ANNUAL REPORT 2021

OSHIDORI INTERNATIONAL HOLDINGS LTD

(Incorporated in Bermuda with limited liability)
STOCK CODE : 622.HK or "OSHIDORI"

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Ms. WONG Wan Men
Mr. WONG Yat Fai

Non-executive Directors
Mr. Alejandro YEMENIDJIAN
Hon. Joseph Edward SCHMITZ
Mr. SAM Hing Cheong

Independent Non-executive Directors
Hon. CHAN Hak Kan, S.B.S., J.P.
Mr. CHEUNG Wing Ping
Mr. HUNG Cho Sing, B.B.S.
Dr. LO Wing Yan William, J.P.
(Appointed on 11 June 2021)

AUTHORISED REPRESENTATIVES

Ms. WONG Wan Men
Mr. WONG Yat Fai

AUDIT COMMITTEE

Mr. CHEUNG Wing Ping *(Chairman)*
Hon. CHAN Hak Kan, S.B.S., J.P.
Mr. HUNG Cho Sing, B.B.S.
Dr. LO Wing Yan William, J.P.
(Appointed on 11 June 2021)

NOMINATION COMMITTEE

Mr. CHEUNG Wing Ping *(Chairman)*
Hon. CHAN Hak Kan, S.B.S., J.P.
Mr. HUNG Cho Sing, B.B.S.
Ms. WONG Wan Men
Dr. LO Wing Yan William, J.P.
(Appointed on 11 June 2021)

REMUNERATION COMMITTEE

Mr. CHEUNG Wing Ping *(Chairman)*
Hon. CHAN Hak Kan, S.B.S., J.P.
Mr. HUNG Cho Sing, B.B.S.
Ms. WONG Wan Men
Dr. LO Wing Yan William, J.P.
(Appointed on 11 June 2021)

COMPANY SECRETARY

Ms. LIU Tsui Fong

LEGAL ADVISOR

(As to Bermuda law)
Conyers Dill & Pearman

REGISTERED OFFICE

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Bermuda

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

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AUDITOR

Mazars CPA Limited
Certified Public Accountants
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Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

CHAIRMAN'S STATEMENT

2021 has been a very challenging year for Oshidori International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"). Apart from the operating challenges we faced for the entire year due to the COVID-19 pandemic (the "Pandemic"), our two principal areas of developments, namely the bid for an integrated resort in Nagasaki Prefecture, Japan ("IR Project"), and our tactical and/or strategical investments in listed companies, were met with unanticipated events that put the Group into a very difficult position. The severity of the financial impact resulting from such events have exceeded our expectations. As a result, we have decided to switch our focus to investments that are more conservative in nature. This repositioning of our Group's focus should allow us to weather the storm in the financial markets should the effects of the Pandemic continue to linger throughout 2022.

I would like to firstly address the IR Project. The Group's IR project was selected as one of the three finalists to be considered as an integrated resort operator by the Government of Nagasaki Prefecture. However, the Group withdrew from participation in the request-for-proposal for the IR Project in early August 2021 due to several events that made us question the integrity of the selection process. In particular, some restrictive and unreasonable rules that have made it difficult for us to conduct business in a prudent and efficient manner. We were disappointed with such acts, as the Group invested a lot of resources to design the IR Project that would benefit both the Group and Nagasaki Prefecture. However, the Group believes that the good outweighs the bad. As the Pandemic continues to pose extraordinary challenges in almost every part of the world, operating an integrated resort in Japan would be a very significant challenge.

The second unfortunate event was related to our tactical and/or strategical investments, as the Pandemic caused a significant increase to stock market volatility. We tried our best to capture the volatility in the equity market to our advantage, however the efforts did not bear fruit as the prices of the investments continued to fall throughout the remainder of 2021. The Group managed to implement risk management measures to promptly reduced the losses, and such measures mitigated the Company from incurring potentially greater losses from these tactical and strategical investments.

As different variants of COVID-19 continue to negatively affect global and local economies, as well as overall livelihood, we have reviewed our businesses and have come to a decision to switch our focus to the real estate market. The real estate market has historically proven to be an investment that can sustain economic downturns much better than other investments. This will be our direction for 2022.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to all the staffs and stakeholders for their devoted efforts and hard work. I would also like to thank all the shareholders for their continued support.

Alejandro Yemenidjian
Non-Executive Chairman

Hong Kong, 29 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally engages in investment holdings, tactical and/or strategical investments (including property investments), and the provision of financial services including the Securities and Futures Commission (the "SFC") regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance.

A. Financial Services (SFC Type 1, 2, 4, 6 and 9 Regulated Activities)

The Group, through its wholly owned subsidiary Oshidori Securities Limited ("OSL"), engages in securities brokerage and financial services businesses. OSL holds a Stock Exchange of Hong Kong Limited ("Stock Exchange") Trading Right and is licensed by the SFC to conduct regulated activities including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management). OSL is also an exchange participant of the Stock Exchange that offers clients a platform to trade eligible stocks listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange through trading facilities of the Stock Exchange as a China Connect Exchange Participant and China Connect Clearing Participant. OSL is also an exchange participant of Hong Kong Futures Exchange Limited and HKFE Clearing Corporation Limited.

The Group also provides corporate finance advisory through its wholly owned subsidiary Oshidori Corporate Finance Limited ("OCFL"), which is licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity. OCFL was appointed by several listed companies as their corporate financial advisor on their respective corporate activities in relation to compliance with the Listing Rules.

(i) Securities Brokerage Services and Margin Financing Services

Brokerage commission income generated from securities brokerage services decreased 29.2% from HK$2.4 million for the year ended 31 December 2020 (the "Previous Year") to HK$1.7 million for the year ended 31 December 2021 (the "Year"). Interest income generated from provision of margin financing services decreased 32.3% from HK$37.1 million for the Previous Year to HK$25.1 million for the Year.

The Group will continue to balance risk and return and maintain a cautious approach to the credit control of its margin financing business.

(ii) Placing and Underwriting Services

The Group, through OSL, completed five underwriting projects during the Year. During the Year, OSL acted as a sub-underwriter for equity fund raising activities conducted by listed companies on the Stock Exchange, with a total underwriting commitment of HK$461.6 million. These projects generated an underwriting commission of HK$2.7 million for the Group for the Year, compared to approximately HK$0.7 million for the Previous Year.

The Group has maintained a cautious approach before committing to underwriting and placing services at times of market turbulence.

(iii) Corporate Finance Advisory

OCFL was appointed by several listed companies to provide corporate finance advisory services. The income generated from corporate finance advisory increased 366.7% from HK$0.3 million for the Previous Year to HK$1.4 million for the Year. The Group's business network has facilitated the growth of this business unit.

MANAGEMENT DISCUSSION AND ANALYSIS

(iv) Asset Management

The Group currently offers a discretionary investment management service for clients who wish to diversify their investments with a customized solution.

The Group has been working on building its client network and forming strong relationships with clients and is focused on building its reputation and presence to attract various types of customers.

The Group is also reviewing possibilities of offering fund investment services to clients who are looking for investments besides equities. The ability to offer a portfolio of investment products could appeal to clients wanting to diversify across different asset classes as well as different regions for their investment needs.

B. Credit and Lending Services

The Company, through its wholly owned subsidiaries namely Oshidori WW Resources Limited ("OWWRL") and Oshidori Citizens Money Lending Corporation Limited ("OCMLCL"), conducts credit and lending business under the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong.

The Group maintains readily available funds and equips itself with sufficient lending capacities for capturing potential business opportunities. The Group's credit and lending business has a unique business model with emphasis on the provision of sizeable loans to both corporate and individual clients with good financial standing and low credit risk. The Group targets a niche market comprising of high profile borrowers.

The Group has established and maintained proper systems and internal controls to ensure the effectiveness of its credit risk assessment procedures in evaluating the creditworthiness of potential customers and monitoring credit risk following a credit or loan approval. The business is overseen by a credit committee which holds the power and authority in approving credit and loan applications, on-going monitoring of loan recoverability and debt collection, maintaining customer relationships and identifying potential problems and recommending mitigating measures.

Interest income from loan receivables decreased 37.3% from HK$105.0 million for the Previous Year to HK$65.8 million for the Year.

The Group will continue to leverage its existing network, business presence and reputation in this market to organically grow the credit and lending business.

C. Tactical and/or Strategical Investment

The Group engages in tactical and/or strategical investments of a diversified portfolio overseen by a professional investment team that holds Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), and Type 9 (asset management) licences under the SFO. In the second half of 2021, the Group diversified its business activities to include property investments. Revenue from this new venture amounted to HK$3.86 million for the Year.

Despite the adversity of the Pandemic, the property market remained robust with less volatility as compared to commodities, equities and debts markets. Overall property prices in the Asia Pacific remained strong with the support of government fiscal stimuli packages that boosted investor confidence in the property market. For Hong Kong, the recently announced measures of the Hong Kong fiscal budget by the Financial Secretary on the relaxation of the cap on the value of a property eligible for mortgage loan has sparked interests in residential property investors and homeowners. The maximum property value eligible for mortgage loans up to 80% loan-to-value (LTV) ratio was amended to HK$12 million and the maximum property value eligible for mortgage loans up to 90% LTV ratio applicable to first-time homebuyers was amended to HK$10 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group anticipates that investors will continue to redistribute their capital towards the property market as a more defensive investment strategy amid the persistent pandemic. The Group is confident that property investment is a prudent choice which will help the Group to generate a stable and secure revenue as the property market continues to recover and leasing demand strengthen in the coming financial year.

Vision

The Group's vision is to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value to the shareholders of the Company.

Investment Strategy

The Group strives to achieve excellent results and performance through the Group's tactical and/or strategic investments segments – creating value through investment selection and disposal, and demonstrates resilience in adverse market conditions. The Group formulated a criteria to identify appropriate investments, established the basis for evaluation, and categorized such investments to reflect their significance and contribution to the Group. The holding size and holding periods are dependent upon the reasons for the acquisition, the strategic value of the investments, and the potential returns. The Group may consider realizing certain investments based on the internal resources' requirements, the increase/decrease in valuations that trigger the threshold for disposal, and the availability of alternative investment opportunities that may be superior in returns compared to existing holdings from time to time.

FINANCIAL REVIEW

The Group recorded a negative revenue of HK$3,101.9 million for the Year as compared to a positive revenue of HK$280.5 million in the Previous Year. The Group recorded a net loss of HK$3,145.7 million for the Year, which is a decrease from a net profit of HK$2,819.5 million in the Previous Period. Basic and diluted loss per share for the Year was HK cents 51.46 and HK cents 51.46 respectively, as compared to basic and diluted earnings per share in the Previous Year of HK cents 46.92 and HK cents 46.80 respectively.

The loss was mainly attributable to a realised loss on financial assets at fair value through profit or loss.

The Group's total asset value was HK$6,309.0 million as at 31 December 2021 (2020: HK$10,902.5 million). The net asset value of the Group was HK$5,740.8 million as at 31 December 2021 (2020: HK$9,937.2 million). Apart from financial assets being held by the Group for its tactical and/or strategical investments, the Group also holds substantive assets which mainly comprise tangible assets such as cash and bank balances and trade, loan and other receivables.

As at 31 December 2021, the Group's gearing ratio remained at a low level of 4.3% (2020: 2.4%).

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

As at 31 December 2021, the Group's significant investments were as follows:

Name of significant investments	Notes	Number of shares held as at 31 Dec 2021	Percentage of shareholding held as at 31 Dec 2021	Unrealised loss for the year ended 31 Dec 2021	Unrealised loss through other comprehensive income for the year ended 31 Dec 2021	Dividends received for the year ended 31 Dec 2021	Approximate% to the Group's total assets as at 31 Dec 2021	Investment cost	Market value as at 31 Dec 2021
			%	HK$'000		HK$'000	%	HK$'000	HK$'000
Listed shares in Hong Kong									
– Shengjing Bank Co., Ltd. (Stock code: 2066)	1	293,034,000	12.52	(1,001)	(72,700)	-	32	1,972,015	2,021,935

The performance and prospects of the Group's significant investments during the Year are as follows:

1. Shengjing Bank Co., Ltd. ("Shengjing") (Stock Code: 2066)

Shengjing and its subsidiaries principally engage in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the China Banking Regulatory Commission.

In the first half of 2021, being faced with complex and severe external economic environment, Shengjing focused on the strategic vision of "building a sound bank", firmly established a work style of "professionalism, cooperation, pragmatism and efficiency", implemented the operation and management strategy to "focus on sound operation, focus on customer-centricity, focus on value creation, and focus on capacity improvement", continued optimizing its development performance, and maintained stable business performance.

As of 30 June 2021, the total assets of Shengjing amounted to RMB1,016,503 million. The total amount of loans and advances to customers amounted to RMB588,040 million, the total amount of deposits amounted to RMB728,963 million, the operating income amounted to RMB8,508 million and the net profit amounted to RMB1,046 million.

On 23 March 2022, Shengjing announced that the group's net profit for the twelve months ended 31 December 2021 is expected to fall by approximately 60% to 70% from the same period last year. The main reasons are due to the impact of the economic environment and the Pandemic, some enterprises have experienced difficulties in operation and their interest repayment capacity was decreased. At the same time, in order to improve the safety of credit assets, Shengjing took the initiative to optimise the credit orientation and adjust the customer structure, which resulted in a downward shift in asset return rate.

Shengjing will fully implement a new development concept, serve and integrate into a new development pattern, and with the support of the local government, accelerate the replenishment of capital, coordinate and take comprehensive measures to continuously optimise its business structure, steadily improve operating results, realise the coordinated and orderly development of scale, quality and efficiency.

From a long-term perspective, Shengjing appears to have good prospects and the Company believes its investment in Shengjing has strategic investment value.

MANAGEMENT DISCUSSION AND ANALYSIS

Going forward, the Group will continue to implement corporate strategies by building a successful portfolio of investments that is resilient, sound and of value to its shareholders. The Group expects that the stock market in Hong Kong and Mainland China ("PRC") will remain challenging in 2022, as the Pandemic continues while economies across the world are still showing signs of uncertainty. In addition, the on-going Russia-Ukraine tensions will continue to cause disruptions to the global financial markets in the near term, as the sanctions imposed by Western countries on Russia's currency and exports will exacerbate the forthcoming inflation and natural resources prices. The Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate capital to meet the challenges ahead.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and cash equivalents was HK$848.6 million as at 31 December 2021 (2020: HK$683.3 million). The cash and cash equivalents and the financial assets at fair value through profit or loss in aggregate were HK$1,576.4 million as at 31 December 2021 (2020: HK$5,367.3 million). The liquidity of the Group was very strong with a current ratio of 5.6 as at 31 December 2021 (2020: 12.8). The Group had loan payables of HK$246.6 million as at 31 December 2021 (2020: HK$235.1 million) and the gearing ratio (expressed as a percentage of loan payables over total equity) maintained at a low level of 4.3% as at 31 December 2021 (2020: 2.4%).

CAPITAL STRUCTURE

During the Year, the Company did not conduct any equity fund raising activities. For the Year, the Company repurchased a total of 4,350,000 ordinary shares of the Company on the Stock Exchange, details of which are disclosed under the section headed "Purchase, Sale or Redemption of the Company's Listed Shares" in this report. Save for the foregoing, there was no other movement in the number of issued shares of the Company for the Year. As at 31 December 2021, the total number of issued shares of the Company was 6,109,259,139 shares with a par value of HK$0.05 each. Based on the closing price of HK$0.56 per share as at 31 December 2021, the market value of the Company as at 31 December 2021 was approximately HK$3,421 million (2020: approximately HK$3,729 million).

The consolidated net asset value per share of the Company as at 31 December 2021 was approximately HK$0.940 (2020: approximately HK$1.625).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

Save for certain bank balances that are denominated in Renminbi ("RMB") and United States dollars ("USD"), most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars. As at 31 December 2021, the bank balances denominated in RMB and USD amounted to HK$191.9 million and HK$23.0 million, respectively. Therefore, the Group's exposure to the risk of foreign exchange rate fluctuations is not material. For the Year, the Group did not have any derivatives for hedging against foreign exchange rate risk. The Directors will continue to monitor foreign exchange exposure and will consider appropriate actions to mitigate such risk, when necessary.

CAPITAL COMMITMENTS

The Group did not have any capital commitments in respect of the acquisition of property and equipment as at 31 December 2021 (2020: Nil).

CONTINGENT LIABILITIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON GROUP ASSETS

As at 31 December 2021, debt and equity securities with total market value of HK$1,420.9 million (2020: HK$4,789.9 million) were pledged to securities brokers to secure margin financing facilities provided to the Group. As at 31 December 2021, margin loans of HK$225.4 million (2020: HK$273.3 million) has been drawn from the margin financing facilities.

MATERIAL TRANSACTIONS

(a) Disposal of CC Land Holdings Limited

On 18 January 2021, the Group disposed 172,000,000 ordinary shares of C C Land Holdings Limited ("C C Land Shares") on the open market at an aggregate consideration of HK$309.6 million (equivalent to the price of HK$1.80 per C C Land Share).

(b) Acquisition and Disposal of Blue River Holdings Limited

On 12 March 2021, the Group entered into settlement agreement with an independent third party borrower, amongst others, the Group obtained ownership of 315,000,000 shares of Blue River Holdings Limited ("Blue River Shares"), at the consideration of HK$155.9 million (the "Settlement"). Upon completion of the Settlement on the same date, the Group held 28.53% of the total issued share capital of Blue River and Blue River had become an associate of the Group. The Settlement was completed in March 2021. Upon completion of the Settlement, the Group owned 28.53% equity interests in Blue River.

On 30 December 2021, the Group completed a sale of the Blue River Shares at a consideration of HK$160.0 million. Upon completion of the disposal, Blue River ceased to be an associate of the Group.

(c) Disposal of China Evergrande New Energy Vehicle Group Ltd

During the period from 27 September 2021 to 30 September 2021, the Group conducted a series of on-market transactions on the Stock Exchange to dispose an aggregate of 138,245,000 ordinary shares of China Evergrande New Energy Vehicle Group Ltd ("Evergrande Vehicle Shares") in the range of an average daily price between HK$1.87 and HK$3.35 per Evergrande Vehicle Share at an aggregate consideration of HK$332 million (exclusive of transaction costs and equivalent to the price of HK$2.40 per Evergrande Vehicle Share). Upon completion, Evergrande Vehicle Shares will no longer be a significant investment of the Group.

(d) Acquisition of Shengjing

On 18 October 2021, the Group acquired a total of 100,000,000 H Shares of Shengjing ("Shengjing H Shares") in the open market at the aggregate consideration of HK$700 million (before transaction costs) (equivalent to the price of HK$7 per Shengjing H Share). Shengjing continues to be a significant investment of the Group.

EVENTS AFTER THE YEAR

(a) Disposal of The Hongkong and Shanghai Hotels, Limited

On 11 February 2022, the Company disposed 15,426,500 shares of The Hongkong and Shanghai Hotels, Limited ("HSH Shares") through an off-market block trade at an aggregate consideration of HK$197.46 million (before transaction costs) (equivalent to the price of HK$12.80 per HSH Share).

(b) Subscription of Future Capital Group Limited

On 17 February 2022, a wholly-owned subsidiary of the Company ("Subscriber"), and Future Capital Group Limited ("Future Capital") entered into a subscription agreement pursuant to which Future Capital agreed to issue and the Subscriber agreed to subscribe for the 3,750 ordinary shares of Future Capital ("Subscription Shares") at a consideration of HK$750 million (equivalent to the price of HK$200,000 per Subscription Share).

MANAGEMENT DISCUSSION AND ANALYSIS

(c) Application of an SFC Licence for Type 8 Regulated Activity

In January 2022, the Group received approval-in-principle for its application of an SFC licence for Type 8 regulated activity (securities margin financing) in pursuit of attracting clients with sound financial background, particularly those with significant shareholding of a single stock but are unable to seek additional financing from banks and/or other brokers for further acquisition of securities and/or for the continuation of holding securities. The proposed new margin financing service reflects the Group's on-going commitment to expand its scope of business.

LITIGATION

(a) Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. ("Fuhuade")

During the year ended 31 December 2011, the Group disposed its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the "Buyer"). The total consideration of the disposal of RMB1,037.6 million (equivalent to approximately HK$1,247.2 million) was payable in instalments, the payment of which was subject to finalisation and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalised and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK$93.1 million for the year ended 31 December 2012.

As at 31 December 2013, the Group was not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board is of the opinion that the timing and eventual outcome from the finalisation of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK$255.2 million, being the amount of consideration receivable amounting to HK$358.9 million as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK$103.7 million, in the profit and loss account for the year ended 31 December 2013.

On 20 December 2017, the Group received a civil judgement (廣東省深圳市中級人民法院民事判決書[2014]深中法涉外初字第59號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB85.5 million (equivalent to approximately HK$102.3 million) together with related interest of approximately RMB28.3 million (equivalent to approximately HK$33.9 million) (before tax).

On 16 April 2019, the Group further received a civil judgement (廣東省深圳市中級人民法院民事判決書[2016]粵03民初第662號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB113.5 million (equivalent to approximately HK$129.1 million) (before tax) together with related tax subsidies of approximately RMB29.1 million (equivalent to approximately HK$33.0 million) (before tax).

Up to 31 December 2020, approximately RMB127.6 million (equivalent to approximately HK$145.6 million) was received from the Buyer for the settlement of judged consideration receivables of the third instalment of approximately RMB113.5 million (equivalent to approximately HK$129.1 million) and fuel subsidy of approximately RMB21.0 million (equivalent to approximately HK$24.3 million) after deducting withholding tax of approximately RMB6.9 million (equivalent to approximately HK$7.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS

On 2 February 2021, the Group received a civil judgement (廣東省高級人民法院民事判決書2019粵民終3034號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade. As a result, the Group received a fuel subsidy of approximately RMB12.6 million (equivalent to HK$15.1 million) (including interest after tax) from the Buyer, completing the disposal of shares in Fuhuade.

(b) Writs of Summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the "Liquidators of Allied Weli Development Limited")

OCFL, Win Wind Capital Limited, Win Wind Investment (Holdings) Limited, Enerchine Nominee Limited and OSL (the "Defendant Parties"), which as of the date hereof are wholly owned subsidiaries of the Company, have been named, inter alia, as defendants in two separate writs of summons in the High Court of Hong Kong (the "Writs") by the plaintiffs, Allied Weli Development Limited (in Liquidation) and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the "Liquidators") of Allied Weli Development Limited. On 2 February 2018, the Group, through its legal advisors, requested the Liquidators to (i) serve the Writs of Summons on the Defendant Parties by 20 February 2018 as required under the Rules of the High Court (Order 12, rule 8A) or (ii) to discontinue the Writs against the Defendant Parties.

On 15 February 2018, the Group received a letter from the Liquidator's lawyers stating, inter alia, that the Liquidators may ultimately decide not to pursue a claim against the Defendant Parties. As at 31 December 2021, neither of the Writs have been served on the Defendant Parties and it is not apparent on the face of the Writs what the nature and value of the claims against the Defendant Parties are due to the broad and ambiguous nature of the endorsement of claims. Accordingly, no provision has been made in the consolidated financial statements for the year ended 31 December 2021. The management of the Company considers the Writs to be groundless and the Liquidator's actions are a flagrant and calculated abuse of the law, designed solely to drag the Group's good name and good will through the Hong Kong Courts in the hopes of profit that they will clearly not be entitled to.

