of Growth Profit, which in turn held 80% of the equity interest in Shenzhen Heshilao Intelligence Technology Company Limited* (深圳和事佬智能科技有限公司) (“**Heshilao**”), a company incorporated in the PRC. The Financial Segment was operated and supervised by the Outgoing Directors who have resigned from their offices on 14 December 2021. As disclosed in sub-section headed “Discontinued Operations” above, subsequent to the resignation of the Outgoing Directors, the Company no longer has sufficient personnel who possesses the necessary experience and/or qualification to operate the business activity of the Financial Segment. As a result of which, the Group has discontinued the operations of the Financial Segment upon the resignation of the Outgoing Directors. As further disclosed in the sub-section headed “Material Acquisitions and Disposals of Subsidiaries” above, the Faye Yu Group and the Tianjin Tuling Group have been disposed of by the Group on 30 March 2021 and 28 May 2021, leaving the Growth Profit Group being the only subsidiaries of the Company in the Financial Segment.

As the Growth Profit Group has not yet been disposed of by the Group as at 31 December 2021 notwithstanding that the Group has ceased the operations of the Financial Segment, whilst the Group has consolidated the financial performance and cashflows of the Growth Profit Group for the period from 1 January 2021 to 30 June 2021, the Group has reclassified the assets and liabilities of the Growth Profit Group as held for sale and are presented as current assets and current liabilities of the Group respectively.

Since and upon the resignation of the Outgoing Directors, the Company has, either by itself, its Hong Kong legal advisors and its PRC legal advisors, made various requests and demands to the Outgoing Directors, the legal representative of Heshilao and the minority shareholder of Heshilao with the view to retrieve the full books and records of the Growth Profit Group. However, the Company has not received any substantive reply so far.

The Company has been made available of the full books and records of the Growth Profit Group up to 30 June 2021 when the interim results of the Company for the 6 months ended 30 June 2021 was prepared. Based on the books and records of the Growth Profit Group that are available to the Company, total assets and liabilities classified as held for sale are approximately HK\$6.0 million and HK\$6.6 million respectively, representing approximately 2.51% and 3.43% of the total assets and liabilities of the Group respectively as at 31 December 2021. As such, the Growth Profit Group is considered as an insignificant subsidiary of the Company.

As stated in the Independent Auditor's Report, due to the lack of access to the relevant management personnel and accounting books and records of the Growth Profit Group, the Auditor has indicated that it was unable to obtain sufficient appropriate audit evidence to satisfy themselves as to whether (i) the financial performance and cash flows of the Growth Profit Group for the year ended 31 December 2021 that should be included in the results and cash flows of the discontinued operation of the Financial Segment disclosed in Note 20 to the consolidated financial statements in this annual results announcement and presented as profit from discontinued operations of the Group for the year ended 31 December 2021; and (ii) the carrying amounts of the assets and liabilities of the Growth Profit Group as at 31 December 2021 that should be included in Assets classified as held for sale and Liabilities associated with the Growth Profit Group classified as held for sale in the consolidated statements of financial position of the Group as at 31 December 2021 were materially different from those as at and for the six months period ended 30 June 2021 disclosed in Note 20 to the consolidated financial statements in this annual results announcement which were used by the Group as the measurement basis for the carrying amounts of the assets and liabilities of the disposal group held for sale in the consolidated statement of financial position of the Group as at 31 December 2021.

On 24 March 2022, the Group has completed the disposal of the Growth Profit Group.

Based on the information available to the Company, the Directors are of the view that:-

- (1) there are minimal transactions of the Growth Profit Group occurred since 1 July 2021 and the financial position of the Group as at 31 December 2021 would not be materially affected;
- (2) as the Group has discontinued the operations of the Financial Segment, there will be no material financial effect after the disposal of Growth Profit Group relating to such segment for the year going forward;
- (3) save that there will be audit qualifications on the gain or loss on disposal of the assets classified as held for sale, such other audit modifications would not be required for the year going forward.