(c) Litigation between Oshidori Citizens Money Lending Corporation Limited ("OCMLCL") and Southwest Securities (HK) Brokerage Limited ("1st Defendant"), Fong Siu Wai ("2nd Defendant") ("Defendants")

OCMLCL, a wholly-owned subsidiary of the Company, is a party to a receivership proceedings (the "Petition") concerning Celebrate International Holdings Limited ("Celebrate"), a company previously listed in Hong Kong with stock code 8212. the 1st Defendant is a local corporation and the 2nd Defendant is a former employee of the 1st Defendant. On 19 June 2020, the Defendants maliciously published a letter to the High Court which contained false and defamatory words of and concerning OCMLCL, in relation to loans granted to a controlling shareholder of Celebrate. The letter alleged OCMLCL of unlawfully participating or providing assistance in a fraudulent and/or criminal scheme and/or a conspiracy to defraud, and creating fake loans for unlawful purposes. On 30 September 2020, OCMLCL served a Writ of Summons and Statement of Claim to the Defendants, suing them for libel and malicious falsehood in which the Defendants denied liability. The libel trial is currently scheduled to be heard in October 2023.

(d) Writ of Summons and Endorsement of Claims issued against David Webb

On 27 July 2021, the Group filed a Writ of Summons and Endorsement of Claims (the "Writs") against David Webb ("Defendant"), an independent stock commentator, for defamatory comments contained in an article that he published on his website in January 2015 entitled "The Bubbles in CNN", alleging that the Group was a member of a "Chung Nam Network" which had allegedly conspired with other listed companies to manipulate stock prices. The Group considers the content of the article to be untrue, baseless and damaging to the Group's reputation which has resulted in financial loss. In the Writs, amongst other things, the Group seeks an order that the Court issues an injunction order prohibiting the continued publication of the article and that the Defendant be ordered to compensate the Group for damages caused from the defamatory statements.

MANAGEMENT DISCUSSION AND ANALYSIS

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Year, the Company repurchased a total of 4,350,000 ordinary shares of the Company on the Stock Exchange, with the aggregate consideration paid (before expenses) amounting to HK$2.2 million. All the Shares repurchased were subsequently cancelled on 30 September 2021. As at 31 December 2021, the total number of issued shares of the Company was 6,109,259,139.

Particulars of the share repurchases are as follows:

Date	Number of Shares repurchased	Highest purchase price *(HK$)*	Lowest purchase price *(HK$)*	Aggregate consideration *(HK$)* *(before expenses)*
15 September 2021	93,000	0.52	0.50	48,240
16 September 2021	579,000	0.52	0.50	291,360
17 September 2021	588,000	0.51	0.50	299,700
20 September 2021	1,362,000	0.51	0.50	689,550
21 September 2021	312,000	0.51	0.50	156,330
23 September 2021	789,000	0.51	0.50	401,250
24 September 2021	627,000	0.51	0.50	314,190

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed 32 (2020: 37) full time employees for its principal activities. The total staff cost amounted to approximately HK$29.2 million (2020: HK$57.7 million). The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. Share options and awarded shares may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme and share award scheme.

FINAL DIVIDEND

The Board does not recommend payments of any final dividend for the Year (2020: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2022 annual general meeting ("AGM") of the Company is scheduled to be held on Monday, 13 June 2022. The notice of AGM will be published on the Company's website at www.oshidoriinternational.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

For determining the qualification as members of the Company to attend and vote at the 2022 AGM, the Company's register of members will be closed from Wednesday, 8 June 2022 to Monday, 13 June 2022, both days inclusive, during which period no transfers of shares will be registered. In order to qualify as members to attend and vote at the AGM, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 7 June 2022.

PROFILES OF DIRECTORS AND COMPANY SECRETARY

EXECUTIVE DIRECTORS

Ms. Wong Wan Men ("Ms. Wong"), aged 37, was appointed as an executive director of the Company with effect from 28 January 2019. Ms. Wong is also a member of each of the nomination committee and remuneration committee of the Board. Ms. Wong holds a Bachelor of Social Science in Economics with Honours from The Chinese University of Hong Kong. Ms. Wong has over 10 years extensive experience in corporate finance advisory. Prior to joining the Group, Ms. Wong held senior positions in the corporate finance advisory division of several financial services groups in Hong Kong. Currently, she holds directorship in a subsidiary of the Group. Ms. Wong is familiar with the operation and management of the Company and provides corporate finance advice to the Group. Ms. Wong's contributions to financial services business of the Group have been greatly valued by the Board. Save as disclosed above, Ms. Wong has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Wong Yat Fai ("Mr. Wong"), aged 62, was appointed as an executive director of the Company on 19 April 2017. Mr. Wong holds a professional diploma in banking from The Hong Kong Polytechnic University. Mr. Wong has over 13 years of working experience in an international banking group. Mr. Wong has not held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

NON-EXECUTIVE DIRECTORS

Mr. Alejandro Yemenidjian ("Mr. Yemenidjian"), also known as Alex Yemenidjian aged 66, was appointed as a non-executive director of the Company and the non-executive chairman of the Board on 9 June 2020. Mr. Yemenidjian has also been serving as Chief Executive Officer of Oshidori International Development Limited, an indirect wholly-owned special purpose vehicle, to lead and supervise the Company's bid to own and operate a full-service, world class integrated resort project that includes luxury hotels, a casino, convention facilities, entertainment venues, shopping and restaurants in Nagasaki, Japan.

Mr. Yemenidjian, has over thirty years of experience as the top executive of the world's leading movie studios, hotels and casinos. Mr. Yemenidjian was a co-owner and served as Chairman of the Board and Chief Executive Officer of Tropicana Las Vegas Hotel & Casino, Inc. from July 2009 to September 2015, when he successfully sold the iconic resort to Penn National Gaming, Inc. Mr. Yemenidjian served on the Board of Metro-Goldwyn-Mayer Inc. ("MGM Studios") from 1997 to 2005, and acted as Chairman of the Board and Chief Executive Officer from 1999 to 2005. Mr. Yemenidjian also served for 16 years on the Board of Directors of MGM Resorts International, Inc. ("MGM") (formerly MGM Grand, Inc. and MGM Mirage Resorts, Inc.) from 1989 to 2005 and was its President from 1995 to 1999. He also served MGM in other capacities, including as Chief Operating Officer from 1995 until 1999 and as Chief Financial Officer from 1994 to 1998. During Mr. Yemenidjian's tenure, MGM's portfolio included some of the most renowned integrated destination resorts in the world, including MGM Grand Las Vegas, MGM Grand Macau, Bellagio, Mirage and New York-New York. Mr. Yemenidjian also served as an executive of Tracinda Corporation from 1990 to 1997 and again during 1999. Tracinda Corporation was owned by the late Kirk Kerkorian ("Mr. Kerkorian"), was the majority shareholder of both MGM Studios and MGM, and at one point was one of the largest shareholders of Chrysler and General Motors. Mr. Yemenidjian served as Mr. Kerkorian's right-hand man for 16 years. Prior to 1990, Mr. Yemenidjian was the managing partner of Parks, Palmer, Turner & Yemenidjian, Certified Public Accountants.

PROFILES OF DIRECTORS AND COMPANY SECRETARY

Mr. Yemenidjian currently serves as Chairman and Chief Executive Officer of GAST Enterprises, Ltd. (formerly Armenco Holdings LLC), a private investment company. He is also the Non-Executive Chairman of the Board and chairman of the compensation committee of Guess?, Inc. (stock code: GES), a company listed on the New York Stock Exchange; and a trustee of Baron Investment Funds Trust and Baron Select Funds, both mutual funds. Mr. Yemenidjian was a director of Green Thumb Industries Inc. (stock code: GTII) from June 2019 to December 2020, a company listed on the Canadian Securities Exchange. Mr. Yemenidjian has a Master's degree in Business Taxation from the University of Southern California and a Bachelor's degree in Business Administration and Accounting from California State University, Northridge. He served as an Adjunct Professor of Taxation at the University of Southern California Graduate School of Business. Save as disclosed above, Mr. Yemenidjian has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Hon. Joseph Edward Schmitz ("Hon. Schmitz"), aged 65, was appointed as an non-executive director of the Company on 17 January 2020. He is currently the Chief Legal Officer for PACEM Solutions International LLC. He served as a foreign policy/national security advisor to Donald J. Trump from March 2016 through the November 2016 election. His prior government service in the United States ("U. S.") includes service as the 5th Senate-confirmed Inspector General of the Department of Defense from April 2002 to September 2005. For his service as Inspector General, Hon. Schmitz was awarded the Department of Defense Medal for Distinguished Public Service, the highest honorary award presented by the Secretary of Defense to non-career federal employees.

Prior to his service as Inspector General of the Department of Defense, Hon. Schmitz was a Partner in the international law firm of PATTON BOGGS LLP, serving as head of the Aviation Practice Group, and at the same time a Captain in the U.S. Naval Reserves, serving as Inspector General of the Naval Reserve Intelligence Command. After his Inspector General service, Hon. Schmitz served as Chief Operating Officer and General Counsel of THE PRINCE GROUP in McLean, Virginia, after which he served as Managing Director in the Washington D.C. Office of FREEH GROUP INTERNATIONAL. In October 2014, Hon. Schmitz co-founded the McLean, Virginia, law firm of SCHMITZ & SOCARRAS LLP. His pre-Inspector General public service included: 27 years of naval service, first on active duty and then as a reserve officer; law clerk to the Honorable James L. Buckley, Circuit Judge, U.S. Court of Appeals for the D.C. Circuit; and Special Assistant to the Attorney General of the United States, the Honorable Edwin Meese III.

Hon. Schmitz graduated with distinction from the U.S. Naval Academy in 1978 and received his Doctor of Jurisprudence from Stanford University in 1986. He is a Senior Fellow for the Center for Security Policy. Save as disclosed above, Hon. Schmitz has not held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Sam Hing Cheong ("Mr. Sam"), aged 40, was re-designated from executive director and chairman to non-executive director of the Company on 5 June 2020. Mr. Sam was also appointed as an executive director and the vice chairman of Blue River Holdings Limited (Stock code: 498), the securities of which are listed on the main board of the Stock Exchange, from 1 April 2021. Mr. Sam holds a Bachelor of Laws with Honours and a Bachelor of Arts from the University of Waikato, New Zealand. Mr. Sam is admitted as a solicitor in the jurisdictions of England and Wales, the British Virgin Islands, New Zealand, and as an attorney in the Republic of the Marshall Islands. On 25 September 2021, Mr. Sam was admitted as a solicitor in Hong Kong. Save as disclosed above, Mr. Sam has not held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

PROFILES OF DIRECTORS AND COMPANY SECRETARY

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hon. Chan Hak Kan ("Hon. Chan"), S.B.S., J.P., aged 45, was appointed as an independent non-executive director of the Company on 6 April 2017. He has also been a member of the audit committee, nomination committee and remuneration committee of the Company since 6 April 2017. He has been a member of Hong Kong Legislative Council since October 2008. Hon. Chan graduated from The Chinese University of Hong Kong with a Bachelor of Social Science (Hons) (Government and Public Administration) degree in 1997 and a Master of Social Science (Law and Public Affairs) degree in 2003. From 2000 to 2003, Hon. Chan served as an elected member of the Sha Tin District Council. In 2012, was appointed as a Justice of the Peace by the Chief Executive of Hong Kong. From 2012 to 2018, he was a member of the Action Committee Against Narcotics. Since 2016, Hon. Chan is a member of the Advisory Board of Tung Wah Group Hospitals and since 2017, a member of ICAC Advisory Committee on Corruption. Hon. Chan is currently an independent non-executive director of Xinyi Electric Storage Holdings Limited (formerly known as Xinyi Automobile Glass Hong Kong Enterprises Limited) (stock code: 8328), the securities of which are listed on the GEM of the Stock Exchange, and an independent non-executive director of Imagi International Holdings Limited (stock code: 585), the securities of which are listed on the main board of the Stock Exchange. Save as disclosed above, Hon. Chan has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Cheung Wing Ping ("Mr. Cheung"), aged 55, was appointed as an independent non-executive director of the Company on 21 May 2015. Mr. Cheung is also a chairman of each of the nomination committee, audit committee and remuneration committee of the Board. Mr. Cheung has over 20 years of experience in auditing and accounting fields. He holds a bachelor's degree in Accountancy with honours from City University of Hong Kong and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung is currently an independent non-executive director of Touyun Biotech Group Limited (Stock Code: 1332), the securities of which are listed on the main board of the Stock Exchange. Mr. Cheung was an independent non-executive director of Arta TechFin Corporation Limited (Stock Code: 279) from 7 August 2013 to 8 September 2019 and an independent non-executive director of China Shandong Hi-Speed Financial Group Limited (Stock Code: 412) from 17 April 2015 to 14 May 2020, the respective securities of which are listed on the main board of the Stock Exchange. Save as disclosed above, Mr. Cheung has not held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Hung Cho Sing ("Mr. Hung"), **B.B.S.,** aged 81, was appointed as an independent non-executive director of the Company and a member of each of the audit committee, remuneration committee and nomination committee of the Board on 6 April 2017. He has over 30 years of experience in the film distribution industry. Mr. Hung was the founder and general manager of Delon International Film Corporation since June 2004. Mr. Hung is currently the Chairman of Hong Kong, Kowloon and New Territories Motion Picture Industry Association. In recognition of his contribution to the Hong Kong film industry, Mr. Hung was awarded the Bronze Bauhinia Star (BBS) by the Government of Hong Kong in 2005. Mr. Hung was a non-executive director of Universe Entertainment and Culture Group Company Limited (stock code: 1046) from 1 February 2019 to 31 July 2019, the securities of which are listed on the main board of the Stock Exchange. Currently, Mr. Hung is an independent non-executive director of China Star Entertainment Limited (stock code: 326), an independent non-executive director of Unity Investments Holdings Limited (stock code: 913) and an independent non-executive director of Miko International Holdings Limited (stock code: 1247), the respective securities of which are listed on the main board of the Stock Exchange. He is also an independent non-executive director of KOALA Financial Group Limited (stock code: 8226) and an executive director of EJE (Hong Kong) Holdings Limited (stock code: 8101), the respective securities of which are listed on the GEM of the Stock Exchange. Save as disclosed above, Mr. Hung has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

PROFILES OF DIRECTORS AND COMPANY SECRETARY

Dr. LO Wing Yan William, J.P., ("Dr. Lo"), aged 61, was appointed as an independent non-executive director of the Company on 11 June 2021. Dr. Lo is currently the Founder & Chairman of Da Z Group Co. Limited. Dr Lo is a Founding Governor of the Charles K Kao Foundation for Alzheimer's Disease as well as The Independent Schools Foundation Academy, one of the most well known independent schools in Hong Kong. Dr. Lo has also been the Chairman of Junior Achievement Hong Kong since 2013. Dr. Lo started his business career at McKinsey & Company and had subsequently held various top management posts at HK Telecom, Cable & Wireless plc, Citibank, WPP plc, China Unicom, I.T Limited, South China Media Group and Kidsland International Holdings Ltd. Dr. Lo is renown for being the founder of Netvigator, the largest Internet business in Hong Kong, as well as iTV (the predecessor of NowTV), the first interactive and on-demand TV service in the world.

Dr. Lo obtained a MPhil degree in Molecular Pharmacology and a PhD degree in Genetic Engineering/ Neuroscience, both from Cambridge University, United Kingdom. In 1996, he was selected as a "Global Leader for Tomorrow" by the Davos-based renowned global organization World Economic Forum. In 2000, he was selected as one of the top 25 Asia's Digital Elites by the Asia Week magazine. Dr. Lo has held numerous Government appointments during his career and is currently a member of the Cyberport Advisory Panel and a Member of the Hospital Governing Committee of HK Red Cross Blood Transfusion Service and a Advisory Committee member of Chinese Medicine, Hong Kong Baptist University. Dr. Lo is at present an Advisor of the Our Hong Kong Foundation too. Dr. Lo was a board member of the Broadcasting Authority as well as the ASTRI and the Science Park. Dr. Lo was also a founding member of the Stock Exchange of Hong Kong's Growth Enterprise Market (GEM) Listing Committee. In 1999, Dr Lo was appointed a Justice of the Peace (JP) of HKSAR Government for his contribution to the city of Hong Kong. During the period 2003-2016, Dr Lo was a Committee Member of Shantou People's Political Consultative Conference.

Dr. Lo serves as an independent non-executive director on the board of a number of publicly listed companies in HK, including Television Broadcasts Ltd (SEHK: 511), CSI Properties Ltd (SEHK: 497), JingRui Holdings Ltd (SEHK: 1862), Oshidori International Holdings Limited (HKSE: 622) and OCI International Holdings Limited (HKSE: 329). He is also an independent non-executive director of U.S. NASDAQ listed Regencell Bioscience Holdings Limited (NASDAQ: RGC). Recently, Dr. Lo has been invited by the United Nations ESCAP to lead a task force for its Sustainable Business Network Committee to look at financial inclusion leveraging fintech in the region. Save as disclosed above, Dr. Lo has not held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

COMPANY SECRETARY

Ms. Liu Tsui Fong ("Ms. Liu") was appointed as company secretary of the Company on 29 October 2019. The Company Secretary supports the Board by ensuring an unimpeded flow of information within the Board and that policies and procedures formulated by the Board are followed. Ms. Liu is responsible for advising the Board through the chairman on governance matters and facilitates induction and professional development of the Directors.

The appointment and dismissal of the Company Secretary are subject to the Board's approval in accordance with the Bye-laws. All members of the Board have access to the advice and services of the Company Secretary.

Ms. Liu has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

REPORT OF THE DIRECTORS

The directors of the Company (the "**Directors**") are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 40 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position as well as the outlook of the Company's business are provided in the "Chairman's Statement" and "Management Discussion and Analysis" on page 3 and pages 4 to 12 of this Annual Report respectively. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Summary on page 156 of this Annual Report. Description of the principal risks and uncertainties facing the Group can be found throughout this Annual Report particularly in note 36 to the consolidated financial statements and the "Management Discussion and Analysis" on pages 4 to 12 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's businesses are mainly carried out by the Company's subsidiaries established in Hong Kong, the PRC, Japan, the British Virgin Islands and the Marshall Islands while the Company itself is incorporated in Bermuda with its shares listed on the Main Board of the Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in Bermuda, Hong Kong, the PRC, Japan, the British Virgin Islands and the Marshall Islands.

During the year ended 31 December 2021 and up to the date of this Annual Report, we have complied with all the relevant rules, laws and regulations in Bermuda, Hong Kong, the PRC, Japan, the British Virgin Islands and the Marshall Islands that have a significant impact on the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

As the Group principally engages in financial services, the Group has always paid great attention to and maintained a good relationship with, and has been providing quality professional and customer-oriented services for customers. Due to the nature of business of the Group, no specific suppliers will be involved in the operation of business. The aforementioned customers are good working partners creating value for the Group. The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 70.

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

PROPERTY AND EQUIPMENT

Details of the movements in the property and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 30 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Details of movements in reserves of the Group and the Company during the year ended 31 December 2021 are set out in the consolidated statement of changes in equity on page 74 and note 41 to the consolidated financial statements respectively. During the year ended 31 December 2021, no reserves had been utilised for distribution. As at 31 December 2021, the Company's reserves that were available for distribution to the Shareholders amounted to approximately HK$6,471,550,000 (2020: HK$6,599,950,000).

DIRECTORS

The Directors during the year and up to the date of this Annual Report were:

Executive Directors:
Ms. Wong Wan Men
Mr. Wong Yat Fai

Non-executive Directors:
Mr. Alejandro Yemenidjian
Hon. Joseph Edward Schmitz
Mr. Sam Hing Cheong

Independent Non-executive Directors:
Hon. Chan Hak Kan, S.B.S., J.P.
Mr. Cheung Wing Ping
Mr. Hung Cho Sing, B.B.S.
Dr. Lo Wing Yan William, J.P. *(Appointed on 11 June 2021)*

Pursuant to Bye-law 83(2) of the Bye-laws of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Dr. Lo Wing Yan, William, being appointed on 11 June 2021, shall be eligible for re-election at the AGM.

Pursuant to Bye-law 84(1) of the Bye-laws of the Company, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation.

REPORT OF THE DIRECTORS

Pursuant to Bye-law 84(2) of the Bye-laws of the Company, retiring Directors shall be eligible for re-election and the Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall include those other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree amongst themselves) be determined by lot. Accordingly, Ms. Wong Wan Men, Hon. Joseph Edward Schmitz, Mr. Sam Hing Cheong and Mr. Cheung Wing Ping, being the Directors longest in office since their last re-election or appointment, shall retire by rotation at the AGM and, being eligible, would offer themselves for re-election at the AGM.

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

SHARE OPTION SCHEMES

(A) 2002 Share Option Scheme

The Company operated a share option scheme adopted by shareholders of the Company (the “Shareholders”) on 24 May 2002 (the “2002 Share Option Scheme”), under which the Board may, at its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated in the said scheme. The 2002 Share Option Scheme had a life of 10 years and was terminated at the annual general meeting of the Company held on 17 May 2012. No further options shall thereafter be offered under the 2002 Share Option Scheme but the options, which had been granted during its life, shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect. Following to the lapse of all 28,079,700 outstanding options in 2017, the Company had no underlying shares comprised in options outstanding under the 2002 Share Option Scheme. Details of the 2002 Share Option Scheme were set out in the Company’s 2017 annual report.

(B) 2012 Share Option Scheme

A 2012 share option scheme was adopted by Shareholders on 17 May 2012 (the “2012 Share Option Scheme”), under which the Board may, of its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Options Scheme has a remaining life of less than 1 month as at the date of this annual report and will expire on 17 May 2022. The general terms and conditions of the 2012 Share Option Scheme are listed as follows:

(A) Purpose

The 2012 Share Option Scheme is a share incentive scheme and is established to enable the Group to (i) recognise and acknowledge the contributions that eligible persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other eligible persons; (iii) motivate the eligible persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to eligible persons. The eligible persons include (a) any full time or part time employees of the Group or any directors of the Company or any of its subsidiaries; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.

REPORT OF THE DIRECTORS

(B) Maximum Number of Shares Available for Subscription

(i) Subject to (iv) below, the total number of shares which may be issued upon exercise of all the options to be granted under 2012 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the shares in issue as at the date of approval of the 2012 Share Option Scheme.

(ii) Subject to (iv) below, the Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of the shares in issue as at the date of approval to refresh such limit.

(iii) Subject to (iv) below, the Company may seek separate approval from the Shareholders in general meeting for granting options beyond the 10% limit provided the options granted in excess of such limit are granted only to eligible persons specifically identified by the Company before such approval is sought. In such case, the Company shall send a circular to its Shareholders containing the information required under the Listing Rules.

(iv) in respect of which options may be granted under the 2012 Share Option Scheme together with any options outstanding and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue from time to time. No option may be granted under the 2012 Share Option Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.