Based on the foregoing, the Directors are of the view that:- (i) the Growth Profit Qualification has been addressed; (ii) any modified opinion in the forthcoming year in respect of the Growth Profit Qualification should only relate to (a) the carrying amounts of the assets and liabilities of the Growth Profit Group as at 31 December 2021 and date of disposal included in Assets classified as held for sale and Liabilities associated with assets classified as held for sale at the date of disposal and hence the amount of the gain (or loss) on disposal of the Growth Profit Group and the results and cash flows of the Growth Profit Group from 1 January 2022 to date of disposal; and (c) the comparability of the 2021/2022 figures and the 2022/2023 figures to be presented in the consolidated financial statements for the years ending 31 December 2022 and 31 December 2023 respectively; and (iii) accordingly, the Growth Profit Qualification should not have any continuing effect on the Group's consolidated financial statements after the financial year ending 31 December 2023.

To conclude, the Directors are of the view that the Company has satisfactorily addressed to all issues giving rise to the 2021 Disclaimer Opinion. Based on the information available, the Auditor concurs with the Directors' view stated above in relation to the matters stated in 2021 Disclaimer Opinion that have been addressed by the Company.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Board recognises that transparency and accountability are important to a listed company. Therefore, the Company is committed to establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's stakeholders as a whole.

The Board has adopted and complied with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

Under the code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Since 14 December 2021 Mr. Ng assumed the roles of both chairman of the Board and chief executive of the Company. The Board considered that this structure could enhance efficiency in formulation and implementation of the Company's strategies.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code during the year ended 31 December 2021.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the year ended 31 December 2021.

Purchase, Sale or Redemption of Securities of the Company

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

Dividend

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting is scheduled for Wednesday, 1 June 2022. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 27 May 2022 to Wednesday, 1 June 2022, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 26 May 2022.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules, in accordance with provisions set out in the CG Code, which are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Chan, Mr. Wan and Mr. Lau. The chairman of the Audit Committee is Mr. Lau, who has appropriate professional qualifications and experience in accounting matters.

The Group's audited annual results in respect of the year ended 31 December 2021 have been reviewed by existing members of the Audit Committee.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors during the year ended 31 December 2021.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the sub-section headed “Discontinued Operations” of the section headed “Management Discussion and Analysis” above, the assets and liabilities of the Growth Profit Group have been classified as assets and liabilities classified as held for sale. Growth Profit held 80% of the equity interest in Heshilao, a company incorporated in the PRC.

As further disclosed under the sub-section headed “Additional Information Regarding the Disclaimer of Opinion” of the section headed “Management Discussion and Analysis” above, the auditors of the Company has issued an disclaimer of opinion on the assets and liabilities classified as held for sale of the Company for the year ended 31 December 2021.

On 24 March 2022, Taize Investment Holdings Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a purchaser to dispose of the entire issued share capital in Growth Profit at the consideration of HK\$1 (the “**Growth Profit Disposal**”). Prior to the Growth Profit Disposal, the Growth Profit Group was principally engaged in the debt restructuring and debt collection services of the Financial Segment in the PRC. The consideration of the Growth Profit Disposal was determined after arm’s length negotiations with reference to various factors, including but not limited to net liabilities of the Growth Profit Group as at 30 June 2021 and the appraised fair value of the Growth Profit Group as assessed by an independent valuer as at 30 June 2021.

Completion of the Growth Profit Disposal took place on 24 March 2022.

Given that all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Growth Profit Disposal are less than 5%, the Growth Profit Disposal does not constitute a discloseable transaction of the Company.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual consolidated results announcement is published on the Company’s website at www.steering.com.hk and the Stock Exchange’s website at www.hkexnews.hk. The 2021 Annual Report of the Company will be despatched to the shareholders of the Company and made available on the above websites.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The following is the extract of the draft independent auditor’s report on the Company’s consolidated financial statements for the year ended 31 December 2021.