(C) Total Number of Securities Available for Issue

The scheme mandate limit was refreshed on 5 June 2020, pursuant to which the Company was authorised to grant options to subscribe for up to a maximum of 611,360,913 shares, being 10% of the total issued shares of the Company as at 5 June 2020. There were 252,000,000 options outstanding as of 31 December 2020. The total number of shares which may be issued upon exercise of all options granted and to be granted under the 2012 Share Option Scheme was 803,360,913 shares, representing 14.12% of the shares of the Company in issue as at the date of this annual report.

(D) Maximum Entitlement to Shares of Each Eligible Person

(i) The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

(ii) Notwithstanding (i) above, any further grant of options to an eligible person in excess of the 1% limit shall be subject to approval by the Shareholders in general meeting with such eligible person and his or her associates abstaining from voting. The number and the terms of the options to be granted to such eligible person shall be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date for grant for the purpose of calculating the subscription price.

REPORT OF THE DIRECTORS

(iii) Where the Board proposes to grant any option to an eligible person who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates and such option which if exercised in full, would result in such eligible person becomes entitled to subscribe for such number of shares, when aggregated with the total number of shares already issued and issuable to him or her pursuant to all options granted and to be granted (including options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant: (1) representing in aggregate more than 0.1% of the relevant class of securities of the Company in issue on the date of such grant; and (2) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, such proposed grant of options must be approved by the Shareholders in general meeting.

(E) Acceptance of Offer

Offer of an option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 (or such other nominal sum in any currency as the Board may determine) by way of consideration for the grant thereof.

(F) Exercise of Options

An option may be exercised in accordance with the terms of the 2012 Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period. Subject to the discretion of the Board in accordance with the terms of the 2012 Share Option Scheme, there is no minimum period for which an option must be held before it can be exercised and no performance targets need to be achieved by the grantee before the option can be exercised.

(G) Exercise Price

The exercise price shall be determined by the Board at its sole discretion and notified to the eligible persons and shall be no less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share on the date on which an option is granted.

On 22 January 2020, the Board resolved to grant an aggregate of 120,000,000 share options with no vesting conditions to 10 option grantees under the 2012 Share Option Scheme, of which, (i) 100,000,000 share options were granted to 9 independent option grantees; and (ii) 20,000,000 share options were granted to Ms. Wong Wan Men, at an exercise price of HK$0.865 per share. The validity period of the share options is 10 years from the date of grant (i.e. 22 January 2020 to 21 January 2030).

On 9 June 2020, the Board further resolved to grant 60,000,000 share options with no vesting conditions to a non-executive director, Mr. Alejandro Yemenidjian under the 2012 Share Option Scheme, at an exercise price of HK$0.840 per share. The validity period of the share options is 10 years from the date of grant (i.e. 9 June 2020 to 8 June 2030).

REPORT OF THE DIRECTORS

As at 31 December 2021, there were share options relating to 252,000,000 shares granted by the Company representing 4.12% of the issued shares of the Company as at the date of this annual report pursuant to the 2012 Share Option Scheme which were valid and outstanding. Details of the share options granted under the 2012 Share Option Scheme that remain outstanding as at 31 December 2021 are as follows:

			Number of share options				
Grant Date	**Exercise Price** *HK$*	**Grantees**	**As at 1/1/2021**	**Granted**	**Forfeited/ Lapsed**	**As at 31/12/2021**	**Exercisable period**
29/3/2019 *(note 1)*	0.82	Employees	72,000,000		–	72,000,000	29/3/2019 – 28/3/2029
22/1/2020 *(note 2)*	0.865	Wong Wan Men	20,000,000	–	–	20,000,000	22/1/2020 – 21/1/2030
22/1/2020 *(note 2)*	0.865	Other participants	10,000,000	–	–	100,000,000	22/1/2020 – 21/1/2030
9/6/2020 *(note 3)*	0.840	Alejandro Yemenidjian	60,000,000	–	–	60,000,000	9/6/2020 – 8/6/2030
		Total	252,000,000	–	–	252,000,000	

Notes:

1. The closing market price per share of the Company as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 28 March 2019 was HK$0.80.

2. The closing market price per share of the Company as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 21 January 2020 was HK$0.86.

3. The closing market price per share of the Company as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 8 June 2020 was HK$0.83.

Additional information in relation to the Company's Share Option Schemes are set out in note 31 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE AWARD SCHEME

The share award scheme was adopted by the shareholders at the special general meeting of the Company held on 19 December 2019 ("2019 Share Award Scheme").

The Board shall not make any further grant of awarded shares which will result in the total number of shares awarded by the Board under the 2019 Share Award Scheme exceeding 10% of the issued share capital of the Company as at the adoption date of 2019 Share Award Scheme (i.e. 19 December 2019).

Subject to the 2019 Share Award Scheme limit, the maximum number of awarded shares which may be awarded by the Board in any financial year shall not be more than 3% of the issued share capital of the Company ("Annual Limit"). Provided that if the Annual Limit is not fully utilised in any financial year, further awarded shares may be awarded by the Board in subsequent financial year(s) up to such Annual Limit. The Annual Limit may be refreshed by Shareholders who are permitted under the Rules Governing the Listing of Securities (the "Listing Rules") to vote at a general meeting of the Company so that the Annual Limit refreshed shall not exceed 3% of the issued share capital of the Company as at the date of the general meeting approving such refreshment. The maximum aggregate number of the shares which may be awarded to a selected grantee under the 2019 Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The objectives of the 2019 Share Award Scheme are: (i) to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group's existing and other new potential business including integrated resort development; and (ii) to attract suitable personnel with relevant experience in the Group's existing and other new potential business including integrated resort development.

On 22 January 2020, the Board resolved to award an aggregate of 95,000,000 awarded shares to the same 10 persons under the 2019 Share Award Scheme, of which, (i) 85,000,000 awarded shares were awarded to 9 independent grantees by way of issue and allotment of new shares pursuant to the specific mandate; and (ii) 10,000,000 connected awarded shares were proposed to Ms. Wong by way of issue and allotment of new shares pursuant to the specific mandate. All the awarded shares shall be vested on the fourth anniversary of the date of grant (i.e. 22 January 2024), subject to the grantees remaining as eligible persons on 22 January 2024 and all of the other conditions being satisfied. The share price of the Company at the date of grant was HK$0.85 per share.

The movements of share awards under the 2019 Share Award Scheme during the period are as follows:

		Number of awarded shares				
Grant Date	**Grantees**	**As at 1/1/2021**	**Granted**	**Forfeited**	**Unvested as at 31/12/2021**	**Vesting Date**
22/1/2020	Wong Wan Men	10,000,000	–	–	10,000,000	To be vested on 22/1/2024
22/1/2020	Other participants	85,000,000	–	–	85,000,000	To be vested on 22/1/2024
	Total	95,000,000	–	–	95,000,000	

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(A) Long Positions in Shares, Underlying Shares and Debentures of the Company

Name of directors	Nature of interest	Number of underlying shares held	Approximate% of shareholding
Wong Wan Men	Personal*	30,000,000[1]	0.49
Alejandro Yemenidjian	Personal*	120,000,000[2]	1.96

Notes:

(1) Out of 30,000,000 shares, 10,000,000 shares represented the interest in Award Shares granted by the Company and remained unvested, and the balance of 20,000,000 shares represented the interests in share options granted by the Company as beneficial owner. Details of the Awarded Shares and share options granted to this director are set out in "Share Award Scheme" and "Share Option Scheme" sections stated below.

(2) Out of 120,000,000 shares, 60,000,000 shares represented the interests in share options granted by the Company as beneficial owner and 60,000,000 shares were obtained during the Year. The details of the share options granted to this director are set out in "Share Option Scheme" section.

* Interests of beneficial owner

(B) Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 December 2021, none of the Directors and chief executives of the Company or their associates had any short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined under Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

At no time during the Year were rights to acquire benefits by means of the acquisition of shares in or warrants or debentures of the Company granted to any Director or chief executives of the Company or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries or holding company or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' SERVICE CONTRACT

There are no service contracts entered into by any Director of the Company that exceeds a term of three years, and none of the Directors of the Company has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed, no transactions, or arrangements or contracts of significance to which the Company, its subsidiaries or holding company or fellow subsidiaries was a party and in which a Director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Save as disclosed in this Annual Report relating to "Share Option Schemes of the Company" and "Share Award Scheme of the Company", no equity-linked agreements were entered into during the year or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

The Bye-Laws of the Company provides that for the time being acting in relation to any of the affairs of the Company, every director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses, damages and expenses which he shall or may incur or sustain by or by reason of any act done about the execution of duties of his office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

CONNECTED TRANSACTIONS

During the Year, there were no transactions which need to be disclosed as connected transaction pursuant to Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 34 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

The register of the interests and short positions maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of the Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued shares of the Company as at 31 December 2021:

Name of substantial shareholder	Capacity	Number of Issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Peak Trust Company – NV	Trustee *(Note 1)*	1,215,296,600	19.89%
MAK Siu Hang Viola	Beneficial owner *(Note 2)*	575,003,000	9.41%

Notes:

1 Peak Trust Company – NV is the trustee of Oshidori Kyushi Children's Trust, which is a charitable organisation set up for the benefit of the Kyushi Oshidori Children's Foundation.

2 Ms. Mak Siu Hang, Viola holds 100% of the equity interest in VMS Investment Group Limited ("VMS"). Therefore, Ms. Mak Siu Hang, Viola is deemed to be interested in the Shares of the Company which are owned by VMS.

Save as disclosed above, as at 31 December 2021, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group in aggregate accounted for about 55% of the Group's revenue from continuing operations, excluding revenue from securities trading and investments. Sales to the largest customer accounted for 23% of the Group's revenue from continuing operations, excluding revenue from securities trading and investments.

As the Group had no significant purchases from continuing operations during the year, the information on major suppliers is not present.

At no time during the year, did a Director, a close associate of a Director or a shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's shares) have an interest in the largest customer or any of the five largest suppliers of the Group for the year ended 31 December 2021.

DONATIONS

During the year, the Group made charitable donations amounting to HK$0.7 million.

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is set up by the Remuneration Committee and is based on their merit, qualifications and competence.

The emoluments of the Directors of the Company are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Remuneration Committee will make recommendation to the Board on the emoluments of the Directors.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 31 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company adopted all the code provisions in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Listing Rules as its own code on corporate governance practices.

During the year, the Company has complied with the code provisions as set out in the Code. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 28 to 38 of this Annual Report.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

The Company has an audit committee ("**Audit Committee**") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The annual results of the Group for the Year had been audited by the Company's auditor, Mazars CPA Limited, and had been reviewed by the Audit Committee.

Details of the Company's Audit Committee are set out in Corporate Governance Report on pages 33 to 34 of this Annual Report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 31 December 2021.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2021 have been audited by Mazars CPA Limited. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Mazars CPA Limited.

On behalf of the Board
Oshidori International Holdings Limited

Alejandro Yemenidjian
Non-Executive Chairman
Hong Kong, 29 March 2022

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Oshidori International Holdings Limited is dedicated to maintaining good and credible corporate governance practices with a view to being transparent, open and accountable to our shareholders, as well as to the stakeholders of the Company.

STATEMENT OF COMPLIANCE

During the year, all the code provisions set out in the Code on Corporate Governance Practices ("**Code**") contained in Appendix 14 of the Listing Rules were complied by the Company.

BOARD OF DIRECTORS

Composition

As at the date of this Annual Report, the Board comprises 9 members (each member of the Board, a "**Director**"), including two Executive Directors, namely Ms. Wong Wan Men and Mr. Wong Yat Fai, three Non-executive Directors namely, Mr. Alejandro Yemenidjian, Hon. Joseph Edward Schmitz and Mr. Sam Hing Cheong and four Independent Non-executive Directors representing at least one-third of the Board, namely Hon. Chan Hak Kan, Mr. Cheung Wing Ping, Mr. Hung Cho Sing and Dr. Lo Wing Yan William. Of the four independent non-executive Directors appointed, at least one or more has appropriate professional accounting experience and related financial management expertise. There is no financial, business, family or other material relationship between any members of the Board.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed in pages 13 to 16 of this Annual Report.

Each Independent Non-executive Director has confirmed their independence pursuant to Rule 3.13 of the Listing Rules and the Company also considers that they are independent.

Pursuant to the Bye-laws of the Company, the Directors retire on a rotational basis at least once every three years at the annual general meeting of the Company and are eligible for re-election. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at that meeting.

The term of office of each Non-executive Director or Independent Non-executive Director is for a period of 1 year and subject to retirement by rotation and re-election in accordance with the Bye-laws.

In accordance with Bye-laws 83(2), 84(1) and 84(2) of the Bye-laws of the Company, Dr. Lo Wing Yan William, Ms. Wong Wan Men, Hon. Joseph Edward Schmitz, Mr. Sam Hing Cheong and Mr. Cheung Wing Ping will retire by rotation at the forthcoming annual general meeting. All the retiring directors, being eligible, will offer themselves for re-election thereat.

Changes in information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by directors pursuant to paragraph (a) to (e) and (g) of Rule 13.51(2) since the Company's Interim Report 2021 are set out below:

1. Dr. Lo Wing Yan William ceased to be a director of Nam Tai Properties Inc. (NYSE: NTP) on 30 November 2021 and was appointed as a director of Regencell Bioscience Holdings Limited (NASDAQ: RGC) on 13 December 2021. He was also appointed as an Independent non-executive director of OCI International Limited (Stock code: 329), the securities of which are listed on the Main Board of the Stock Exchange, on 2 July 2021.

2. Mr. Sam Hing Cheong was admitted as a solicitor in Hong Kong on 25 September 2021.

CORPORATE GOVERNANCE REPORT

Responsibilities of the Board and Management

The Board, headed by the Chairman, is responsible for providing high-level guidance and effective oversight of the management of the Company, and formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend, and supervision of management in accordance with the regulations governing the meetings of the Board and the Bye-laws.

Executive Directors are responsible for day-to-day management of the Company's operations. They conduct meetings with the management of the Group, at which operational issues and financial performance are evaluated.

The Company considers the essential of internal control system and risk management function and the Board plays an important role in the implementation and monitoring of internal control and risk management.

Matters specifically decided by the Board and those reserved for the management, such as daily management administration and operation of the Company, etc., are reviewed by the Board. The management shall report back to the Board. The procedure to enable Directors to seek independent professional advice in appropriate circumstances, at the Company's expenses, was established.

The Bye-laws contain provisions regarding responsibilities and operational procedures of the Board. The Board meets regularly at least two times a year and considers operational reports of the Company and policies and financial results of the Company. Significant operational policies have to be discussed and passed by the Board.

During the Year, the Board held 2 regular Board meetings (within the meaning of the Code) at approximately semi-annual intervals, 1 general meeting and 7 Board meetings which were convened as necessary. Due notice and the Board papers were given to all Directors prior to each regular meeting in accordance with the Code and the Bye-laws. Details of individual attendance of Directors are set out below:

	Number of meetings attended/ eligible to attend for the Year		
	Regular Board meeting	**Other Board meeting**	**General meeting**
Executive Directors			
Ms. Wong Wan Men	2/2	7/7	1/1
Mr. Wong Yat Fai	2/2	7/7	1/1
Non-executive Directors			
Mr. Alejandro Yemenidjian	1/2	5/7	1/1
Hon. Joseph Edward Schmitz	1/2	5/7	1/1
Mr. Sam Hing Cheong	2/2	7/7	1/1
Independent Non-executive Directors			
Hon. Chan Hak Kan, S.B.S., J.P.	2/2	7/7	1/1
Mr. Cheung Wing Ping	2/2	7/7	1/1
Mr. Hung Cho Sing, B.B.S.	2/2	7/7	1/1
Dr. Lo Wing Yan William, J.P. *(appointed on 11 June 2021)*	0/1	4/4	N/A

CORPORATE GOVERNANCE REPORT

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and management to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, Directors are provided with written materials to develop and refresh their professional skills. The Company also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the Year, the Company organised for the Directors and management various trainings on the Listing Rules and the Securities and Futures Ordinance.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Code on continuous professional development during the Year:

	Corporate Governance requirements under the Listing Rules, Connected Transactions, Continuing Obligations of Directors, Market Misconduct, Disclosure of Inside Information, Conflict of Interest, Responsibilities of Directors, SFC Investigations and Enforcement, Handling Price Sensitive Information	
	Read materials	**Attended briefings/ in-house workshop**
Executive Directors		
Ms. Wong Wan Men	✓	✓
Mr. Wong Yat Fai	✓	✓
Non-executive Directors		
Mr. Alejandro Yemenidjian	✓	✓
Hon. Joseph Edward Schmitz	✓	✓
Mr. Sam Hing Cheong	✓	✓
Independent Non-executive Directors		
Hon. Chan Hak Kan, S.B.S., J.P.	✓	✓
Mr. Cheung Wing Ping	✓	✓
Mr. Hung Cho Sing, B.B.S.	✓	✓
Dr. Lo Wing Yan William, J.P.	✓	×

CORPORATE GOVERNANCE REPORT

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Year, the roles of the Chairman and Chief Executive Officer are performed by different individuals. Mr. Alejandro Yemenidjian, a Non-executive Director, is the Chairman. The role of the Chief Executive Officer has been performed collectively by all Executive Directors.

The Chairman provides leadership for the Board and oversees the Board so that it acts in the best interest of the Group and its Shareholders. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development. During the Year, the Chairman had held a meeting with the Independent Non-executive Directors without the presence of other Directors.

Executive Directors are responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. They are accountable to the Board for keeping the Chairman and all Directors fully informed of all major business developments and issues.

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Group. Their responsibilities include:

- attending regular board meetings and focusing on business strategy, operational issues and financial performance;
- active participation on the respective boards of directors of the subsidiaries and associated companies of the Company;
- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;
- consideration of misuse of corporate assets and abuse in related party transaction; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

CORPORATE GOVERNANCE REPORT

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties as required under the Code:

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

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

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

– to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

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

During the Year, the Board considered the following corporate governance matters:

– review of the policies and practices adopted by the Company, trainings for directors and senior management, and code of conduct and compliance manual, etc;

– review of the compliance with the Code and the disclosure of this report; and

– review of the effectiveness of the internal controls and risk management systems of the Company through the Audit Committee.

Board Committees

The Board currently has three principal board committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Remuneration Committee

As at the date of this Annual Report, the Remuneration Committee comprises one Executive Director, Ms. Wong Wan Men, and four Independent Non-executive Directors, Hon. Chan Hak Kan, Mr. Cheung Wing Ping, Mr. Hung Cho Sing and Dr. Lo Wing Yan William and is chaired by Mr. Cheung Wing Ping.

The terms of reference of the Remuneration Committee comply with the Code which are posted on the website of the Company at www.oshidoriinternational.com.

The Remuneration Committee's responsibilities mainly include the reviewing, considering and making recommendation to the Board on (i) the Company's remuneration policy for Directors and senior management, (ii) remuneration packages for individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments, and (iii) remuneration of Non-executive Directors etc.

CORPORATE GOVERNANCE REPORT

During the Year, the Remuneration Committee:

- reviewed the remuneration policy for 2021/2022;

- reviewed the remuneration of executive directors, non-executive directors and management year-end bonus; and

- made recommendation to the Board on the above matters.

The Remuneration Committee held 1 meetings during the Year with individual attendance as follows:

Members of Remuneration Committee	**Number of meeting(s) attended**
Mr. Cheung Wing Ping *(Chairman)*	1/1
Hon. Chan Hak Kan, S.B.S., J.P.	1/1
Mr. Hung Cho Sing, B.B.S.	1/1
Ms. Wong Wan Men	1/1
Dr. Lo Wing Yan William, J.P. *(appointed on 11 June 2021)*	N/A

The remuneration of the members of the senior management by band for the Year is set out below:

Remuneration bands (HK$)	**Number of person(s)**
1,000,001 to 2,000,000	2
2,000,001 to 2,500,000	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 12 to the consolidated financial statements.

Audit Committee

As at the date of this Annual Report, the Audit Committee comprises four Independent Non-executive Directors, namely Hon. Chan Hak Kan, Mr. Cheung Wing Ping, Mr. Hung Cho Sing and Dr. Lo Wing Yan William and is chaired by Mr. Cheung Wing Ping.

The Audit Committee reports directly to the Board and reviews matters within the scope of audit, such as financial statements and internal control, to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor twice a year to discuss audit process and accounting issues, and reviews effectiveness of internal control and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board.

CORPORATE GOVERNANCE REPORT

During the Year, the Audit Committee:

– reviewed financial statements for the Previous Year and for the six months ended 30 June 2021;

– reviewed the effectiveness of the internal control system and risk management;

– reviewed the external auditor's audit findings;

– reviewed and approved remuneration of auditor for 2021 and recommended the reappointment of auditor; and

– reviewed the implementation of policy for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters and the whistleblowing policy.

As at 31 December 2021, the arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters was in place. No reporting has been received by Audit Committee during the Year.

The Audit Committee held 2 meetings during the Year. Details of individual attendance of its members are as follows:

Members of Audit Committee	**Number of meeting(s) attended**
Mr. Cheung Wing Ping *(Chairman)*	2/2
Hon. Chan Hak Kan, S.B.S., J.P.	2/2
Mr. Hung Cho Sing, B.B.S.	2/2
Dr. Lo Wing Yan William, J.P. *(appointed on 11 June 2021)*	0/1

Nomination Committee

As at the date of this Annual Report, a Nomination Committee comprises one Executive Director, Ms. Wong Wan Men, and four Independent Non-executive Directors, namely Hon. Chan Hak Kan, Mr. Cheung Wing Ping, Mr. Hung Cho Sing and Dr. Lo Wing Yan William and is chaired by Mr. Cheung Wing Ping.

The terms of reference of the Nomination Committee have complied with the Code which are posted on the website of the Company at www.oshidoriinternational.com.

The Nomination Committee's responsibilities mainly include the reviewing and recommending the structure, size and composition of the Board and recommending any change thereon; assessing the independence of Independent Non-executive Directors and recommending the re-election of Directors, etc.

During the Year, the Nomination Committee:

– reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board;

– reviewed the board diversity policy;

– assessed the independence of Independent Non-executive Directors; and

– reviewed and made recommendations to the Board on re-election of retiring Directors at the 2022 annual general meeting.

CORPORATE GOVERNANCE REPORT

The Nomination Committee held 1 meetings during the Year with individual attendance as follows:

Members of Nomination Committee	Number of meeting(s) attended
Mr. Cheung Wing Ping *(Chairman)*	1/1
Hon. Chan Hak Kan, S.B.S., J.P.	1/1
Mr. Hung Cho Sing, B.B.S.	1/1
Ms. Wong Wan Men	1/1
Dr. Lo Wing Yan William, J.P. *(appointed on 11 June 2021)*	N/A

The Nomination Committee assessed the candidates on criteria such as integrity, independent mindedness, experience, skill and ability to commit time and effort to carry out their duties and responsibilities effectively as well as the independent factors set out in the Listing Rules, etc., and made recommendation to the Board for approval.

BOARD DIVERSITY POLICY

The Company formulated the board diversity policy in August 2013 aiming at setting out the approach on diversity of the Board of the Company.

The Board recognizes the importance of having a diverse Board in enhancing the board effectiveness and corporate governance. A diverse Board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities, etc of Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and reviewing effectiveness of the Board.