DISCLAIMER OF OPINION

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

BASIS FOR DISCLAIMER OF OPINION

1. Other receivables, deposits and prepayments

As disclosed in Note 20 to the consolidated financial statements, included in the gross carrying amounts of other receivables, deposits and prepayments of the Group as at 31 December 2020 were the following deposits, prepayments and other receivables (the “**Receivables**”):

- deposits of approximately RMB35,735,000 and RMB8,804,000 paid by the Group to a credit service provider and a financial institution respectively, equivalent to approximately HK\$52,472,000 in aggregate as at 31 December 2020. According to management, the deposits were calculated based on a fixed percentage of the amounts of the loans distributed to borrowers through the credit service provider or the financial institution and the deposits would be released upon the maturity of the relevant loans, which ranged from 3 months to 1 year from the respective loan origination date;
- other receivables from a credit service provider of approximately HK\$126,727,000 as at 31 December 2020, which relate to payments amounting to approximately RMB158,929,000 (equivalent to approximately HK\$177,689,000) made by the Group to the credit service provider as part of the business cooperation between the Group and the credit service provider; and

- other receivable of approximately HK\$79,528,000 as at 31 December 2020 which arose from payments made by the Group to agents which amounted to approximately RMB67,504,000.

The Receivables had been long outstanding as at 31 December 2020 and based on the impairment assessment performed under the expected credit loss model, impairment loss on the deposits to a credit service provider and a financial institution of approximately HK\$36,537,000, impairment loss on other receivables from a credit service provider of approximately HK\$77,544,000 and impairment loss on other receivable arising from payments to agents of approximately HK\$79,216,000 were recognised in consolidated profit or loss of the Group for the year ended 31 December 2020 to impair the carrying amounts of the Receivables to their estimated recoverable amounts of approximately HK\$10,274,000, HK\$29,190,000 and HK\$Nil respectively as at 31 December 2020.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about the net carrying amounts of the Receivables as at 31 December 2020 because we were not provided with (i) reasonable explanation and supporting documentation to substantiate the commercial substance, validity and nature of the relevant transactions that gave rise to the Receivables; and (ii) reasonable explanation and supporting documentation to substantiate the recoverable amounts of the Receivables as at 31 December 2020. There were no alternative satisfactory audit procedures that we could adopt to determine whether the net carrying amounts of the Receivables as at 31 December 2020 and the impairment losses on the Receivables recognised in consolidated profit or loss for the year then ended contained material misstatements.

During the year ended 31 December 2021, the Receivables were derecognised upon the disposal by the Group on 30 March 2021 of the entire issued share capital of Shanghai Faye Yu Technology Company Limited and its subsidiaries (the “**Faye Yu Group**”), details of which are disclosed in Note 37 to the consolidated financial statements. In the consolidated financial statements of the Group for the year ended 31 December 2021, the financial performance of the Faye Yu Group are presented as results of discontinued operations. Since opening balances of the Receivables enter into the determination of the financial performance and cash flows for the current period and have carry forward effects, as a result of the scope limitations described above, we were also unable to satisfy ourselves about the net carrying amounts of the Receivables as at the date of disposal of the Faye Yu Group and the impairment losses or reversal of impairment losses to be recognised thereon for the period from 1 January 2021 to the date of disposal of the Faye Yu Group.

Any adjustments that might have been found necessary in respect of the Receivables and the impairment losses recognised or to be recognised thereon, including the related tax impact and other related elements in the consolidated financial statements, might have consequential significant effects on the consolidated financial position of the Group as at 31 December 2020, the balance of accumulated losses of the Group as at 1 January 2021 and the consolidated profit or loss and other comprehensive income and consolidated cash flows of the Group for the years ended 31 December 2021 and 2020, and the elements making up and related disclosures in the consolidated financial statements.

2. Income tax payable

Included in the tax payable of the Group were tax payable of approximately HK\$119,285,000 as at 31 December 2020 of the financial information and technology services segment of the Group, for which the related income tax expense recognised in consolidated profit or loss amounted to approximately HK\$54,638,000 for the year ended 31 December 2020. The Group paid only approximately HK\$10,280,000 of income tax in the year ended 31 December 2020 in respect of the income tax liabilities of the financial information and technology services segment. The Group has engaged an independent tax expert to review the tax position and tax exposure of the Group in relation to the financial information and technology services business. As at 30 March 2021, being the date of disposal of Faye Yu Group, the tax expert was still in the process of determining the income tax related to the financial information and technology services business of the Group but suggested that the Group might be subject to significant late penalty or surcharge in relation to the financial information and technology services business. No provision was recognised in the consolidated financial statements as at 31 December 2020 in respect of any late penalty or surcharge that might be imposed by the tax authorities.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about the provision for late penalty or surcharge that should be recorded by the Group as at 31 December 2020 and the carrying amount of the tax payable as at 31 December 2020 because the independent tax expert's review of the tax position and tax exposure of the Group in relation to the financial information and technology services business was still not yet completed as at 30 March 2021. There were no alternative satisfactory audit procedures that we could adopt to determine whether the carrying amounts of the tax payable and related provision of the Group as at 31 December 2020 and the tax and related expenses recognised in consolidated profit or loss for the year then ended contained material misstatements.

During the year ended 31 December 2021, the tax payable of the financial information and technology services segment of the Group were derecognised upon the disposal by the Group on 30 March 2021 of the Faye Yu Group. Since opening balances of these tax payables and related provision enter into the determination of the financial performance and cash flows for the current period and may have carry forward effects, as a result of the scope limitations described above, we were also unable to satisfy ourselves about the carrying amounts of the tax payables and related provision as at the date of disposal of the Faye Yu Group and the tax and related expenses to be recognised thereon for the period from 1 January 2021 to the date of disposal of the Faye Yu Group.

Any adjustments that might have been found necessary in respect of the tax payable and related provision of the financial information and technology services segment of the Group and the tax and related expenses recognised or to be recognised thereon, including the other related elements in the consolidated financial statements, might have consequential significant effects on the consolidated financial position of the Group as at 31 December 2020, the balance of accumulated losses of the Group as at 1 January 2021 and the consolidated profit or loss and other comprehensive income and consolidated cash flows of the Group for the years ended 31 December 2021 and 2020, and the elements making up and related disclosures in the consolidated financial statements.

3. Gain on disposal of subsidiaries

As disclosed in Note 37 to the consolidated financial statements, included in arriving at profit from discontinued operations of the Group for the year ended 31 December 2021 recognised in the consolidated statement of profit or loss and other comprehensive income is a gain on disposal of subsidiaries of approximately HK\$96,844,000 in relation to the disposal of the Faye Yu Group on 30 March 2021. The carrying amounts of the assets and liabilities of the Faye Yu Group disposed of as at 30 March 2021 included in the determination of the gain on disposal of the Faye Yu Group included those related to the Receivables and income tax payable and related provision of the financial information and technology services segment of the Group described in paragraphs 1 and 2 above. Since opening balances of the Receivables and income tax payable and related provision may have carry forward effects on their balances as at the date of disposal of the Faye Yu Group, as a result of the scope limitations in relation to the carrying amounts of the Receivables and income tax payable and related provision as described in paragraphs 1 and 2 above, we were also unable to satisfy ourselves about the carrying amounts as at 30 March 2021 of these account balances of the Faye Yu Group disposed of, and hence whether the gain on disposal of the Faye Yu Group was appropriately stated and free from material misstatement. Any adjustments that might have been found to be necessary might have consequential significant effects on the Group's financial performance and cash flows from its discontinued operations for the year ended 31 December 2021 and the elements making up and related disclosures in the consolidated financial statements.

4. Assets, liabilities, results and cash flows of disposal group classified as Held for Sale

As disclosed in Note 37 to the consolidated financial statements, the Company has resolved on 14 December 2021 that the Group shall cease the business of the financial information and technology services segment. The Group had already disposed of the Faye Yu Group and Tianjin Turing Group on 30 March 2021 and 28 May 2021 respectively, details of which are set out in Note 37 to the consolidated financial statements. Faye Yu Group and Tianjin Turing Group were principally engaged in the provision of financial information and technology services. The remaining subsidiaries of the Group in the financial information and technology services segment of the Group not yet disposed of as at 14 December 2021 were Growth Profit International Limited and its subsidiary Shenzhen Heshilao Intelligence (collectively, the “**Held for Sale Subsidiaries**”), which as described in Note 38 to the consolidated financial statements represented a disposal group classified as held for sale as at 31 December 2021. The Held for Sale Subsidiaries were disposed of subsequently on 24 March 2022, as disclosed in Note 38 to the consolidated financial statements. The assets and liabilities of the Held for Sale Subsidiaries were presented in the consolidated statement of financial position of the Group as at 31 December 2021 as assets and liabilities of disposal group classified as held for sale in current assets and current liabilities respectively.