The Nomination Committee is also responsible for reviewing the board diversity policy and setting any measureable objectives from time to time, and reporting to the Board in relation to recommendations to improve Board diversity.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates to join the Board will be, in part, dependent on the pool of candidates with the necessary knowledge, experience, skills, educational background and other qualities. The final decision will be based on merit and contribution the chosen candidate will bring to the Board.

The Board considers that Board diversity, including gender diversity, to be achieved. The Board currently consists of individuals from a diverse background and have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the Year, all Directors have complied with the required standard set out in the Model Code.

The Company has also established written guidelines regarding securities transaction on no less exacting than the terms of the Model Code for senior management and specific individual who may have access to inside information in relation to the securities of the Company.

EXTERNAL AUDITOR

Mazars CPA Limited ("**Mazars**") provided professional services in respect of the audit of the Company's consolidated financial statements prepared under HKFRSs for the Year.

Fee charged by Mazars in respect of audit service for the Year amounted to HK$2,280,000. Non-audit services fees charged by Mazars were as follows:

Description of service performed	**Fee** *HK$'000*
Professional services in connection with the environmental, social and governance review	90
Professional services in connection with the interim review	331
Professional services in connection with the interim control review	120
Professional services in connection with handling tax enquiry	80.1
Professional services in connection with the annual enterprise risk assessment	80

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to establish good corporate governance that ensures legal and regulatory compliance of the Company. The Board acknowledges that it has the overall responsibility for establishing and maintaining sound and effective risk management and internal control systems, and evaluating and determining the nature and extent of the risks that the Company shall take in achieving its strategic objectives.

For the Year, the Company has engaged an external independent professional consultant to carry out the internal audit function. The consultant has conducted an annual review of and made recommendations to improve the effectiveness of the Group's risk management and internal control systems. During the Year, the Board, through its review and the review made by the consultant, was of the view that the risk management and internal control systems of the Group were effective and adequate.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

Shareholder(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the company secretary of the Company signed and deposited in accordance with the Bye-laws and Bermuda Companies Act 1981, require the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 Shareholders may, at their expense, provide a written request to the attention of the company secretary of the Company signed and deposited in accordance with the Bermuda Companies Act 1981.

(c) Communication with shareholders and investors

To ensure effective communication with shareholders and investors, the Company have formulated a shareholders' communication policy which is regularly reviewed to ensure its effectiveness.

Shareholders are provided with detailed information about the Company in the announcement, annual/interim report and/or circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the chairman of the meeting at the general meetings of the Company held during the Year.

General meetings of the Company provide a direct forum of communication between Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an Executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the Independent Board Committee, will commonly be present and available to answer questions and Shareholders may also contact the Company Secretary of the Company to direct their written enquiries.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

At the 2021 Annual General Meeting, a resolution was proposed by the chairman of the meeting in respect of each separate issue itemised in the notice, including re-election of retiring Directors. The Chairman of the Board and certain members of all committees or their duly appointed delegates and representatives of Mazars attended the 2021 Annual General Meeting and answered questions from the Shareholders.

The Company also maintains a website at www.oshidoriinternational.com, where updates on the Company's business developments and operations, financial information and news can always be found.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

Address: 25th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
Fax: (852) 2704 2181
Email: info@oshidoriinternational.com

CORPORATE GOVERNANCE REPORT

In addition, procedure for Shareholders to propose a person for election as a Director of the Company is available on the Company's website at www.oshidoriinternational.com. The above procedures are subject to the Bye-laws and applicable laws and regulations.

DIVIDEND POLICY

The Company intends to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders. A dividend policy of the Company (the "**Dividend Policy**") had been adopted in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

- the Company's operating results;
- the liquidity position, the level of liquid ratio, return on equity and the relevant financial covenants;
- the expected financial performance;
- the cash flow forecast based on expected working capital requirements, expected capital expenditure requirements and any future expansion plans;
- any restrictions on payment of dividend with reference to any applicable laws, rules and regulations and the Bye-laws; and
- any other factors that the Board may deem appropriate and relevant.

Any declaration and payment of dividend under the Dividend Policy are subject to Board's determination that the same would be in best interest of the Company and the Shareholders as a whole.

The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particulars amount and/or in no way obligate the Company to declare a dividend at any time or from time to time. The Board will review the Dividend Policy from time to time and may exercise at its sole discretion to amend and/or modify the Dividend Policy at any time as appropriate.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES IN PREPARING AND REPORTING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the loss and cash flows of the Group for the Year. The statement of the auditor regarding reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 68 to 69.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Overview

This Environmental, Social and Governance (ESG) Report (the "**Report**") of Oshidori International Holdings Limited and its subsidiaries ("**the Group**") for the year ended 31 December 2021 covers environmental and social subject areas in accordance with the requirements of Environmental, Social and Governance Reporting Guide stated in Appendix 27 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Corporate governance is addressed separately in the Corporate Governance Report.

Scope of the Report

The Report endeavours to present a balanced representation of the Group's environmental and social performance and covers the entire operations of all subsidiaries in the Group. The content of the Report is defined through a process to determine ESG management approach, strategy, priorities and objectives relating to the Group's operations, to describe our management, measurement and monitoring system employed to implement ESG strategy, and to disclose our key policies, compliance with relevant laws and regulations, our performance, and key performance indicators ("**KPIs**").

Reporting Standard

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), including materiality, quantification, and consistency. The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in Hong Kong from 1 January 2021 to 31 December 2021.

Materiality

The materiality and relevance of the ESG related issues are carefully evaluated by the Group and the opinions of its stakeholders, such that the identified material ESG issues are validated and reported according to the stakeholder's concern.

Quantitative

The KPIs disclosed in this report are supported by quantitative data and measurable standards. All applicable statistics, calculation tools, methodologies, reference materials and sources of conversion factor used are disclosed when presenting the emission data.

Consistency

To facilitate the comparison of ESG performance between years, consistent reporting and calculation methods are adopted as far as reasonable, any significant changes in methodologies are also detailed in relevant sections. The intensities in the Report were calculated based on the number of employees of the Group.

Approved by the Board of Directors

The board has overall responsibility for the Group's ESG strategy and reporting. The board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Report was approved by the board on 29 March 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL AND SOCIAL SUBJECT AREAS OF THE GROUP

About the Group

The Group principally engages in investment holdings, tactical and/or strategical investments, and provisions of financial services including the Securities and Futures Commission regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 9 (asset management); and the provision of credit and lending services regulated under the Money Lenders Ordinance. Particulars of the Group's principal entities are set out in note 40 to the consolidated financial statements for the year ended 31 December 2021.

Strategies

Environmental and social responsibilities are viewed as the Group's core commitment to environment, internal workplace, and external community, and an integral part of the Group's practice to create value for stakeholders. Our strategy is to fulfil the Group's environmental and social responsibilities through achieving environmental and social objectives during daily operations.

Objectives

The Group integrates environmental and social considerations into the Group's business objectives to achieve:

Environmental objectives:

- Add environmentally friendly elements to our daily service and operation activities;
- Reduce greenhouse gas emissions;
- Use energy and resources efficiently; and
- Continuously improve waste management.

Social objectives:

- Respect employees' rights and promote an equal opportunity workplace;
- Commit to occupational safety and health, and provide a safe and healthy workplace;
- Commit to ethical business practices, and build integrity within the workplace; and
- Promote community participation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Approach

Monitored by the board of directors, the Group is executing its environmental and social strategy and achieving its related objectives through a series of actions and commitments:

- Embed environmental and social objectives into business processes including decision making process;
- Establish and document environmental and social policies for management and staff members to follow;
- Comply with environmental and social laws and regulations;
- Report our performance on a balanced picture;
- Disclose KPIs as measurement of actual results;
- Ensure appropriate and effective ESG risk management and internal control systems are in place; and
- Practise corporate citizenship in things we do.

Environmental and social management system comprises:

- The direction from the board to fulfil the ESG responsibilities;
- Daily execution of environmental and social strategy and achieving its objectives by senior management;
- Performance and achievements done by employees in accordance with the Group's environmental and social policies;
- Compliance with environmental and social laws and regulations;
- Review and monitoring of ESG risks management and internal control systems by the board; and
- Reporting and disclosure of our performance and KPIs.

Measures for the achievement of environmental and social objectives are:

- Environmental policies;
- Social policies;
- Checklists for the compliance with applicable environmental and social laws and regulations;
- Requiring documentation for the performance and accomplishment of environmental and social related activities or matters; and
- Data collection, calculation, and disclosure of KPIs.

The implementation of environmental and social strategies, management of environmental activities, and measurement of achieving environmental and social objectives are monitored by dedicated managerial staff members and finally by the board for its overall ESG responsibility.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder Engagement

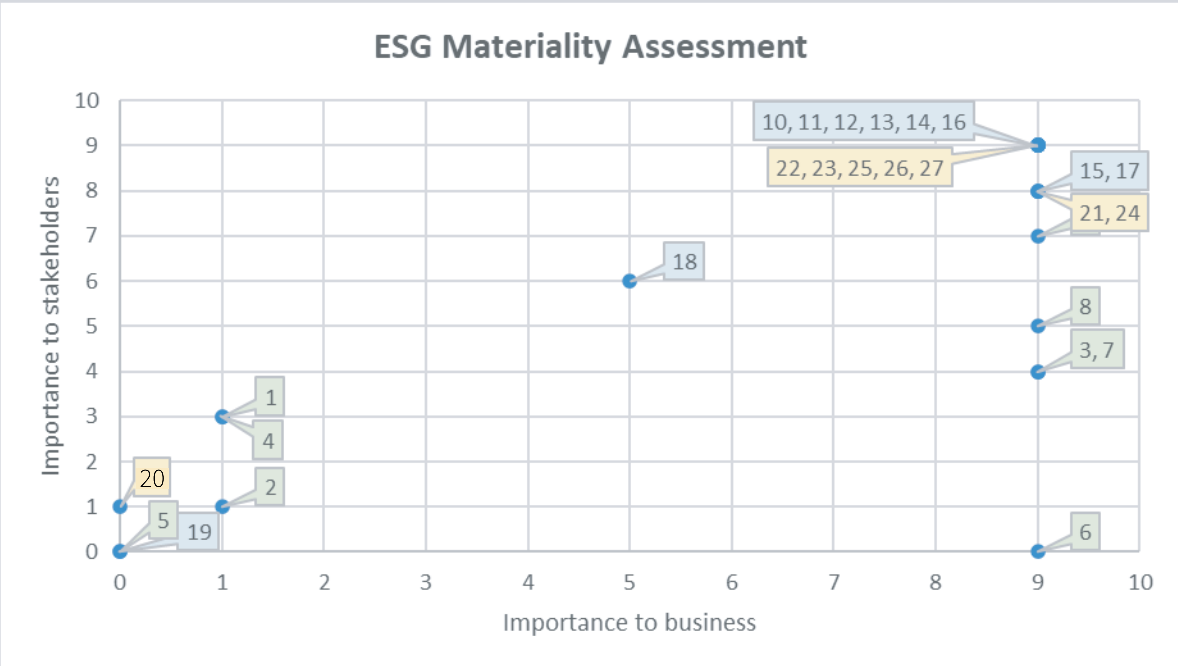
Stakeholder engagement is a key success factor in formulating our environmental and social strategy, defining our objectives, assessing materiality, and establishing policies. Our key stakeholders include customers, suppliers or service providers, employees, management, and shareholders. The Group has communicated with stakeholders to understand their views and respond to their needs and expectations, evaluated and prioritised their inputs to improve our performance, and finally strived to provide value to our stakeholders, community and the public as a whole.

Stakeholders	Probable issues of concern	Communication and responses
HKEx	Compliance with listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Suppliers/Service providers	Payment schedule, stable demand.	Meetings.
Shareholders/ Investors	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, issue of financial reports and/or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.
Customers	Service quality, reasonable prices, service value, labour protection and work safety.	Site visits, and customer services.
Employees	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, employee suggestion boxes.
Community	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality

During the Reporting Year, the Group has undertaken its materiality assessment exercise. This involved conducting surveys with internal and external stakeholders including the management and employees to identify the most significant operating, environmental and social impacts towards the Group's business. With reference to the reporting scope and the consideration towards the corporate business characteristics, the Group has identified related material topics and is detailed in the following diagram:



No.	ESG Topics
	Environmental Issues
1	Greenhouse gas emission/ global warming
2	Exhaust air emission
3	Exhaust air emission
4	Water consumption
5	Hazardous waste/sewage
6	Non-hazardous waste/ sewage
7	Paper consumption
8	Climate change
9	Compliance with environmental laws and regulations

No.	ESG Topics
	Social Issues
10	Anti-COVID 19 epidemic
11	Employee rights and welfare
12	Inclusion, equal opportunities and anti-discrimination
13	Talent attraction and retention
14	Occupational health and safety
15	Training and development
16	Preventive measures for child and forced labour
17	Environmental Protection
18	Community investment and engagement
19	Labour standards in supply chain

No.	ESG Topics
	Operational Issues
20	Supply chain management
21	Customers' satisfaction
22	Customers' privacy
23	Product/services quality
24	Economic performance
25	Operational compliance
26	Corporate governance
27	Anti-corruption

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on the stakeholder engagement, the Group has identified, the material ESG topics covering issues from the environmental, social and operational aspects. In particular, more importance has been put towards social issues and operational issues that is most related to the Group's business which concerns its employment particulars and its services provided to customers. The results of materiality assessment prioritised stakeholders input and made us focused on the material aspects for actions, achievements, and reporting. The Group presents below the relevant and required disclosure.

Going on, the Group will maintain communication with various stakeholders and collect respective opinions through different channels more extensively for making substantive analysis. At the same time, the Group will also revise the reporting principles of materiality, quantification, and consistency in order to better align with the expectations of stakeholders and reporting requirements regarding the content of the ESG Report and presentation of the information when necessary.

Board Statement

The Group understands the importance of efficient ESG governance to corporate sustainability. Therefore, the Group has developed an ESG management framework to ensure the effective implementation of relevant ESG policies in its operations. The Board of Directors (the "**Board**") of the Group is primarily responsible for supervising ESG governance matters of the Group. For instance, determining the Group's ESG approach, managing ESG related risks, as well as supervising the management and relevant departments in stipulating relevant policies with appropriate measures. The board also requires the management of the group to report ESG-related matters and provide follow-up developments in a timely manner, such as when ESG performance indicators deviate significantly from pre-set targets, serious ESG incidents, and changes in regulatory requirements.

The Board is responsible for:

- appointing key personnel in charge of the Group's ESG matters;
- approving ESG strategies, action plans and targets;
- approving the resources required to implement ESG-related measures;
- reviewing and monitoring of ESG risks management and internal control systems;
- monitoring the progress and performance of ESG strategies; and
- reviewing and approving the annual ESG reports.

The Management is responsible for:

- identifying and assessing ESG-related risks and opportunities and report to the Board;
- developing ESG strategies, action plans, targets and arranging works accordingly;
- ensuring appropriate and effective ESG risk management and internal control systems are in place;
- reporting to the Board on the progress and performance of ESG work; and
- reviewing and submitting annual ESG report to the Board for approval.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Functional Departments are responsible for:

- coordinate and implement specific ESG policies and measures;
- report to the management on ESG work regularly;
- collecting information and data in relation to ESG performance of the Group; and
- preparing annual ESG reports and reporting to the management.

The Board will continue to observe the ESG-related work and keep up on the latest ESG disclosure requirements of the Hong Kong Stock Exchange. The Board will also ensure close collaboration between all departments to achieve the goal of operational compliance, shoulder on social responsibility and develop clearer ESG objectives and targets for the Group in the future in order to strive for better performances and better align with stakeholders' expectations.

GENERAL DISCLOSURE AND KPIs

A. Environmental

The Group recognises the importance of setting up a practice to protect the natural environment for the benefit of humans and pursue sustainable development. The Group is committed to put effort in reducing the environmental impacts from our operation and setting back the degradation of the biophysical environment.

Aspect A1: Emissions

Emissions refer to the amount of substances that is produced and sent out to the air that is harmful to the environment. It includes air and greenhouse gas emissions produced from gaseous fuel consumption, fuel consumption by vehicles, energy consumption and all other upstream and downstream activities. Emissions disclosed as KPIs are calculated based on the consumption data collected and applicable emission factors.

Air and Greenhouse Gas Emissions

Air emissions include nitrogen oxide ("**NOx**'), sulfur oxide ("**SOx**"), particulate matter ("**PM**") and other pollutants regulated under national laws and regulations. On the other hand, greenhouse gases include carbon dioxide ("CO_2"), methane ("CH_4"), nitrous oxide ("N_2O"), hydrofluorocarbons ("**HFCs**"), perfluorocarbons ("**PFCs**") and sulphur hexafluoride ("SF_6").

– ***Air and Greenhouse Gas Emissions from Production***

In view of the Group's business nature, there were no air and greenhouse gas emissions from production.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

– ***Air Emissions from Vehicles and Yachts***

The Group believes that green transportation brings different benefits, which include the reduction of transportation costs, as well as the reduction of energy consumption and pollution. As such, the Group encourages optimising transportation routes, high filling rate or carpooling and proper tire pressure to achieve higher efficiency of vehicles.

The Group also reminds employees to consider the environmental impact accustomed to their commuting decisions to reduce air and greenhouse emissions. Employees are encouraged to take public transportation as often as possible and avoid excessive idling of automobile.

KPI A1.1 The type of emissions and respective emissions data

During the Reporting Year, the total air emissions of the Group from vehicles usage was approximately 1043[1] g (2020: 1513 g), with a decrease of approximately 31% due to the reduced usage of vehicles owned by the Group. The corresponding air emission intensity was approximately 32 g per employee.

Types of pollutant	**2020** (g)	**2021** (g)	**Variance**
NOx	1,354	863	↓ 36%
SOx	59	60	↑ 2%
Particulate Matter (“PM”)	100	120	↑ 20%
Total Air Emissions	1513	1043	↓ 31%

– ***Greenhouse Gas Emissions by Scope category***

KPI A1.2 Director and energy indirect greenhouse gas emissions and, where appropriate, intensity

During the Reporting Year, the total GHG emissions of the Group accounted to approximately 66.05 tonnes (2020: 274.00 tonnes), with a GHG emissions intensity of 2.00 tonnes (2020: 7.40 tonnes) per employee. The significant decrease of greenhouse gas emissions was mainly due to the significant reduction of Liquefied Petroleum Gas (LPG) usage for stationary combustion in the entity owned by the Group during the Reporting Year. The respective emission data of Scope 1, Scope 2 and Scope 3 are disclosed as follows.

[1] The travelling distance is estimated based on the units of fuel consumed by vehicles using the “Transport – Energy Utilization Index” issued by Electrical and Mechanical Services Department at https://ecib.emsd.gov.hk/index.php/hk/energy-utilisation-index-hk/transport-sector-hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

– ***Scope 1 Direct Greenhouse Gas Emissions from Stationary Combustion and Mobile Combustion***

The total Scope 1 GHG emissions of the Group was approximately 11.66 tonnes (2020: 207.96 tonnes), with a significant decrease of approximately 94% due to the reduced usage of LPG for stationary combustion during the Reporting Year.

KPI A1.2 Scope 1 – Direct emissions from operations that are owned or controlled by the Group

Main categories of Scope 1 emissions: GHG emissions from stationary and mobile combustion sources:

Types of greenhouse gas	**2020** (tonnes)	**2021** (tonnes)	**Variance**
Carbon Dioxide ("CO_2")	183.97	10.24	↓ 94%
Methane ("CH_4")	0.22	0.02	↓ 90%
Nitrous Oxide ("N_2O")	23.77	1.40	↓ 94%
Total Scope 1 GHG emissions	207.96	11.66	↓ 94%

– ***Scope 2 Indirect Greenhouse Gas Emissions from Electricity Consumption***

Electricity consumption of the Group is a major part of its greenhouse gas emissions, of which it accounted for 74% of its total. During the Reporting Year, the total Scope 2 GHG emissions of the Group was approximately 48.63 tonnes (2020: 61.77 tonnes), with a decrease of approximately 21% due to the reduced electricity consumption during the Reporting Year.

KPI A1.2 Scope 2 – Energy indirect emissions resulting from the generation of purchase or acquired electricity, heating, cooling and steam consumed within the Group

Main sources of Scope 2 emissions: Electricity purchased from power companies:

Types of emissions	**2020** (tonnes)	**2021** (tonnes)	**Variance**
CO_2 equivalent emission[2]	61.77	48.63	↓ 21%
Total Scope 2 GHG emissions	61.77	48.63	↓ 21%

2 The emission factor used in the calculation is updated to the latest in the Reporting Year. According to the latest Sustainability Report (2020) from Hong Kong Electric, the CO2e per unit of electricity sold was set at 0.71 kg/kWh.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

– ***Scope 3 Indirect Greenhouse Gas Emissions from Paper Waste Disposed at Landfills and Business Travel by Employees***

During the Reporting Year, the total Scope 3 GHG emissions of the Group was approximately 5.76 tonnes (2020: 4.14 tonnes), with a noticeable increase of approximately 39% due to the increased paper usage by the Group. Such an increase was mainly due to the mandatory paperwork required to align with the Group's business development needs, as well as the fact that the adaptation to COVID-19 enabled a relatively business normal situation during the Reporting Year than the previous year. Additionally, due to the administration work for the integrated resort project in Nagasaki Prefecture, Japan ("**IR Project**") were required to be mailed to Japan in the first half of the Reporting Year, so that there was an increase in paper use. On the other hand, with the withdrawal of the request-for-proposal ("**RFP**") process and bidding for the IR Project in Japan thereafter in second half of the Reporting Year and the COVID-19 travel restrictions imposed by various countries, business air travels were no longer required, hence there were no business air travel during the Reporting Year.

KPI A1.2 Scope 3 – All other indirect emissions that occur outside the Group, including both upstream and downstream emissions

Activities from which indirect GHG emissions arise:

Types of emissions	**2020** (tonnes)	**2021** (tonnes)	**Variance**
CO_2 equivalent emission of Paper Waste disposed at Landfills	3.18	5.76	↑ 81%
CO_2 equivalent emission of Business Air Travel by Employees	0.96	(Not available)[3]	↓ 100%
Total Scope 3 GHG emissions	4.14	5.76	↑ 39%

In order to address the indirect emissions relating to paper waste disposed at landfills, the Group encourages employees to maximize the adoption of digital technology such as emails and digital data storage devices to reduce paper consumption. Aside from printing on both sides of a sheet of paper and avoid unnecessary printing or photocopying, the use of paper is also optimized with the adjustment of space efficient formats of documents. Recycling boxes are also placed near the photocopiers to collect single-sided paper for reuse and used double-sided paper for recycling.

To reduce paper usage, the Group has incorporated the "3Rs" principles (Reduce, Reuse and Recycle) into our business activities. The Group aimed to establish a paperless office by using electronic administrative platforms and communication channels to both our staff and customers whenever possible.

On the other hand, the Group constantly reminds employees to consider the environmental impact of their commuting decisions to reduce air and greenhouse gas emissions. Employees are encouraged to take public transportation as often as possible. The Group recognises the severity of indirect greenhouse gas emissions from business travel by employees, and requires employees to utilise teleconference and zoom meetings instead of overseas meetings to reduce the carbon footprint of business travel.