However, for the reasons explained in Note 38 to the consolidated financial statements, the Group has consolidated the financial performance and cashflows of the Held for Sale Subsidiaries for the period from 1 January 2021 to 30 June 2021, instead of the period from 1 January 2021 to 31 December 2021, in the consolidated financial performance and cash flows of the Group from its discontinued operations for the year ended 31 December 2021. For the same reasons as above, the Group has measured the assets and liabilities of the Held for Sale Subsidiaries classified as assets and liabilities of disposal group held for sale in the consolidated statement of financial position at 31 December 2021 based on the carrying amounts of the assets and liabilities of the Held for Sale Subsidiaries at 30 June 2021, instead of their carrying amounts at 31 December 2021. The directors of the Company believe that the results and cash flows from discontinued operations of the Group for the year ended 31 December 2021 and the financial position of the Group at 31 December 2021 presented in the consolidated financial statements would not be materially affected.

Due to the lack of access to the relevant management personnel and accounting books and records of the Held for Sale Subsidiaries, we were also unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether (i) the financial performance and cash flows of the Held for Sale Subsidiaries for the period from 1 January 2021 to 31 December 2021 that should be included in the results and cash flows of the discontinued operations of the financial information and technology services segment of the Group for the year ended 31 December 2021 were materially different from those for the period from 1 January 2021 to 30 June 2021 included in the profit and cash flows from discontinued operations of the Group for the year ended 31 December 2021 presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows disclosed in Note 38 to the consolidated financial statements; and (ii) the carrying amounts of the assets and liabilities of the Held for Sale Subsidiaries as at 31 December 2021 that should be the carrying amounts of the assets of disposal group classified as held for sale and liabilities associated with disposal group classified as held for sale in the consolidated statement of financial position of the Group as at 31 December 2021 were materially different from those as at 30 June 2021 disclosed in Note 38 to the consolidated financial statements, which were used by the Group as the measurement basis for the carrying amounts of the assets and liabilities of the disposal group classified as held for sale in the consolidated statement of financial position of the Group as at 31 December 2021. Any adjustments that might have been found to be necessary might have consequential significant effects on the Group's financial performance and cash flows from its discontinued operations for the year ended 31 December 2021 and the consolidated financial position of the Group as at 31 December 2021 and the elements making up and related disclosures in the consolidated financial statements.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BASIS

We draw attention to Note 3 to the consolidated financial statements, which describes the conditions that i) the Group incurred net loss of approximately HK\$64,830,000 from continuing operations and has recorded negative operating cashflow of HK\$29,670,000 from its continuing operations for the year ended 31 December 2021; and ii) a winding up petition has been filed against Jet Speed Asia Pacific Limited, an indirect wholly-owned subsidiary of the Group, in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region for the sum of approximately HK\$14,149,000. As stated in Note 3, these conditions, along with other matters as set forth in Note 3, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. This matter did not contribute to our issuance of disclaimer of opinion.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 of the Group as set out in the announcement have been agreed by the Company's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the announcement.

By order of the Board
Steering Holdings Limited
Ng Kin Siu
Chairman of the Board and executive Director

Hong Kong, 31 March 2022

As at the date of this announcement, the executive Directors is Mr. Ng Kin Siu (Chairman and chief executive officer); and the independent non-executive Directors are Mr. Chan Yuk Sang, Mr. Wan Chi Wai Anthony and Mr. Lau Kwok Fai Patrick.

** The English translation of the Chinese name(s) in this announcement, where indicated with "*", is/are included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*