3 Due to the Group's withdrawal on the IR Project in Japan along with the continuous influence of COVID-19 pandemic and the corresponding travel restrictions from various countries, there were no business air travel by employees in the Reporting Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Discharges into Water and Land

The Group requires that discharges, if any, into waterways and land must comply with relevant laws and regulations.

Generation of Hazardous Waste and Non-Hazardous Waste

The internal guidance of the Group encourages employees to handle office waste generated in a proper and environmentally friendly manner.

– ***Hazardous Waste***

Hazardous wastes are those defined by national regulations. There was no significant hazardous waste generated in view of the Group's business nature.

KPI A1.3 Total hazardous waste produced and intensity

There was no significant hazardous waste generated in view of the Group's business nature.

– ***Non-Hazardous Waste***

The Group promotes waste reduction practices including waste reduction at source, reuse, clean recycling, recover and reduction of disposal at landfills. Employees are encouraged to purchase supplies or equipment with a longer life-span while recycling bins are installed to collect the recyclables, such as waste paper, glass or aluminium bottles, metal, and plastics etc, and consequently arranging for recyclers to collect recyclables.

During the Reporting Year, the total non-hazardous waste produced of the Group was approximately 1.2 tonnes (2020: 0.96 tonnes), with an increase of approximately 25% due to the increased paper usage by the Group from the mandatory paperwork needed as per the Group's business development needs and the resumption to business normal from the comparatively improved situation and adaptation to COVID-19 in the Reporting Year than the previous year. Moreover, the RFP process IR Project in Japan also contributed to the increase in paper usage from the mailing of required paperwork to Japan. The corresponding non-hazardous waste intensity was 0.04 tonnes (2020:0.03 tonnes) per employee.

KPI A1.4 Total non-hazardous waste produced and the intensity

Types of emissions	**2020** (tonnes)	**2021** (tonnes)	**Variance**
Non-hazardous waste produced – Landfill	0.96	1.20	↑ 25%
Non-hazardous waste intensity (Tonnes/per employee)	0.03	0.04	↑ 33%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPI A1.5 Description of emission target(s) set and steps taken to achieve them

In accordance with the policies stated above for the reduction of air and greenhouse gas emissions from vehicles, the Group has also adopted the following measures to further mitigate corresponding emissions. The Group limits the number of its owned vehicles, the frequency of employees not to take public transportation for local business commuting, as well as the volume of employee business travel for having a better control over the Group's emission performance.

Given both the air emissions and greenhouse gas emissions has decreased in the Reporting Year comparing to the previous year, the Group considers the adopted measures were effective and the reduction targets had been achieved for the year ended 31 December 2021.

Considered that the emission is highly subjected to the operation of the Group's, fluctuations in emission may be resulted in response to the changes in the Group's business growth and performance. Nonetheless, the Group aims to persistently ensure the implementations of the above-mentioned environmental policies and measures while also trying to maintain its emission with the emission of the Reporting Year or a growth rate to a level below its business growth as far as possible to strive for better performance in the future.

KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, a description of reduction target(s) set and steps taken to achieve them

Non-hazardous wastes are preferred to be recycled, otherwise, they are sent to the landfill. In accordance with the policies stated above for the reduction of non-hazardous wastes, the Group has also adopted the following measures to reduce the wastes produced. The Group strived to limit the generation of commercial wastes by employees by controlling paper wastes and the volume of non-hazardous waste going directly to the landfill without recycling.

Although the production of non-hazardous waste has increased in the Reporting Year due to the necessary paperwork from the needs of business development, the Group believes the implemented measures are effective to avoid excessive paper waste. Therefore, the Group considers that such measures were sufficient to properly handle the non-hazardous waste generated during the year ended 31 December 2021.

Given that the waste produced is highly subjected to the operation of the Group, fluctuations may be resulted in response to the Group's business development needs. Nevertheless, the Group targets to continue ensuring its implementations of various policies and measures regarding efficient use of resources as needed to strive for better environmental performances, for instance, to limit its waste production and maintain the level of waste generation in the Year as far as possible in the future.

Compliance with Relevant Laws and Regulations that have a Significant Impact on the Group
For the year ended 31 December 2021, there were no confirmed non-compliance incidents or grievances in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect A2: Use of Resources

The Group recognises that efficient use of resources, including energy, water and other raw materials in production, storage, transportation, buildings, and electronic equipment, etc., is one of the significant aspects to protecting the environment by saving finite resources.

Efficient Use of Energy

The Group has established policies and procedures to ensure the efficient use of energy. For instance, reducing energy consumption in the facility, assessing the energy efficiency, increasing the use of clean energy as far as possible, setting applicable targets to monitor energy consumption, and ensuring the power is turned off when electrical appliances are not in use.

Electricity is the primary resource consumed by the Group in its daily operations. In order to reduce such consumption, the Group has established a policy to monitor the use of energy, promote the procurement of energy efficient equipment (such as appliances with Grade 1 Energy Label), and require our colleagues to adopt green office practices. Various electricity-saving policies have been established to reduce the electricity consumption by the Group. Air conditioning is required to be set no lower than 25°C. Windows and doors are ensured to be closed when the air-conditioning is turned on, and it is required to turn off the air-conditioning after office hours or after the usage of meeting rooms. The Group has also installed energy-efficient lighting to further reduce its electricity consumption.

During the Reporting Year, the total energy consumed by the Group was attributed from the non-renewable fuel consumption and the electricity purchased for consumption. The total energy consumed by the Group accounted to approximately 109 kWh (2020: 754 kWh) in ’000s with an intensity of 3 kWh (2020: 20 kWh) in ’000s per employee. The non-renewable fuel consumed significantly decreased by 94% from 678 kWh in ’000s to 41 kWh in ’000s as per the reduced usage of vehicles owned by the Group and the reduced stationary combustion from the entity owned by the Group during the Year. On the other hand, the electricity purchased for consumption slightly reduced by 11% from 76 kWh in ’000s to 68 kWh in ’000s. A detail breakdown is illustrated as follows:

KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity

Energy consumption by type	2020 (kWh in ’000s)	2021 (kWh in ’000s)	Variance
Non-renewable fuel consumed	678	41	↓ 94%
Electricity purchased for consumption	76	68	↓ 11%
Total energy consumed	754	109	↓ 86%
Total energy consumption intensity (kWh in ’000s/per employee)	20	3	↓ 85%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water Consumption

Similar to energy consumption, the Group also facilitates the reduction of unnecessary water consumption for preserving the finite fresh water resource. The Group requires its employees to reduce water consumption in the offices and encourages water-saving practices, such as fully empty any containers before washing, turn off water taps promptly, have regular checks of faucets and pipes in case of leakages, and to adopt water-saving appliances.

Given that the Group operates in the leased office premises, both the water supply and discharge are solely controlled by the building management. Therefore, the provision of water withdrawal and discharge data or sub-meter for individual occupants are not feasible.

KPI A2.2 Water Consumption in total and intensity

As aforementioned, the data for water usage of the Group is not available as it is under the building management of the leased offices where the Group operates, therefore the Group is unable to provide the total water consumption and intensity of the Reporting Year.

KPI A2.3 Description of energy use efficiency targets set and steps taken to achieve them

Energy consumption has a direct effect on the environmental footprint of the Group, its operational costs, and exposure to certain risks (e.g. fluctuations in energy supply and prices), and the Group endeavours to reduce unnecessary electricity consumption for lowering its accompanying carbon footprints. With the above-stated policies and measures specific to managing energy use, the total energy consumption of the Group has decreased by approximately 86%, with its electricity consumption decreased by approximately 11% and its non-renewable fuel consumption decreased by 94% comparing to the previous year, hence the Group considers the adopted policies and practices were efficient for achieving energy efficiency for the year ended 31 December 2021.

While the energy consumption is highly subjected to the business development needs of the Group, the Group abides by the principle to avoid unnecessary wastages. Moving forward, the Group aims to continue its implementations of policies and measures related to maximizing energy-efficiency for avoiding unnecessary electricity and fuel usages. The Group will also keep managing and monitoring the growth of its energy consumption and to strive for better performances as far as possible to minimize the environmental footprints in the future. More environmental objectives and measures may be stipulated as needed to fit for the Group's vision in managing its energy use efficiency performances when necessary.

KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them

Since the water supply is managed by the Government, there was no water supply issue identified for the Reporting Year.

Nonetheless, the Group stressed on the necessity in conserving water as much as possible, and related practices and measures are enforced in its daily operations. The Group's ability to use water efficiently can be revealed by its commitment and the above-stated measures for reducing its water consumption. The Group's policies and measures specific to water use have been stated above. The Group considers the adopted policies and measures were adequate to achieve water efficiency for the year ended 31 December 2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Efficient Use of Raw Material and Packaging Material

There is no significant raw material or packaging material waste was generated in view of the Group's business nature.

KPI A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced

As abovementioned, the Group's business nature do not involve using packaging materials, therefore no material record of use of raw material and disposal of packaging materials are noted during the Reporting Year.

Aspect A3: The Environment and Natural Resources

The Group is committed to reducing the consumption of natural resources and its operation impacts on the environment. Related policies are established to consider the actual impacts on the environment and the consumption of natural resources, thus aiming to reduce such impacts. The Group encourages environmental education and advocacy among employees to foster environmentally responsible behaviours which helps to fulfil the Group's commitment to minimising its adverse impacts on the environment, for instance avoid wastages and unmindful consumption of resources.

KPI A3.1 Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them

We understand that our performance in respect of emissions, waste production and disposal, and the use of resources impacts the environment. In response, the Group endeavours to minimise such impacts, and ensure to communicate our environmental policies, measures, performance, and achievements to our stakeholders.

No significant impacts on the environment and natural resources were resulted in view of the Group's business nature. Policies and/or measures adopted in the year ended 31 December 2021 specific to managing potential impacts of activities on the environment and natural resources are mentioned above.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect A4: Climate Change

The Group recognizes climate change as one of the greatest issues confronting humanity at the present time. It is vital for us to understand our corporate role in addressing climate change threats, which could impact the Group in terms of its business profitability and its business resilience in a long run. As such, the Group adopts a proactive and forward-thinking approach in the assessment of our vulnerability to climate risks, and integrate such considerations into its strategic business planning. The Group shares the responsibilities to reduce emissions and relieve the impact from climate change.

KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them

To cope with the intensified threat of climate change, the Group has assessed the potential climate-related risks that may arise to its business operations. These risks mainly stem from the following dimensions:

Physical Risks

Although the Group has minimal direct impact from the environment given its primary business focuses on financial services, the Group is still influenced by both acute and chronic risk from climate change. Hence, it is essential for the Group to assess our vulnerability to potential extreme weather conditions faced by our city, no matter whether it is rainstorm, thunder, typhoon, fire or flood. In this regard, the Group has provided trainings and drills to enhance employees' awareness and ability to cope with potential disasters when faced with extreme weather conditions for ensuring the safety for our employees and preventing potential loss of assets.

Transition Risks

As policy changes are expected upon the urge of climate change towards the shift into a lower-carbon economy, new regulations are soon expected in many countries and jurisdictions. Climate-related issues such as risks in regulatory changes may lead to the devaluation of assets held by the Group. These potential stranded assets may be energy related, which could lead to unpredicted fluctuation in the Group's value. As such, the Group is more vigilant in considering investment choices to the Group's portfolio, and will take into more careful considerations for climate risks. Our climate change policy also contains guidance to climate risks identification, mitigation and adaptation to help build resilience to potential climate events.

Reputational Risks

While extreme weather events may disrupt our operations or affect the value of our investments, the involvement in certain industries associated with climate change may also pose reputational risk to the Group. Given the extensive impacts of climate change, the strategy of the Group leverages on the depth of its expertise and insights to climate-related opportunities and to manage climate risk. In addition to managing risk across our client activities, the Group continues to adopt best practices to reduce its own carbon footprint and integrate resiliency into its business operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. Social

The Group strives to fulfil its social responsibilities as a corporate citizen of communities. The Group endeavours to establish harmonious relationship with our employees, customers, suppliers, and the communities. The Group cares about the well-being and the development of employees for ensuring high standard of service responsibility, enhancing transparent relationship with external parties, including customers, as well as contributing to our community development.

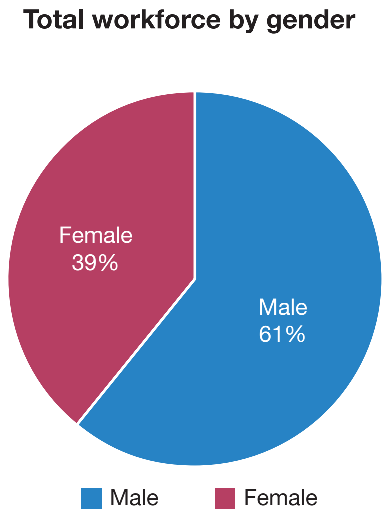
Employment and Labour Practices

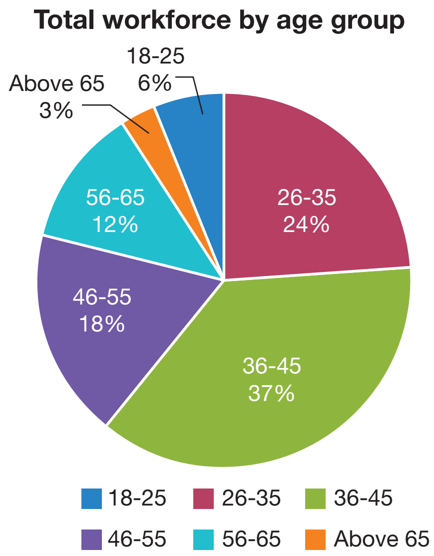
Aspect B1: Employment

Employees are important assets to the Group and its success, in which efforts has been put to provide a harmonious and safe working environment in order to stimulate mutual growth of both the Group and its employees.

KPI B1.1 Total workforce by gender, employment type, age group and geographic region

As of 31 December 2021, the Group has a total number of 33 employees, all of which were full-time employees from Hong Kong in different age groups, with 61% were male employees and 39% were female employees.





The Group has established employment policies, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Given the effort of the Group in providing a well-rounded welfare and a harmonious working environment, more than half of our employees have worked for the Group for over 3 years.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Compensation and Dismissal

The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure consistency with employment market. Laws and regulations on minimum wage and statutory social benefits are required to be followed. Dismissal is required to comply with employment laws and regulations, and to follow the internal policies and procedures, including policy on prevention of dismissal purely on employees' gender, marital status, disability, age or family status.

A share option scheme was adopted in 2012, and a share award scheme was adopted in 2019 for a purpose of providing incentives to directors and eligible employees to attract, retain and motivate eligible employees whose present and potential contributions are important to the success of the Group by offering them an opportunity to participate in the Group's future performance through the grant of share options.

Talent Retention

KPI B1.2 Employee turnover rate by gender, age group and geographic region

As the Group only operates in Hong Kong, the Group maintained a monthly turnover rate of 2.83% during the Year, a detail breakdown is provided in the following table:

Employment Turnover	Percentage in 2021
By Gender	
Male	1.39%
Female	4.17%
By Age Group	
18 – 25	2.78%
26 – 35	3.89%
36 – 45	2.78%
46 – 55	2.08%
56 – 65	1.67%

The Group cherishes every single employee and strives to enforce the strong bond and trust with them. Going on, the Group will continue to create a harmonious working environment for further promoting employee engagement and retention.

Recruitment and Promotion

The Group attracts talent through fair, flexible and transparent recruitment strategy. Recruitment process includes application for recruitment, description of position, collection of job applications, interview, selection, approval, and job offering. Year-end bonuses and promotion opportunities are also provided to staff according to their individual and the Group's performance.

Working Hours, Rest Periods, Benefits and Welfare

Employees' working hours, rest periods, benefits and welfare, including mandatory provident fund, are required to be in compliance with employment or labour laws and regulations. Medical insurance is offered to our employees with reference to prevailing market practices.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Equal Opportunities, Diversity and Anti-discrimination
The Group is an equal opportunity employer. The Group endeavours to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, or other measures of diversity.

We respect every employee and embrace diversity of our workforce. The Group ensures equality during our recruitment, performance evaluation and promotion processes. Any kinds of discrimination, regardless of age, disability, sex, religion, race, pregnancy, and family status, are strictly prohibited in the Group.

Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group
For the year ended 31 December 2021, there were no confirmed non-compliance incidents or grievances in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Aspect B2: Health and Safety
The Group is committed to maintaining a healthy and safe workplace for employees, and to preventing workplace injuries and illnesses. The Group upholds the principle that ensuring occupational health and safety is a solemn commitment to its employees in addition to embarking the responsibility in corporate culture.

KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year

In the Year, there were no cases of work injury and fatalities (2020: nil; 2019: nil) reported in the Group.

KPI B2.2 Lost days due to work injury

With reference to the above-mentioned, there was no equivalent number of lost days due to work injury during the Reporting Year.

KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored

Providing a Safe Working Environment
The Group requires entities to establish and document policies and procedures on safety for employees to follow, set targets for the safety of employees, monitor the safety performance against the targets periodically, and report any safety incidents to the management.

The Group is committed to maintaining a safe and hygienic workplace by regularly monitoring the physical conditions of its office and branches including the cleanliness, indoor air quality, pest controls, security, fire precautions etc.

Since the outbreak of the COVID-19 pandemic, the Group has strengthened safety inspections, disinfection and cleaning of its office. Mandatory body temperature check before entering the office is required. The Group also request staff to wear surgical masks at the workplace and maintain personal hygiene at all times. Those who have developed respiratory symptoms shall be refrained from working and will be asked to seek medical advice promptly. The Group also encouraged its staff to take the COVID-vaccination to better protect themselves against the infection, and staff is also requested to have the COVID-19 test on a weekly basis for ensuring the spread of infection is restricted to a lowest level.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Protecting Employees from Occupational Hazards

The management is responsible for keeping up with the latest health and safety legislation and standardize the assessment to risks for meeting the legal requirements for the Group's operation. Annual on-site social compliance risk assessments are conducted and guidance and instructions on health and safety and fire safety are provided to employees to minimize the potential of occupational hazards from occurring.

One of the key factors for the success in protecting employees from occupational hazards is to train employees to protect themselves from psychological and physical hazards. The Group encourages such training to be delivered to employees. In addition, the Group has a comprehensive insurance plan in place providing medical benefits for all staff and covering accidents occurring in our premises. Health and safety incidents are reported to the management and are promptly dealt with.

Work-life Balance

The Group supports employees to enjoy leisure and sports activities outside of workplace, in which sports and wellness programmes are organized from time to time to encourage employees in adopting a healthy lifestyle. The Group is committed to providing a family-friendly working environment and work-life balance to our employees.

Compliance with Relevant Laws and Regulations that have a Significant Impact on the Group

For the year ended 31 December 2021, there were no confirmed non-compliance incidents or grievances in relation to providing a safe working environment and protecting employees from occupational hazards.

Looking ahead, the Group will continue to promote occupational health and safety to employees and will avoid any work-related injuries or accidents by all means.

Aspect B3: Development and Training

The Group is committed to providing adequate training to our employees to improve their knowledge and skills for discharging duties at work. Training includes vocational training courses provided internally or externally.

Employee Development

The Group requires employees to attend internal and external training course including employee continuing education to improve employees' knowledge and skills for their job positions.

Training Activities

Training and development courses are offered throughout the Group to upgrade employee skills and knowledge. Training programs of the Group are tailored to the needs of different job functions to strengthen the skills and abilities of our employees. Training topics vary from updates on rules and regulations, technical knowledge, management skills to customer services standards. Furthermore, on-job training including coaching by supervisors, job rotation and shadowing, are offered to our staff in order to maintain and enhance our work quality. The Group also encourage its staff to discuss their learning plans with their supervisors during their performance evaluation process and the Group also provides financial subsidies for employees to attend external training courses, where appropriate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPI B3.1 The percentage of employees trained by gender and employee category

During the Year, there were 11 internal training sessions provided to employees with 67% participated a total of 225 hours of training. The percentage of trained employees by employment category of frontline employees, middle management and senior management are 55%, 27% and 18% respectively, while the percentage of trained employees by gender is 55% for male and 45% for female respectively.

KPI B3.2 The average training hours completed per employee by gender and employee category

The average training hours of trained employee was approximately 10 hours per employee. The average training hours completed per employee by gender is around 5 hours and 10 hours for male and female respectively, while the average training hours completed by employee category is around 3 hours, 9 hours and 12 hours for frontline staff, middle management, and senior management respectively.

Going on, the Group will continue to provide sufficient trainings to all levels of employees in ensuring job duties' expectations are well delivered while reinforcing employees' capabilities and knowledge concurrently.

Aspect B4: Labour Standards

The Group is committed to avoiding child and forced labour in the workplace.

Preventing Child and Forced Labour

The Group strictly prohibits child labour. It requires the Human Resource Department and User Departments to work together to prevent or identify child labour, and to ensure child labour is not in the workforce.

KPI B4.1 Description of measures to review employment practices to avoid child and forced labour

The Human Resources Department is responsible to establish complete procedures for employment and recruitment in order to prevent the employment of child labour. In addition, the Group organizes employee representatives to sign collective contracts with the company that stipulate the working hours, working intensity, vacation and welfare for the employees to protect their rights and interests, and ensuring the headquarters and all its subsidiaries recruit employees in accordance with the management rules, and comply with international laws and the Labour Law of China and Hong Kong.

KPI B4.2 Description of steps taken to eliminate such practices when discovered

The Group is committed to protecting human rights, to prohibiting forced labours, and to creating a workplace with respect, fairness, and free will for our employees. In case of any suspicious cases, the matters will be discussed with utmost seriousness and will be solved properly in case of any confirmed illegal cases.

Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group

For the year ended 31 December 2021, there were no confirmed non-compliance incidents or grievances in relation to child and forced labour.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Operating Practices

Aspect B5: Supply Chain Management

Supply chain management is crucial to business operations for allowing businesses to better compete with better performances. The Group requires impartial selection of suppliers and service providers, maximisation of competition in tendering process, approval of contract terms, compliance with laws and regulations, prevention and detection of bribery or fraud in the tendering and procurement process, and accomplishment of efficiency and cost saving in procurement. The contracting for procurement of products and services is required to be based solely upon specification, quality, service, price, tendering, and applicable environmental and social considerations.

KPI B5.1 Number of suppliers by geographical region

Due to the engaged local suppliers primarily support the basic operation of the Group's office operation, such as providing office supplies and other daily necessities, it is considered immaterial to the Group's business nature and operation. Therefore, there is no material record of suppliers noted during the Reporting Year.

KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored

The Group encourages the suppliers to pursue continuous improvement and adopt best practice so that they also can be sustainable. When engaging suppliers, the Procurement Department ensures that the Group's expectations in terms of legal compliance, respect for people, ethics and business conduct, and environmental stewardship with suppliers are well communicated through out the process.

KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored

The Group understand that supply chain management is essential in managing and overlooking environmental and social risks along the supply chain. The Group requires suppliers to provide products and services with up-to-standard quality, health and safety to ensure compliance with environmental laws and regulations, and labour standards. Our suppliers are also required to strictly comply with all applicable laws and regulations.

KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored

The Group established supply chain management policies and procedures, including assessment, selection, approval, procurement, and monitoring. The Group also considers suppliers' ESG performance as well as related qualifications including ISO 14001 and OHSAS 18001. In addition, the Group regularly evaluates suppliers' performance and require suppliers to make remedial measures upon unsatisfactory performance. The Group even terminates the business relationships if suppliers fail to meet our quality standards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B6: Product Responsibility

Product responsibility refers to health and safety, advertising, labelling and privacy matters relating to the services provided.

Health and Safety

The Group is fully responsible for its corresponding services, in which the Group ensures health and safety relating to our services provided. The Group strictly follows the internal policies and regulatory requirements when delivering our services and regularly review our services quality and seek customer feedback to identify areas of improvement. Apart from complying with regulations relating to custody of customer assets, the Group strives to protect its clients' assets by adopting adequate controls such as maintaining designated trust accounts to manage customers' funds, which are audited regularly by independent accountants.

KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons

Given the Group's business nature, no products sold or shipped were recalled due to safety and health reasons.

KPI B6.2 Number of products and service-related complaints received and how they are dealt with

For the year ended 2021, there were no complaints received. The Group has an established mechanism for handling complains in case of such events occurrence, in which they will be reported directly to the CFO and will be handled by the management for resolving related matters.

Advertising

The Group respects our customers' rights and is committed to providing accurate service information for customers in connection with their purchase decision. The Group requires careful review of advertising material to protect customers' interest.

Labelling

The Group requires that labelling is accurate, legitimate, clear, and not misleading, and intellectual property rights are protected. In our daily operations, the Group explains to its customers the underlying risks derived from our financial products and facilitate their financial decision-making process. the Group ensures that the information and marketing materials it provided do not contain any misleading content, and perform preventive measures, including implementation of "Know-Your-Customers" procedures, to protect customers' interests more effectively.

KPI B6.3 Description of practices relating to observing and protecting intellectual property rights

The Group respects the intellectual property rights of others and endeavours to comply with all applicable laws regarding intellectual property. The Group ensures that all our employees do not infringe upon any third party copyrights, and disciplinary actions will be taken if violations from employees are found.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Methods of Redress

KPI B6.4 Description of quality assurance process and recall procedures

Although the Group ensures the quality of our services, at the same time, the Group requires that services with quality, safety, or health issues should be compensated in accordance with terms of service agreements. Compensation is required to be offered to all customers who are affected with consistent treatment and procedures.

Privacy Matters

The Group is committed to protecting customer data and privacy information, and keeping business information confidential. Training to employees in this regard and proper information system security are required.

KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored

We acknowledge the importance of protecting the privacy and confidentiality of our customers' information. An internal policy which governs the collection, handling, and disclosure of clients' data has been developed and communicated to our staff. Pursuant to Personal Data (Privacy) Ordinance, the Group has prohibited the use of any personal information of clients by other parties for direct marketing purposes if unlawful or without explicit and implicit consent of clients. Employees are required to sign a non-disclosure agreement upon the acceptance of their employment. Additionally, on-the-job trainings are provided to employees to promote privacy awareness and enhance their prudency and integrity when handling personal data. To prevent privacy leakages, the adequacy of the IT security measures would be reviewed while logs and trails of access would be kept.

Compliance with Relevant Laws and Regulations that have a Significant Impact on the Group

For the year ended 31 December 2021, there were no confirmed non-compliance incidents or grievances in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Aspect B7: Anti-corruption

The Group has established anti-corruption policies to prohibit employees from receiving any advantages offered by customers, suppliers, colleagues, or other parties, while they are performing employee duties, and prohibit any activities involving conflicts of interest, bribery, extortion, fraud, and money laundering. The Group encourages employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest, bribery, extortion, fraud and money laundering.

KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases

During the Reporting year, there were no legal cases nor confirmed non-compliance incidents regarding corrupt practices brought against the Group or its employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored

Our expectations on employees' ethical requirements and conduct are stipulated in our Employee Handbook, which is distributed and communicated to all employees. The Group has established a whistle-blowing channel to enable staff to report on suspicious misconducts, with details stipulated in our Policy on employees to raising concerns about improprieties in related matters. Reports made are followed up and investigated by independent personnel on a timely basis. In addition, trainings are regularly provided to management and employees in order to equip them with an understanding of the latest regulations and best practices relating to anti-bribery, extortion, fraud, and money-laundering matters.

KPI B7.3 Description of anti-corruption training provided to directors and staff

Currently, the Policy serves as the fundamental to the Group's anti-corruption foundation, in which all employees are required to be familiarized with the details and strictly comply with the above-mentioned policies stated within the Internal Policy established by the Group. Moving on, the Group will consider to offer anti-corruption trainings to employees if necessary, for further extending its anti-corruption advocacy to reinforce the importance of integrity within the company.

Community

Aspect B8: Community Investment

As a socially responsible company, the Group endeavours to support the communities in which it operates including community engagement to understand the needs of communities, and to ensure the Group's activities take into consideration of the communities' interest.

KPI B8.1 Focus areas of contribution

During the Reporting Year, the Group has made contributions to the focus area of social concerns, in which it has donated to children's orphanages in Nagasaki, Japan, for providing financial assistance to orphaned children in the token of Children's Day.

KPI B8.2 Resources contributed to the focus area

As of 31 December 2021, the Group has donated approximately a total of HK$716,000 to the children's orphanages in Nagasaki, Japan.

Due to the restrictions of COVID-19, the Group has suspended its participation in community services in response to a series of prohibitions from the Government including the restriction and prohibition on group gathering and maintaining social distance. Notwithstanding, the Group strives to participate in other possible forms of community services whenever situation allows.

Going on, the Group will expand its participation in different community and charity activities to bring positive impacts to the society in the future.

INDEPENDENT AUDITOR'S REPORT

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To the members of Oshidori International Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Oshidori International Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 70 to 155, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the key audit matters
Valuation of unlisted financial assets designated at fair value through other comprehensive income ("Designated FVOCI")	
As at 31 December 2021, the Group has unlisted Designated FVOCI of approximately HK$46,053,000 which is stated at fair value based on valuations carried out by independent qualified professional valuer (the "Valuer"). We identified the valuation of unlisted Designated FVOCI as a key audit matter due to the significant judgement associated with determining the fair value. Details of the related disclosures of unlisted Designated FVOCI are set out in notes 4, 18 and 37 to the consolidated financial statements.	Our key procedures in relation to management's assessment on the valuation of unlisted Designated FVOCI included: • Evaluating the competence, capabilities and objectivity of the Valuer; • Obtaining an understanding of the valuation process and techniques adopted by the Valuer; • Evaluating the appropriateness of the model used by the Valuer to calculate the fair value; • Checking the accuracy of the key input data, on a sample basis, used by the Valuer; • Assessing the reasonableness of key assumptions and variables by comparing with historical results and published market and industry data; and • Obtaining the valuation reports to assess the reasonableness of any significant unobservable input and the accuracy of the source data adopted by the management and the Valuer.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the key audit matters
Loss allowance for expected credit loss ("ECL") on loan and interest receivables from money lending business	
We identified the loss allowance for ECL on loan and interest receivables from money lending business as a key audit matter due to the significance of carrying amounts of loan and interest receivables to the consolidated financial statements and the application of significant judgement by the management in evaluating the recoverability and credit worthiness of the borrowers. Management assessed the provision for ECL of loan and interest receivables based on probability-weighted estimate of credit losses over the expected life of these receivables and where there are any events or changes in circumstances indicate a detrimental impact on the estimated future cash flows of these balances. In particular, as detailed in note 36 to the consolidated financial statements, the Group has concentration of credit risk as the exposure of the largest client and the five largest clients represents 15% and 64% of the total loans to money lending clients as at 31 December 2021 respectively. As any impairment of such receivables will have a significant impact on the Group's financial position and financial performance, we consider impairment assessment of such receivables as a key audit matter. The carrying value of the loan and interest receivables from money lending business was approximately HK$978,401,000 as at 31 December 2021, in respect of which loss allowance of approximately HK$49,034,000 on ECL has been made as of 31 December 2021. Further details are set out in notes 4, 22 and 36 to the consolidated financial statements.	Our key audit procedures in relation to management's recoverability assessment of loan and interest receivables from money lending business included: • Understanding, through enquiry with the management, the established policies and procedures on credit risk management of receivables from money lending business; • Evaluating the design of risk assessment with respect to the identification of receivables with overdue or default payments or insufficient collateral; and • Assessing management's judgement over the ECL and creditworthiness of the borrowers by assessing the available information, such as background information of the borrowers, recoverable amount of pledged collateral, past collection history of borrowers, concentration risk of borrowers, the Group's actual loss experience and subsequent settlement of the loan and interest receivables.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 29 March 2022

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Revenue			
Advisory, commission income and other fee income		**8,855**	3,344
Net (loss) gain on sales of financial assets at fair value through profit or loss ("FVPL")		**(3,225,077)**	105,704
Interest income		**99,145**	150,953
Dividend income		**15,222**	20,458
Total revenue	5	**(3,101,855)**	280,459
Other income	6	**27,318**	12,880
Other net gains	8	**196,555**	495,820
Net unrealised fair value (loss) gain on financial assets at FVPL	10	**(97,400)**	2,649,597
Gain on disposal of loan receivables		**–**	134,537
Impairment loss in respect of loan receivables, net	22(c)	**(7,941)**	(76,907)
Depreciation and amortisation expenses	10	**(32,162)**	(38,882)
Employee benefits expenses	10	**(29,202)**	(57,673)
Other expenses	10	**(196,214)**	(167,428)
Share of results of associates	19	**(283,393)**	(2,245)
Finance costs	9	**(26,793)**	(21,069)
(Loss) Profit before taxation	10	**(3,551,087)**	3,209,089
Income tax credit (expense)	11	**405,359**	(389,631)
(Loss) Profit for the year		**(3,145,728)**	2,819,458
Other comprehensive (loss) income:			
Items that will not be reclassified to profit or loss			
Fair value change on equity investments measured at fair value through other comprehensive income ("Designated FVOCI")	18(a)	**(1,061,279)**	615,646
Items that are reclassified or may be reclassified subsequently to profit or loss			
Fair value change on debt investments measured at fair value through other comprehensive income ("Mandatory FVOCI")		**–**	(180)
Fair value change on Mandatory FVOCI reclassified to profit or loss upon disposal		**–**	740
Exchange differences arising on translation to presentation currency		**330**	13,034
		330	13,594
Total other comprehensive (loss) income for the year		**(1,060,949)**	629,240
Total comprehensive (loss) income for the year		**(4,206,677)**	3,448,698
(Loss) Profit for the year attributable to:			
Owners of the Company		**(3,145,728)**	2,819,555
Non-controlling interests		**–**	(97)
		(3,145,728)	2,819,458
Total comprehensive (loss) income attributable to:			
Owners of the Company		**(4,206,677)**	3,451,264
Non-controlling interests		**–**	(2,566)
		(4,206,677)	3,448,698
		HK cents	*HK cents*
(Loss) Earnings per share	14		
Basic		**(51.46)**	46.92
Diluted		**(51.46)**	46.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Non-current assets			
Property and equipment	15	**162,035**	184,499
Investment property	16	**102,750**	–
Right-of-use assets	17	**10,554**	9,900
Designated FVOCI	18	**2,781,999**	3,271,186
Financial assets at FVPL	24	**2,497**	270,827
Interests in associates	19	**50,736**	–
Intangible assets	20	**9,866**	8,866
Other deposits	21	**1,354**	442
Loan receivables	22	**12,405**	55,926
		3,134,196	3,801,646
Current assets			
Trade, loan and other receivables	22	**1,427,067**	1,802,685
Income tax recoverable		**2,666**	1,953
Promissory note receivable	23	**144,000**	192,146
Financial assets at FVPL	24	**725,245**	4,413,163
Bank balances – trust and segregated accounts	25	**27,203**	7,655
Cash and cash equivalents	25	**848,645**	683,299
		3,174,826	7,100,901
Current liabilities			
Trade and other payables	26	**309,585**	305,481
Lease liabilities	27	**6,623**	7,997
Income tax payable		**1,377**	6,065
Loan payable	28	**246,568**	235,068
		564,153	554,611
Net current assets		**2,610,673**	6,546,290
Total assets less current liabilities		**5,744,869**	10,347,936
Non-current liabilities			
Deferred taxation	29	**–**	408,705
Lease liabilities	27	**4,023**	2,062
		4,023	410,767
NET ASSETS		**5,740,846**	9,937,169

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Note	2021 HK$'000	2020 HK$'000
Capital and reserves			
Share capital	30	**305,463**	305,680
Reserves		**5,435,383**	9,629,684
Equity attributable to owners of the Company		**5,740,846**	9,935,364
Non-controlling interests		**–**	1,805
TOTAL EQUITY		**5,740,846**	9,937,169

The consolidated financial statements on pages 70 to 155 were approved and authorised for issue by the Board of Directors on 29 March 2022 and are signed on its behalf by:

Wong Wan Men *Director*	**Wong Yat Fai** *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

		Attributable to equity holders of the Company										Non-controlling interests			
	Notes	Share capital *HK$'000*	Share premium *HK$'000* *(Note i)*	Translation reserve *HK$'000* *(Note ii)*	Contribution surplus *HK$'000* *(Note iii)*	Investment revaluation reserve (recycling) *HK$'000* *(Note iv)*	Investment revaluation reserve (non-recycling) *HK$'000* *(Note v)*	Share option reserve *HK$'000* *(Note 31)*	Share award reserve *HK$'000* *(Note 31)*	Retained earnings *HK$'000*	Total *HK$'000*	Share of other equity components *HK$'000*	Investment revaluation reserve (non-recycling) *HK$'000* *(Note v)*	Total *HK$'000*	Total *HK$'000*
At 1 January 2020		290,588	–	(87,753)	5,682,380	(560)	(658,141)	24,720	–	918,884	6,170,118	5,748	(1,377)	4,371	6,174,489
Profit (Loss) for the year		–	–	–	–	–	–	–	–	2,819,555	2,819,555	(97)	–	(97)	2,819,458
Other comprehensive income (loss)															
Items that will not be reclassified to profit or loss															
Fair value change on Designated FVOCI	18(a)	–	–	–	–	–	618,115	–	–	–	618,115	–	(2,469)	(2,469)	615,646
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	18(a)	–	–	–	–	–	358,532	–	–	(358,532)	–	594	(594)	–	–
		–	–	–	–	–	976,647	–	–	(358,532)	618,115	594	(3,063)	(2,469)	615,646
Items that are reclassified or may be reclassified subsequently to profit or loss															
Fair value change on Mandatory FVOCI		–	–	–	–	(180)	–	–	–	–	(180)	–	–	–	(180)
Fair value change on Mandatory FVOCI reclassified to profit or loss upon disposal		–	–	–	–	740	–	–	–	–	740	–	–	–	740
Exchange differences arising on translation to presentation currency		–	–	13,034	–	–	–	–	–	–	13,034	–	–	–	13,034
		–	–	13,034	–	560	–	–	–	–	13,594	–	–	–	13,594
Total other comprehensive income (loss) for the year		–	–	13,034	–	560	976,647	–	–	(358,532)	631,709	594	(3,063)	(2,469)	629,240
Total comprehensive income (loss) for the year		–	–	13,034	–	560	976,647	–	–	2,461,023	3,451,264	497	(3,063)	(2,566)	3,448,698
Transactions with owners:															
Contribution and distribution															
Issue of new shares upon share swap	30	15,092	196,198	–	–	–	–	–	–	–	211,290	–	–	–	211,290
Recognition of equity-settled share-based payments	31	–	–	–	–	–	–	82,505	20,187	–	102,692	–	–	–	102,692
Total transactions with owners		15,092	196,198	–	–	–	–	82,505	20,187	–	313,982	–	–	–	313,982
At 31 December 2020		305,680	196,198	(74,719)	5,682,380	–	318,506	107,225	20,187	3,379,907	9,935,364	6,245	(4,440)	1,805	9,937,169

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

		Attributable to equity holders of the Company									Non-controlling interests			
	Notes	Share capital HK$'000	Share premium HK$'000 (Note i)	Translation reserve HK$'000 (Note ii)	Contribution surplus HK$'000 (Note iii)	Investment revaluation reserve (non-recycling) HK$'000 (Note v)	Share option reserve HK$'000 (Note 31)	Share award reserve HK$'000 (Note 31)	Retained earnings (Accumulated losses) HK$'000	Total HK$'000	Share of other equity components HK$'000	Investment revaluation reserve (non-recycling) HK$'000 (Note v)	Total HK$'000	Total HK$'000
At 1 January 2021		305,680	196,198	(74,719)	5,682,380	318,506	107,225	20,187	3,379,907	9,935,364	6,245	(4,440)	1,805	9,937,169
Loss for the year		-	-	-	-	-	-	-	(3,145,728)	(3,145,728)	-	-	-	(3,145,728)
Other comprehensive (loss) income														
Items that will not be reclassified to profit or loss														
Fair value change on Designated FVOCI	18(a)	-	-	-	-	(1,061,279)	-	-	-	(1,061,279)	-	-	-	(1,061,279)
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	18(a)	-	-	-	-	261,963	-	-	(261,963)	-	-	-	-	-
		-	-	-	-	(799,316)	-	-	(261,963)	(1,061,279)	-	-	-	(1,061,279)
Items that are reclassified or may be reclassified subsequently to profit or loss														
Exchange differences arising on translation to presentation currency		-	-	330	-	-	-	-	-	330	-	-	-	330
		-	-	330	-	-	-	-	-	330	-	-	-	330
Total other comprehensive (loss) income for the year		-	-	330	-	(799,316)	-	-	(261,963)	(1,060,949)	-	-	-	(1,060,949)
Total comprehensive (loss) income for the year		-	-	330	-	(799,316)	-	-	(3,407,691)	(4,206,677)	-	-	-	(4,206,677)
Transactions with owners:														
Contribution and distribution														
Cancellation of repurchased shares	30	(217)	(1,983)	-	-	-	-	-	-	(2,200)	-	-	-	(2,200)
Acquisition of non-controlling interests in a subsidiary		-	-	-	-	(4,440)	-	-	(1,388)	(5,828)	(6,245)	4,440	(1,805)	(7,633)
Recognition of equity-settled share-based payments	31	-	-	-	-	-	-	20,187	-	20,187	-	-	-	20,187
Total transactions with owners		(217)	(1,983)	-	-	(4,440)	-	20,187	(1,388))	12,159	(6,245)	4,440	(1,805)	10,354
At 31 December 2021		305,463	194,215	(74,389)	5,682,380	(485,250)	107,225	40,374	(29,172)	5,740,846	-	-	-	5,740,846

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

Notes:

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

(ii) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) Contribution surplus represents residual arising from the reduction of share premium of the Company pursuant to special resolutions passed by the Company on 2 June 2005 and 23 May 2007.

(iv) Investment revaluation reserve (recycling) comprises the accumulated net change in the fair value of Mandatory FVOCI, if any, at the end of the reporting period and is dealt with in accordance with the accounting policies adopted.

(v) Investment revaluation reserve (non-recycling) comprises the accumulated net change in the fair value of Designated FVOCI that have been recognised in other comprehensive income, net of the amounts reclassified to retained earnings when those investments are disposed of.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES			
(Loss) Profit before taxation		**(3,551,087)**	3,209,089
Depreciation of property and equipment and right-of-use assets	15, 17	**31,662**	38,840
Amortisation of intangible assets	20	**500**	42
Interest expenses	9	**26,793**	21,069
Interest income	5, 6	**(23,472)**	(12,614)
Impairment loss in respect of loan receivables, net	36	**7,941**	76,907
Gain on disposal of loan receivables		**–**	(134,537)
Gain on disposal of a subsidiary		**–**	(1)
Gain on bargain purchase from acquisition of an associate	19(b)	**(2,482)**	–
Loss on disposal of an associate		**–**	(8,433)
Profit from disposal of a Designated FVOCI under the tactical and/or strategical investments segment	18(a)	**(20,862)**	(489,785)
Loss on disposal of Mandatory FVOCI		**–**	740
Loss on disposal of financial assets at FVPL	8	**110,162**	–
Loss on disposal of property and equipment		**–**	5,610
Recovery of doubtful consideration receivable on disposal of a subsidiary judged by the court in current year, net of withholding tax		**(15,176)**	–
Impairment loss on goodwill		**–**	79
Net gain on acquisition and disposal of an associate	19(a)	**(287,722)**	–
Share of results of associates	19	**283,393**	2,245
Dividend income	5	**(15,222)**	(20,458)
Share-based payment expenses	31	**20,187**	102,692
Impairment loss on other receivables	8, 36	**20,000**	–
Fair value loss on investment property	16	**7,221**	–
Amortisation of deferred day-one gain		**–**	(5,611)
Net unrealised fair value loss (gain) on financial assets at FVPL	10	**97,400**	(2,649,597)
Changes in working capital			
Other deposits		**(912)**	61
Financial assets at FVPL		**3,596,146**	354,170
Trade, loan and other receivables		**254,058**	(1,107,765)
Bank balances — trust and segregated accounts		**(19,548)**	12,273
Trade and other payables		**3,999**	(165,921)
Cash generated from (used in) operations		**522,979**	(770,905)
Interest paid		**(14,974)**	(16,351)
Income tax (paid) refunded		**(8,747)**	13,030
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**499,258**	(774,226)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Notes	2021 *HK$'000*	2020 *HK$'000*
INVESTING ACTIVITIES			
Dividend received		**15,222**	20,458
Interest received		**15,618**	9,132
Purchase of property and equipment	15	**(534)**	(15)
Purchase of intangible assets		**–**	(5,000)
Purchase of Designated FVOCI		**(1,028,352)**	(230,449)
Proceeds from disposal of Designated FVOCI		**477,353**	1,068,617
Proceeds from disposal of Mandatory FVOCI		**–**	18,419
Proceeds from disposal of property and equipment		**–**	42,557
Purchase of financial assets at FVPL		**–**	(250,905)
Proceed from redemption of financial assets at FVPL	24(a)	**152,540**	–
Redemption of promissory note receivable	23	**200,000**	–
Receipts of consideration receivables, net of withholding tax		**15,176**	–
Net cash outflow arising from acquisition of subsidiaries	33	**(129,972)**	–
Net cash inflow arising from disposal of a subsidiary		**–**	423
Acquisition of an associate	19(b)	**(48,000)**	–
Proceeds from disposal of an associate	19(a)	**16,000**	8,433
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(314,949)**	681,670
FINANCING ACTIVITIES			
Shares repurchased	30(a)	**(2,200)**	–
Drawdown of loan payables	32	**–**	385,600
Repayment of loan payables	32	**–**	(305,600)
Lease payment	32	**(9,050)**	(11,764)
Cash outflow arising from acquisition of non-controlling interests in a subsidiary		**(7,633)**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(18,883)**	68,236
Net increase (decrease) in cash and cash equivalents		**165,426**	(24,320)
Cash and cash equivalents at beginning of the reporting period		**683,299**	695,894
Effect on exchange rate changes on cash and cash equivalents		**(80)**	11,725
Cash and cash equivalents at end of the reporting period, represented by cash and bank balances		**848,645**	683,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. GENERAL

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

The Company and its subsidiaries (together the "Group") principally engages in investment holdings, tactical and/or strategical investments, and the provisions of (i) securities brokerage services, (ii) margin financing services, (iii) placing and underwriting services, (iv) corporate finance advisory services, (v) investment advisory and asset management services, and (vi) credit and lending services.

Certain group entities are licenced under the Hong Kong Securities and Futures Ordinance with the following regulated activities:

Type 1: Dealing in securities
Type 2: Dealing in futures contracts
Type 4: Advising on securities
Type 6: Advising on corporate finance
Type 9: Asset management

A group entity obtained the licence in dealing in futures contracts during the year ended 31 December 2019 and has obtained trading rights and commenced the business of dealing in futures contracts during the year ended 31 December 2021.

On 6 October 2020, another group entity applied for the licence for Type 8 (securities margin financing) regulated activity and the application of such licence is still in progress during the year ended 31 December 2021.

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

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs

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

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

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

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

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

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

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment property, equity investment measured at fair value through other comprehensive income ("Designated FVOCI"), and financial assets measured at fair value through profit or loss ("FVPL"), which are measured at fair values as explained in the accounting policies set out below.

Basis of consolidation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Allocation of total comprehensive income

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

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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

Subsidiaries

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

In the Company's statement of financial position which is presented in note 41 to the consolidated financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Associates

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

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

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

On the loss of significant influence, the Group remeasures any retained interest in the former investee at fair value. The difference between the fair value of any retained investment and proceeds from disposing of the partial interest in the investee and the carrying amount of the investment at the date when significant influence is lost is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in respect of the former investee are accounted for on the same basis as would be required if the former investee had directly disposed of the related assets or liabilities. The fair value of the retained interest on the date of ceasing to be an associate is regarded as the fair value on initial recognition as a financial asset.

Property and equipment

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

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

Leasehold improvements	15 to 20%
Yacht	10%
Furniture, fixtures and equipment	18% to 25%
Motor vehicles	20%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Investment properties

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

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss.

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

Intangible assets

Trading rights

Trading rights that confer eligibility on the Group to trade on the Stock Exchange and Hong Kong Futures Exchange Limited (the “Futures Exchange”). The initial cost of acquiring trading rights is capitalised. Trading rights with indefinite useful lives are carried at cost less accumulated impairment losses. Trading rights are tested for impairment annually.

Club membership

The initial cost of acquiring club membership is capitalised. Club membership with finite useful life is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on the straight-line basis over its estimated useful life of 10 years.

Financial instruments

Financial assets

Recognition and derecognition

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Recognition and derecognition (Continued)

When the fair value of financial assets differs from the transaction price on initial recognition, the Group recognises the difference as follows:

(i) When the fair value is evidenced by a quoted price in an active market for an identical asset (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(ii) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Classification and measurement

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

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

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

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

1) *Financial assets measured at amortised cost*

An equity investment is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

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

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortised cost include trade, loan and other receivables, promissory notes receivable and bank balances-trust and segregated accounts and cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement (Continued)

2) *Designated FVOCI*

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

The Group's Designated FVOCI include listed and unlisted equity securities not held for trading.

3) *Financial assets at FVPL*

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

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

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

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

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

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

The Group's financial assets mandatorily measured at FVPL include listed equity securities, unlisted investment funds and financial assets arising from a financing arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

Recognition and derecognition

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

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

Classification and measurement

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

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

Impairment of financial assets and other items under HKFRS 9

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

Measurement of ECL

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

Measurement of ECL (Continued)

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

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

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

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

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

Low credit risk

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

(i) it has a low risk of default;

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

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

As detailed in note 36 to the consolidated financial statements, deposits, promissory note receivable and bank balances are determined to have low credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

Simplified approach of ECL

For trade receivables other than margin clients, without a significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

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

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

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

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

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

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

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

Write-off

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

Equity instruments

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

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For classification in the statement of financial position, cash equivalents represent assets similar in nature to cash and which are not restricted as to use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is securities brokerage, placing and underwriting, and other corporate finance advisory services

Identification of performance obligations

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

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

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

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

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

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

Timing of revenue recognition

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition (Continued)

Revenue or income arising from financial services is recognised on the following basis:

- Commission income for broking business is recorded as income at point in time on a trade date basis;

- Underwriting commission income, sub-underwriting income, placing commission income and referral fee income are recognised as income at point in time in accordance with the terms of the underlying agreement or deal mandate when relevant significant act has been completed; and

- Advisory and other fee income is recognised over time when the relevant transactions have been arranged or the relevant services have been rendered.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Dividend income

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

Interest income

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period.

- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate.

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

Impairment of non-financial assets

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Borrowing costs

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

Leases

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

As lessee

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

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

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

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

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

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

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

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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

Office premises	2 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

As lessee (Continued)

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

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

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

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

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

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

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

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

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

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

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

As lessor

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

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

As lessor – operating lease

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

Sale and leaseback transactions

The Group applies the requirements for determining when a performance obligation is satisfied in HKFRS 15 to determine whether the transfer of an asset is accounted for as a sale of that asset.

If the transfer of an asset by the seller-lessee satisfies the requirements of HKFRS 15 to be accounted for as a sale of the asset:

- the seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

- the buyer-lessor accounts for the purchase of the asset applying applicable HKFRSs, and for the lease applying the lessor accounting requirements in HKFRS 16.

If the fair value of the consideration for the sale of the asset does not equal to the fair value of the asset, or if the payments for the lease are not at market rates, the following adjustments are made to measure the sale proceeds at fair value:

- any below-market terms are accounted for as a prepayment of lease payments; and

- any above-market terms are accounted for as additional financing components provided by the buyer-lessor to the seller-lessee.

If the transfer of an asset by the seller-lessee does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the asset:

- the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The financial liability is accounted for applying HKFRS 9.

- the buyer-lessor does not recognise the transferred asset and recognises a financial asset equal to the transfer proceeds. The financial asset is accounted for applying HKFRS 9.

During the year, there is a transfer of assets with buyer-lessor arrangement which does not satisfy the requirement of HKFRS 15 to be accounted for as a sale of the asset and the relevant financial asset is accounted for under HKFRS 9. For detail, please refer to note 24(b) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Employee benefits

Short term employee benefits

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

Retirement benefit costs

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

Long service payments

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

Share-based payment transactions

Equity-settled share-based transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the consolidated statement of profit or loss and other comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When the share awards are vested, the amount previously recognised in share award reserve will be transferred to retained earnings.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Taxation

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

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

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

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

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

Related parties

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

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

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

  (ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

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

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

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

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

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

Segment reporting

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

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

3. FUTURE CHANGES IN HKFRSs

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

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 [1]
Amendments to HKAS 16	Proceeds before Intended Use [2]
Amendments to HKAS 37	Cost of Fulfilling a Contract [2]
Amendments to HKFRS 3	Reference to the Conceptual Framework [2]
Annual Improvements to HKFRSs	2018–2020 Cycle [2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [3]
Amendments to HKAS 1	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 HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

[1] Effective for annual periods beginning on or after 1 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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key sources of estimation uncertainty

Fair value estimation

The Group's unlisted Designated FVOCI have been valued based on the valuation from an independent professional valuer. The valuation requires the Group to make some estimation on a number of significant unobservable inputs associated with the investment. As at 31 December 2021, the Group has unlisted Designated FVOCI of approximately HK$46,053,000 (2020: HK$94,941,000). Details of the key assumption and inputs used in the valuation are set out in note 37 to the consolidated financial statements.

The Group's investment property located in Hong Kong has been valued based on the valuation from an independent professional valuer. The valuation performed was arrived at with reference to recent market transaction prices at the end of reporting period with total fair value of approximately HK$102,750,000 (2020: Nil) at 31 December 2021. Favourable or unfavourable changes to recent market prices would result in changes in the fair value of the Group's investment property and corresponding adjustments to the amount of gain or loss reported in profit or loss.

Loss allowance for ECL

The Group's management estimates the loss allowance for financial assets at amortised cost including trade, loan and other receivables, promissory note receivables and cash and cash equivalents by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, recoverable amount of pledged collateral, past collection history of borrowers, concentration risk of borrowers, the Group's actual loss experience, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the financial assets at amortised cost. Details of the key assumption and inputs used in estimating ECL are set out in note 36 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

5. REVENUE

	Notes	**2021** **HK$'000**	2020 HK$'000
Advisory, commission income and other fee income	(b)	**8,855**	3,344
Net (loss) gain on sales of financial assets at FVPL	(a)	**(3,225,077)**	105,704
Interest income from:			
– margin clients		**25,060**	37,068
– loan receivables		**65,779**	105,028
– unlisted callable fixed coupon notes at FVPL		**8,306**	4,859
– unlisted convertible notes at FVPL		**–**	2,761
– listed bonds at Mandatory FVOCI		**–**	1,237
		99,145	150,953
Dividend income from:			
– financial assets at FVPL		**9,269**	4,799
– Designated FVOCI		**5,953**	15,659
		15,222	20,458
		(3,101,855)	280,459

Notes:

(a) The amount represented the proceeds from the sale of financial assets at FVPL of approximately HK$748,076,000 (2020: approximately HK$667,851,000) less relevant costs and carrying value of the investments sold of approximately HK$3,973,153,000 (2020: approximately HK$562,147,000).

(b) In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Financial services *(as defined in note 7)* **2021** ***HK$'000***	2020 *HK$'000*
Timing of revenue recognition:		
Fee and commission income		
– at a point in time	**4,440**	3,066
Advisory and other fee income		
– over time	**4,415**	278
Total revenue from contracts with customers within HKFRS 15	**8,855**	3,344

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

6. OTHER INCOME

	Notes	2021 HK$'000	2020 HK$'000
Interest income on:			
– bank deposits		**3,645**	2,961
– promissory note receivable	23	**7,854**	721
– financial assets at FVPL	24(b)	**3,664**	–
– others		**3**	75
		15,166	3,757
Property licence fee income		**200**	–
Government subsidies		**–**	1,992
Handling fee income		**4,679**	849
Scrip fee income		**2,388**	404
Others		**4,885**	5,878
		27,318	12,880

7. SEGMENT INFORMATION

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

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

Financial services	Provision of securities brokerage, margin financing, placing and underwriting, investment advisory, assets management and corporate finance advisory services
Tactical and/or strategical investments	Investment in financial instruments
Credit and lending services	Provision of credit and money lending services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

7. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the year ended 31 December 2021

	Financial services *HK$'000*	Tactical and/ or strategical investments *HK$'000*	Credit and lending services *HK$'000*	Consolidated *HK$'000*
Revenue				
Advisory, commission income and other fee income	8,855	–	–	8,855
Net loss on sales of financial assets at FVPL	–	(3,225,077)	–	(3,225,077)
Interest income	25,060	8,306	65,779	99,145
Dividend income	–	15,222	–	15,222
Total revenue	33,915	(3,201,549)	65,779	(3,101,855)
Net unrealised fair value loss on financial assets at FVPL	–	(92,838)	–	(92,838)
Segment revenue	33,915	(3,294,387)	65,779	(3,194,693)
Segment profit (loss)	23,450	(3,547,191)	37,374	(3,486,367)
Unallocated other income				7,393
Unallocated other net losses				(2,665)
Unallocated unrealised fair value loss on financial assets at FVPL				(4,562)
Unallocated share of results of associates				254
Unallocated finance costs				(319)
Central corporate expenses				(64,821)
Loss before taxation				(3,551,087)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

7. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2020

	Financial services *HK$'000*	Tactical and/ or strategical investments *HK$'000*	Credit and lending services *HK$'000*	Consolidated *HK$'000*
Revenue				
Advisory, commission income and other fee income	3,344	–	–	3,344
Net gain on sales of financial assets at FVPL	–	105,704	–	105,704
Interest income	37,068	8,857	105,028	150,953
Dividend income	–	20,458	–	20,458
Total revenue	40,412	135,019	105,028	280,459
Net unrealised fair value gain on financial assets at FVPL	–	2,649,597	–	2,649,597
Segment revenue	40,412	2,784,616	105,028	2,930,056
Segment profit	29,748	3,191,791	127,672	3,349,211
Unallocated other income				5,550
Unallocated other net gains				3,082
Share of results of associates				(2,245)
Unallocated finance costs				(2,878)
Central corporate expenses				(143,631)
Profit before taxation				3,209,089

Segment revenue includes revenue from financial services, tactical and/or strategical investments and credit and lending services. In addition, the chief operating decision makers also consider net unrealised fair value (loss) gain on financial assets at FVPL as segment revenue.

The accounting policies of the segment reporting are set out as the Group's accounting policies in note 2. Segment result represents the loss incurred or profit earned by each segment without allocation of certain other income, certain other net losses, certain unrealised fair value loss on financial assets at FVPL, certain share of results of associates, certain finance costs and the central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 31 December 2021

	Financial services HK$'000	Tactical and/ or strategical investments HK$'000	Credit and lending services HK$'000	Consolidated HK$'000
Segment assets	611,846	3,578,102	1,419,932	5,609,880
Unallocated property and equipment				158,477
Unallocated intangible assets				4,458
Right-of-use assets				10,554
Interests in associates				50,736
Unallocated other receivables				15,856
Investment property				102,750
Unallocated financial assets at FVPL				105,438
Income tax recoverable				2,666
Unallocated cash and cash equivalents				248,207
Consolidated assets				6,309,022
Segment liabilities	69,982	468,187	128	538,297
Unallocated other payables				17,856
Unallocated lease liabilities				10,646
Income tax payable				1,377
Consolidated liabilities				568,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2020

	Financial services *HK$'000*	Tactical and/ or strategical investments *HK$'000*	Credit and lending services *HK$'000*	Consolidated *HK$'000*
Segment assets	652,943	8,183,716	1,577,484	10,414,143
Unallocated property and equipment				178,690
Unallocated intangible assets				4,958
Right-of-use assets				9,900
Unallocated other receivables				16,027
Income tax recoverable				1,953
Unallocated cash and cash equivalents				276,876
Consolidated assets				10,902,547
Segment liabilities	13,122	511,348	101	524,571
Unallocated other payables				15,978
Unallocated lease liabilities				10,059
Income tax payable				6,065
Deferred taxation				408,705
Consolidated liabilities				965,378

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

- all assets are allocated to operating and reportable segments other than certain property and equipment, investment property, certain intangible assets, right-of-use assets, interests in associates, certain other receivables, certain financial assets at FVPL, income tax recoverable and certain cash and cash equivalents.

- all liabilities are allocated to operating and reportable segments other than certain other payables, certain lease liabilities and income tax payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

7. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2021

	Financial services *HK$'000*	Tactical and/ or strategical investments *HK$'000*	Credit and lending services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:					
Interest income included in revenue and other income	(25,063)	(16,257)	(65,779)	(7,212)	(114,311)
Interest expenses	4	26,470	–	319	26,793
Fair value losses on investment property	–	–	–	7,221	7,221
Gain on bargain purchase from acquisition of a subsidiary	–	–	–	(29)	(29)
Gain on acquisition and disposal of an associate	–	(287,722)	–	–	(287,722)
Gain on bargain purchase from acquisition of an associate	–	–	–	(2,482)	(2,482)
Impairment loss in respect of loan receivables, net	–	–	7,941	–	7,941
Impairment loss on other receivables	–	–	–	20,000	20,000
Profit from disposal of a Designated FVOCI	–	(20,862)	–	–	(20,862)
Loss on redemption of financial assets at FVPL	–	110,162	–	–	110,162
Recovery of doubtful consideration receivable on disposal of a subsidiary judged by the court in current year	–	–	–	(16,862)	(16,862)
Business development expenses	–	140,141	–	–	140,141
Depreciation of property and equipment	4	–	2,247	20,747	22,998
Depreciation of right-of-use assets	–	–	–	8,664	8,664
Amortisation of intangible assets	–	–	–	500	500
Share-based payment expenses	–	–	–	20,187	20,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2020

	Financial services *HK$'000*	Tactical and/ or strategical investments *HK$'000*	Credit and lending services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:					
Interest income included in revenue and other income	(37,143)	(9,599)	(105,030)	(2,938)	(154,710)
Interest expenses	–	17,462	729	2,878	21,069
Amortisation of deferred day-one gain	–	(5,611)	–	–	(5,611)
Gain on disposal of a subsidiary	–	–	–	(1)	(1)
Gain on disposal of an associate	–	–	–	(8,433)	(8,433)
Gain on disposal of loan receivables	–	–	(134,537)	–	(134,537)
Impairment loss in respect of loan receivables, net	–	–	76,907	–	76,907
Impairment loss on goodwill	–	–	–	79	79
Profit from disposal a Designated FVOCI	–	(489,785)	–	–	(489,785)
Loss on disposal of Mandatory FVOCI	–	740	–	–	740
Loss on disposal of property and equipment	–	–	–	5,610	5,610
Depreciation of property and equipment	25	–	2,247	25,291	27,563
Depreciation of right-of-use assets	–	1,856	–	9,421	11,277
Amortisation of intangible assets	–	–	–	42	42
Share-based payment expenses	–	–	–	102,692	102,692

Geographical information

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

Information about major customers

Revenue from the customers individually accounted for 10% or more of the Group's revenue, excluding net loss/gain on sales of financial assets at FVPL, for the years ended 31 December 2021 and 2020 is as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Customer A*	**22,070**	17,377
Customer B ^	**11,944**	N/A

* Attributable to financial services segment and credit and lending services segment.

^ Attributable to credit and lending services segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

8. OTHER NET GAINS

	Notes	**2021** **HK$'000**	2020 HK$'000
Amortisation of deferred day-one gain		**–**	5,611
Fair value loss on investment property	16	**(7,221)**	–
Gain on disposal of a subsidiary		**–**	1
Net gain on acquisition and disposal of an associate	19(a)	**287,722**	–
Gain on bargain purchase from acquisition of an associate	19(b)	**2,482**	–
Gain on disposal of an associate		**–**	8,433
Impairment loss on goodwill		**–**	(79)
Impairment loss on other receivables	36	**(20,000)**	–
Profit from disposal of a Designated FVOCI under the tactical and/or strategical investments segment	18(a)	**20,862**	489,785
Loss on redemption of financial assets at FVPL	24(a)	**(110,162)**	–
Loss on disposal of Mandatory FVOCI		**–**	(740)
Loss on disposal of property and equipment		**–**	(5,610)
Net exchange gain (loss)		**6,010**	(1,581)
Recovery of doubtful consideration receivable on disposal of a subsidiary judged by the court in current year		**16,862**	–
		196,555	495,820

9. FINANCE COSTS

	2021 **HK$'000**	2020 HK$'000
Bank interest expense	**4**	–
Interest on loan payable	**11,500**	8,255
Interest on margin financing	**14,970**	12,309
Imputed interest on lease liabilities	**319**	505
	26,793	21,069

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

10. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	Notes	2021 HK$'000	2020 HK$'000
Employee benefits expenses (including directors' emoluments)			
Salaries and other benefits		**26,561**	26,907
Retirement benefit scheme contributions	39	**516**	595
Share-based payment expenses	31	**2,125**	30,171
		29,202	57,673
Net unrealised fair value loss (gain) on financial assets at FVPL		**97,400**	(2,649,597)
Depreciation and amortisation expenses			
Depreciation on property and equipment	15	**22,998**	27,563
Depreciation on right-of-use assets	17	**8,664**	11,277
Amortisation on intangible assets	20	**500**	42
		32,162	38,882
Other expenses			
Auditor's remuneration		**2,280**	2,333
Business development expenses	(a)	**140,141**	40,114
Business registration fee, statutory fees and listing fees		**1,022**	680
Financial information charge		**1,945**	2,216
Handling and settlement expenses		**2,353**	367
Investment transaction cost		**6,695**	1,790
Legal and professional fees		**6,696**	8,883
Marketing expenses		**6,649**	9,351
Other operating expenses		**8,485**	26,897
Share-based payment expenses to service providers	31	**18,062**	72,521
Short-term leases	17	**200**	2,276
Withholding tax related to recovery of doubtful consideration receivable on disposal of a subsidiary judged by the court in current year		**1,686**	–
		196,214	167,428

Note:

(a) The amount represented the expenditures incurred by the Group for participating in the selection process to become the integrated resort operator for the Nagasaki Prefecture which is organised by the Government of Japan since 2020. The selection process was delayed in 2020 due to the impact of COVID-19 and the process resumed in 2021. However, the Group withdrew from the project in August 2021 due to the restrictive and unreasonable rules and measures constantly imposed by the Nagasaki Prefecture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

11. INCOME TAX (CREDIT) EXPENSE

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

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

	2021	2020
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
– Current year	**4,143**	5,204
– (Over) Under provision in prior year	**(797)**	1,254
	3,346	6,458
Deferred taxation		
Origination and reversal of temporary difference (Note 29)	**(408,705)**	383,173
Income tax (credit) expense	**(405,359)**	389,631

Reconciliation of income tax credit

	2021	2020
	HK$'000	*HK$'000*
(Loss) Profit before taxation	**(3,551,087)**	3,209,089
Income tax at applicable tax rate 16.5% (2020: 16.5%)	**(585,929)**	529,500
Effect of two-tiered profits tax rates regime	**(165)**	(165)
Tax effect of expenses not deductible for tax purpose	**73,546**	49,889
Tax effect of income not taxable for tax purpose	**(63,509)**	(122,944)
Tax effect of tax losses not recognised	**127,160**	2,805
Utilisation of tax losses previously not recognised	**(7,273)**	(13,870)
Unrecognised temporary differences	**51,628**	(56,828)
(Over) Under provision in prior year	**(797)**	1,254
Others	**(20)**	(10)
Income tax (credit) expense for the year	**(405,359)**	389,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

12. EXECUTIVE AND NON-EXECUTIVE DIRECTORS' AND EMPLOYEES' REMUNERATION

(i) Executive and non-executive directors' remuneration:

The emoluments paid or payable to each of the 9 (2020: 8) directors were as follows:

Year ended 31 December 2021

	Executive Directors		Non-executive Directors			Independent Non-executive Directors				
	Mr. Wong Yat Fai HK$'000	Ms. Wong Wan Men HK$'000	Mr. Alejandro Yemenidjian HK$'000	Hon. Joseph Edward Schmitz HK$'000	Mr. Sam Hing Cheong HK$'000	Mr. Cheung Wing Ping HK$'000	Mr. Hung Cho Sing HK$'000	Hon. Chan Hak Kan HK$'000	Dr. Lo Wing Yan William HK$'000 (note c)	Total HK$'000
Fees (Note a)	–	–	7,779	1,167	–	250	250	250	267	9,963
Other emoluments										
– salaries and other benefits (Note b)	600	1,200	–	–	285	–	–	–	–	2,085
– contributions to retirement benefit schemes	18	18	–	–	11	–	–	–	–	47
– share-based compensation benefits	–	2,125	–	–	–	–	–	–	–	2,125
Total emoluments	618	3,343	7,779	1,167	296	250	250	250	267	14,220

Year ended 31 December 2020

	Executive Directors		Non-executive Directors			Independent Non-executive Directors			
	Mr. Wong Yat Fai HK$'000	Ms. Wong Wan Men HK$'000	Mr. Alejandro Yemenidjian HK$'000 (note d)	Hon. Joseph Edward Schmitz HK$'000 (note d)	Mr. Sam Hing Cheong HK$'000 (note d)	Mr. Cheung Wing Ping HK$'000	Mr. Hung Cho Sing HK$'000	Hon. Chan Hak Kan HK$'000	Total HK$'000
Fees (Note a)	–	–	4,364	1,117	–	250	250	250	6,231
Other emoluments									
– salaries and other benefits (Note b)	600	1,481	–	–	1,333	–	–	–	3,414
– contributions to retirement benefit schemes	18	18	–	–	18	–	–	–	54
– share-based compensation benefits	–	9,180	20,991	–	–	–	–	–	30,171
Total emoluments	618	10,679	25,355	1,117	1,351	250	250	250	39,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

12. EXECUTIVE AND NON-EXECUTIVE DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued)

(i) Executive and non-executive directors' remuneration: (Continued)

Notes:

a. The directors' fee of independent non-executive directors/non-executive directors are determined by the Board of Directors with recommendation from the remuneration committee of the Company with reference to their duties and responsibilities with the Company, the Company's performance and the prevailing market situation and to be authorised by the shareholders of the Company at the annual general meeting.

b. The emoluments of the directors are covered by their respective service contracts and/or supplemental agreements or letters of appointment entered into with the Company.

c. Dr. Lo Wing Yan William was appointed as an independent non-executive director on 11 June 2021.

d. Hon. Joseph Edward Schmitz and Mr. Alejandro Yemenidjian were appointed as a non-executive director on 17 January 2020 and on 9 June 2020 respectively. Mr. Sam Hing Cheong resigned as an executive director and was designated as non-executive director on 5 June 2020. Mr. Alejandro Yemenidjian was re-designated as non-executive Chairman of the Board of Directors on 9 June 2020.

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

(ii) Employees' remuneration:

The five highest paid individuals of the Group included 2 (2020:3) directors of the Company. Details of their emoluments are included in note 12 (i) above.

The emoluments of the remaining 3 (2020: 2) highest paid individuals for the year are set out as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Salaries and other emoluments	**4,344**	3,198
Contribution to retirement benefits schemes	**54**	36
	4,398	3,234

The emoluments of the individuals are within the following bands:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

13. DIVIDENDS

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

14. (LOSS) EARNINGS PER SHARE

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

(Loss) Earnings

	2021	2020
	HK$'000	*HK$'000*
(Loss) Profit for the year attributable to equity shareholders of the Company, for the purpose of basic and diluted (loss) earnings per share	**(3,145,728)**	2,819,555

Number of shares

	2021	2020
Weighted average number of ordinary shares, for the purpose of basic (loss) earnings per share	**6,112,500,783**	6,008,795,790
Effect of dilutive potential ordinary shares: – Exercise of share award	**–**	16,170,993
Weighted average number of ordinary shares, for the purpose of diluted (loss) earnings per share	**6,112,500,783**	6,024,966,783
	HK cents	*HK cents*
Basic (loss) earnings per share	**(51.46)**	46.92
Diluted (loss) earnings per share	**(51.46)**	46.80

Note:

The computation of diluted loss per share for the year ended 31 December 2021 did not assume the exercise of certain share option and the issue of certain shares under the share award scheme since their assumed exercise and issue during the year would have an anti-dilutive effect on the basic loss per share amount presented.

Diluted earnings per share for the year ended 31 December 2020 was calculated by adjusting the weighted average number of ordinary shares in issue during the year with the weighted average number of ordinary shares deemed to be issued assuming the dilutive impact on the shares under the share award scheme. Diluted earnings per share for the year ended 31 December 2020 did not assume the exercise of share option since their assumed exercise during the year would have an anti-dilutive effect on the basic earnings per share amount presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

15. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles and yacht	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 January 2020	730	41,505	318,322	360,557
Additions	–	15	–	15
Disposals	–	–	(85,000)	(85,000)
At 31 December 2020	730	41,520	233,322	275,572
Additions	179	355	–	534
At 31 December 2021	**909**	**41,875**	**233,322**	**276,106**
ACCUMULATED DEPRECIATION				
At 1 January 2020	730	40,671	58,942	100,343
Provided for the year	–	453	27,110	27,563
Eliminated on disposals	–	–	(36,833)	(36,833)
At 31 December 2020	730	41,124	49,219	91,073
Provided for the year	–	187	22,811	22,998
At 31 December 2021	**730**	**41,311**	**72,030**	**114,071**
CARRYING VALUES				
At 31 December 2021	**179**	**564**	**161,292**	**162,035**
At 31 December 2020	–	396	184,103	184,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

16. INVESTMENT PROPERTY

	2021 HK$'000	2020 HK$'000
At fair value		
Additions – Acquisition of a subsidiary (Note 33)	**109,971**	–
Changes in fair value recognised in profit or loss	**(7,221)**	–
At the end of the reporting period	**102,750**	–
Unrealised loss on investment property revaluation included in other net gains	**(7,221)**	–

At the end of the reporting period, the investment property of HK$102,750,000 located in Hong Kong is held with the remaining lease term of 105 years.

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

The fair value of the investment property is determined by adopting the direct comparison method based on price information of comparable properties and adjusted to reflect the locations of the subject property. Details of the fair value measurements are set out in note 37 to the consolidated financial statements.

No investment property was pledged at 31 December 2021.

Leasing arrangement – as licensor

The Group's investment property interests held under leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

The Group granted a licence to the licensee to use the investment property for residential use for a licence period of 3 months. The licence does not include purchase or termination options. The details of the licence income from investment property are set out in note 6 to the consolidated financial statements.

The investment property is subjected to residual value risk. The licence agreement, as a result, includes a provision on residual value guarantee based on which the Group has the right to charge the licensee for any damage to the investment property at the end of the licence period.

The undiscounted licence fees to be received from the investment property within one year as at the end of the reporting period amount to HK$400,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

17. RIGHT-OF-USE ASSETS

	Buildings
	HK$'000
Reconciliation of carrying amount – year ended 31 December 2020	
At beginning of the reporting period	16,715
Additions	6,070
Reassessment of lease liabilities	(1,608)
Depreciation	(11,277)
At the end of the reporting period	9,900
Reconciliation of carrying amount – year ended 31 December 2021	
At beginning of the reporting period	9,900
Additions	9,318
Depreciation	(8,664)
At the end of the reporting period	**10,554**
At 31 December 2020	
Cost	18,637
Accumulated depreciation	(8,737)
Net carrying amount	9,900
At 31 December 2021	
Cost	27,955
Accumulated depreciation	(17,401)
Net carrying amount	**10,554**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

17. RIGHT-OF-USE ASSETS (Continued)

The Group leases various premises for its daily operations. Lease terms are 2 years with no renewal or termination option.

The Group has recognised the following amounts for the year:

	2021	2020
	HK$'000	*HK$'000*
Lease payments:		
Short-term leases	**200**	2,276
Expenses recognised in profit or loss	**200**	2,276
Lease payments on lease liabilities	**9,050**	11,764
Total cash outflow for leases	**9,250**	14,040

Commitments under leases

At 31 December 2021, the Group had no commitment for any short-term leases (2020: committed approximately HK$350,000 for short-term leases).

18. DESIGNATED FVOCI

		2021	2020
	Note	***HK$'000***	*HK$'000*
Equity securities - listed			
Listed in Hong Kong		**2,709,569**	3,114,571
Listed in the United States		**24,589**	22,861
		2,734,158	3,137,432
Equity securities - unlisted		**47,841**	133,754
	(a)	**2,781,999**	3,271,186

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18. DESIGNATED FVOCI (Continued)

Note:

(a) At the date of initial recognition, the Group irrevocably designated certain investments in equity securities as Designated FVOCI because these equity securities represent investments that the Group intends to hold for long term for strategic purposes. The Group considers the accounting treatments under this classification provide more relevant information for those investments.

The fair value of each investment classified as Designated FVOCI is as follows.

	2021	2020
	HK$'000	*HK$'000*
Equity securities – Listed		
Shengjing Bank Co., Ltd.	2,001,000	1,373,700
ZhongAn Online P&C Insurance Co., Ltd.	256,881	343,140
Hao Tian International Construction Investment Group Ltd	132,000	212,500
Imagi International Holdings Ltd.	98,623	110,400
The HongKong and Shanghai Hotels, Ltd	80,320	80,905
JY Grandmark Holdings Ltd.	31,008	–
E-House (China) Enterprise Holdings Ltd.	8,480	82,494
China Evergrande Group	–	104,300
China Evergrande New Energy Vehicle Group Limited	–	705,772
Others	125,846	124,221
	2,734,158	3,137,432
Equity securities – unlisted		
Co-Lead Holdings Limited ("Co-Lead")	46,053	73,570
青騅投資管理有限公司 (Qingzhui Investment Management Limited Company*, "Qingzhui Investment")	–	21,371
Others	1,788	38,813
	47,841	133,754
	2,781,999	3,271,186

* English translation for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

18. DESIGNATED FVOCI (Continued)

Note: (Continued)

(a) (Continued)

During the year ended 31 December 2021, the net unrealised fair value loss on Designated FVOCI of approximately HK$1,061,279,000 (2020: net unrealised fair value gain of approximately HK$615,646,000) was recognised in other comprehensive income.

The fair values of the listed investments are determined on the basis of quoted market price at the end of the reporting period. Details of the fair value measurements are set out in note 37 to the consolidated financial statements.

During the year ended 31 December 2021, Designated FVOCI with fair value of approximately HK$456,491,000 (2020: HK$1,269,485,000) was disposed which is in line with the Group's inherent investment strategy. The cumulative loss of approximately HK$261,963,000 (2020: cumulative loss of approximately HK$357,938,000) that was previously included in the investment revaluation reserve (non-recycling) was transferred directly to retained earnings during the year ended 31 December 2021.

Included in the disposal of Designated FVOCI during the year ended 31 December 2021, the amount included the disposal of Qingzhui Investment, unlisted equity securities issued by a private entity, with fair value of approximately of HK$20,191,000 at the date of disposal which was determined by the management based on the market comparable approach. On 23 September 2021, the Group entered into sale and purchase agreements with the majority shareholder of Qingzhui Investment to dispose its 18.75% of equity interests in Qingzhui Investment at a consideration of HK$41,053,000 which was settled by cash. The disposal was completed on 23 September 2021. Upon completion of the disposal, the Group no longer has any equity interests in Qingzhui Investment. The transactions resulted in a gain on disposal of approximately HK$20,862,000 which was calculated based on the difference between fair value of Qingzhui Investment at the date of derecognition and the consideration received and has been credited to profit or loss during the year ended 31 December 2021. The accumulated fair value loss of approximately HK$19,172,000 in respect of the 18.75% equity interests in Qingzhui Investment which was previously included in the investment revaluation reserve (non-recycling) was transferred directly to retained earnings during the year ended 31 December 2021.

* English translation for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. INTERESTS IN ASSOCIATES

	2021 HK$'000	2020 HK$'000
Unlisted shares		
Shares of net assets	50,736	–

Details of the associates at the end of the reporting period are as follows:

Name of entities	Country of incorporation	Principal place of operation	Class of shares held	Proportion of ownership interest held by the Group % 2021	Proportion of ownership interest held by the Group % 2020	Principal activities
Eternal Billion Holding Group Limited ("Eternal")	BVI	Hong Kong	Ordinary	**25**	25	Investment holding, investment advisory and management services
Hope Capital Limited ("Hope Capital") (Note b)	BVI	Hong Kong	Ordinary	**30**	–	Investment holding, securities brokerage and investment advisory

Notes:

(a) On 12 March 2021, the Group entered into a settlement agreement with an independent third party borrower, to settle the borrower's outstanding balances of HK$215,925,000 due to the Group. The borrower agreed to settle the outstanding loan payable and margin payable by cash of HK$60,000,000 and 315,000,000 shares of Blue River Holding Limited ("Blue River"), a listed company on the Stock Exchange, which is held under the borrower's margin account in a subsidiary of the Group. The settlement was completed on the same date. Upon completion of the settlement, the Group owned 28.53% equity interests in Blue River and Blue River had become an associate of the Group. In the opinion of the directors of the Company, the assets and relevant share of results of interest in Blue River is allocated to tactical and/or strategical investments segment.

The directors engaged a professional valuer to provide assistance in determining the fair values of the identifiable net tangible assets and intangible assets (if any) of Blue River in accordance with HKFRS 13. The fair value of the identifiable assets and liabilities of 28.53% equity interests in Blue River as at the date of completion amounted to approximately HK$1,217,653,000, which resulted in a gain on bargain purchase of approximately HK$1,061,728,000 and was recognised in the profit or loss for the year ended 31 December 2021.

On 30 December 2021, the Group entered into a sales and purchase agreement with an independent third party to dispose all 315,000,000 shares of Blue River at a consideration of HK$160,000,000 due to the loss making of Blue River and the directors of the Company are not optimistic on the prospect of Blue River. The consideration was settled by cash of HK$16,000,000 and a zero-coupon three-month promissory note with principal amount of HK$144,000,000 which approximated its fair value. The disposal was completed on the same date. Upon completion of the transaction, the Group no longer has any equity interests in Blue River.

The share of net assets of Blue River as at the date of disposal amounted to approximately HK$934,006,000, which resulted in a loss on disposal of approximately HK$774,006,000 recognised in the profit or loss for the year ended 31 December 2021.

The net gain from the acquisition and disposal of an associate during the year amount to approximately HK$287,722,000.

(b) On 1 November 2021, the Group entered into a sales and purchase agreement with an independent third party to acquire 30% of equity interests in Hope Capital at a cash consideration of HK$48,000,000. The acquisition was completed on the same date. The fair value of the identifiable assets and liabilities of 30% equity interests in Hope Capital at the date of completion amounted to approximately HK$50,482,000, which resulted in a gain on bargain purchase of approximately HK$2,482,000 recognised in the profit or loss for the year ended 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

19. INTERESTS IN ASSOCIATES (Continued)

Fair value of investments

At the end of the reporting period, the Group's associates are private companies and there were no quoted market price available for the investments.

Financial information of associates

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

At 31 December 2021	**Blue River** *HK$'000*	**Eternal** *HK$'000*	**Hope Capital** *HK$'000*
Gross amount			
Non-current assets	–	–	1,558
Current assets	–	238	179,716
Current liabilities	–	(341)	(12,152)
Equity	–	(103)	169,122
Reconciliation			
Gross amount of equity	–	(103)	169,122
Group's ownership interests	–	25%	30%
Group's share of equity	–	–	50,736

Period/Year ended 31 December 2021	**Blue River** *HK$'000* *(From 12 March 2021 (date of acquisition) to 30 December 2021 (date of disposal))*	**Eternal** *HK$'000*	**Hope Capital** *HK$'000* *(From 1 November 2021 (date of acquisition) to 31 December 2021)*
Gross amount			
Revenue	7,752,628	–	79,791
(Loss) Profit from continuing operations	(991,537)	(56)	846
Other comprehensive loss	(2,502)	–	–
Total comprehensive (loss) income	(994,039)	(56)	846
Group's ownership interests	28.53%	25%	30%
Group's share of results	(283,647)	–	254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

19. INTERESTS IN ASSOCIATES (Continued)

Financial information of associates (Continued)

At 31 December 2020	Eternal *HK$'000*	Topwish *HK$'000*
Gross amount		
Current assets	246	–
Current liabilities	(297)	–
Equity	(51)	–
Reconciliation		
Gross amount of equity	(51)	–
Group's ownership interests	25%	–
Group's share of equity	–	–
Goodwill	79	–
Impairment loss on goodwill	(79)	–
Carrying amount of interests	–	–

Year/Period ended 31 December 2020	Eternal *HK$'000*	Topwish *HK$'000* *(Up to the date of disposal)*
Gross amount		
Revenue	–	883
Loss from continuing operations	(307)	(10,336)
Other comprehensive income	–	–
Total comprehensive loss	(307)	(10,336)
Group's ownership interests	25%	25%
Group's share of results	(77)	(2,168)

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20. INTANGIBLE ASSETS

	Trading rights *HK$'000* (Note a)	Club membership *HK$'000*	Total *HK$'000*
Reconciliation of carrying amount – year ended 31 December 2020			
At the beginning of the reporting period	3,908	–	3,908
Additions	–	5,000	5,000
Amortisation	–	(42)	(42)
At the end of the reporting period	3,908	4,958	8,866
Reconciliation of carrying amount – year ended 31 December 2021			
At the beginning of the reporting period	3,908	4,958	8,866
Additions – Transferred from deposits included in "trade, loan and other receivables"	1,500	–	1,500
Amortisation	–	(500)	(500)
At the end of the reporting period	**5,408**	**4,458**	**9,866**
At 31 December 2020			
Cost	3,908	5,000	8,908
Accumulated amortisation and impairment losses	–	(42)	(42)
	3,908	4,958	8,866
At 31 December 2021			
Cost	5,408	5,000	10,408
Accumulated amortisation and impairment losses	–	(542)	(542)
	5,408	**4,458**	**9,866**

Note:

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

21. OTHER DEPOSITS

	2021 *HK$'000*	2020 *HK$'000*
Statutory and other deposits with exchanges and clearing houses	**1,354**	442

The deposits are non-interest bearing.

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22. TRADE, LOAN AND OTHER RECEIVABLES

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Trade receivables			
Trade receivables arising from the business of securities brokerage			
– cash clients		**99**	93
– margin clients	(b)	**440,457**	552,121
– Hong Kong Securities Clearing Company Limited ("HKSCC")	26(b)	**–**	9,526
	(a)	**440,556**	561,740
Trade receivable arising from the provision of corporate finance advisory services		**310**	320
		440,866	562,060
Loan receivables			
Loan and interest receivables from independent third parties		**1,027,435**	1,297,944
Less: Loss allowance	36	**(49,034)**	(43,423)
	(c)	**978,401**	1,254,521
Less: Non-current portion		**(12,405)**	(55,926)
Current portion		**965,996**	1,198,595
Other receivables			
Deposits with securities brokers	(d)	**1,781**	9,555
Consideration receivable from disposal of unlisted Designated FVOCI		**–**	9,442
Other receivables, deposits and prepayments		**38,424**	23,033
Less: Loss allowance	36	**(20,000)**	–
		20,205	42,030
	(e)	**1,427,067**	1,802,685

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

22. TRADE, LOAN AND OTHER RECEIVABLES (Continued)

Notes:

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

(b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 30% (2020: 8% to 30%) per annum for year ended 31 December 2021. The loans are secured by pledged marketable securities with a total fair value of approximately HK$2,153,150,000 (2020: approximately HK$1,758,248,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. During the years ended 31 December 2021 and 2020, no margin loans were granted to the directors of the Company or directors of subsidiaries.

(c) As at 31 December 2021, the Group's net loan receivables included both fixed and variable rate loan advances to independent third parties of which approximately HK$129,988,000 (2020: approximately HK$788,779,000) were secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 5% to 15% (2020: 3% to 24%) per annum and had contractual loan period between 18 months and 7 years (2020: between 6 months and 30 years) under the Group's credit and lending services. The remaining balance included both fixed and variable rate loan advances to independent third parties of which approximately HK$848,413,000 (2020: HK$465,742,000) were unsecured, bearing interest ranging from 3% to 36% (2020: 5% to 36%) per annum. The contractual loan period for majority of the unsecured loan receivables from third parties is between 6 months and 5 years (2020: between 6 months and 5 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their background, and financial position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. During the year ended 31 December 2021, net impairment loss of approximately HK$7,941,000 (2020: approximately HK$76,907,000) was recognised for the loan receivables. Details are set out in note 36 to the consolidated financial statements.

(d) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.

(e) The trade, loan and other receivables are expected to be recovered within one year, except for the deposits of approximately HK$13,436,000 (2020: approximately HK$17,963,000).

23. PROMISSORY NOTE RECEIVABLE

As at 31 December 2021, the amount represented a zero-coupon promissory note at principal amount of HK$144,000,000 maturing on 31 March 2022 received as part of the consideration of disposal of an associate as set out in the note 19(a) to the consolidated financial statements. The amount was early settled after the end of the reporting period.

As at 31 December 2020, the amount represented a zero-coupon promissory note at principal amount of HK$200,000,000 maturing on 30 June 2021. During the year ended 31 December 2021, the promissory note of HK$200,000,000 was settled and the Group recognised imputed interest of approximately HK$7,854,000 (2020: HK$721,000) in other income.

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YEAR ENDED 31 DECEMBER 2021

24. FINANCIAL ASSETS AT FVPL

	Notes	2021 HK$'000	2020 HK$'000
Mandatorily measured at FVPL			
– Listed shares in Hong Kong		**496,498**	4,330,031
– Listed shares in the United States		**2,546**	3,235
– Unlisted investment funds	(a)	**123,260**	350,724
– Financial assets arising from a financing arrangement	(b)	**105,438**	–
		727,742	4,683,990
Analysed as:			
Non-current		**2,497**	270,827
Current		**725,245**	4,413,163
		727,742	4,683,990

Notes:

(a) The unlisted investment funds are mainly subscribed from independent financial institutions. The portfolios of these funds mainly comprise securities listed in Hong Kong and overseas and unlisted debt and equity securities in Asia-Pacific region. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment, except for certain unlisted investment funds which was held for long-term investment.

During the year ended 31 December 2021, the unlisted investment funds held for long-term investment at carrying amount of HK$262,702,000 was redeemed at a consideration of HK$152,540,000, which resulted in realised loss on redemption of investment of approximately HK$110,162,000 recognised in other net gains.

(b) The amount represented the consideration of HK$110,000,000 paid to an independent third party ("Vendor") to acquire the entire interest of Siston Holdings Limited and its wholly owned subsidiary, High Step Investment Limited (together the "Siston Group") on 31 August 2021. The principal activity of Siston Group is property investment.

On 1 September 2021, the Group further signed a licence agreement with the Vendor to grant a licence to the Vendor to use the property for residential use only for a licence period of six months at a monthly payment of ranging from HK$916,000 to HK$920,000. On the same date, a call option agreement was signed between the Group and the Vendor for granting the Vendor a right to repurchase the entire interest of the Siston Group at the original consideration of HK$110,000,000 within one month after the expiry of licence agreement.

The transfer of assets with the above arrangement does not satisfy the requirement of HKFRS 15 to be accounted for as a sales and purchase of assets and the relevant financial asset is accounted for under financial assets at FVPL. The fair value of the financial asset is determined based on valuation carried out by independent qualified professional valuer at the end of reporting period. Details of the fair value measurements are set out in note 37 to the consolidated financial statements.

During the year ended 31 December 2021, licence fee of HK$3,664,000 was classified as interest income from financial asset at FVPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25. BANK BALANCES – TRUST AND SEGREGATED ACCOUNTS/CASH AND CASH EQUIVALENTS

Bank balances – trust and segregated accounts

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions (Note 26). However, the Group does not have a currently enforceable right to offset those payables with the deposits placed.

Cash and cash equivalents

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates with an original maturity of three months or less.

Bank balances carry interest at prevailing market rate ranging from 0.001% to 0.35% (2020: 0.001% to 0.4%) per annum.

26. TRADE AND OTHER PAYABLES

	Notes	**2021** ***HK$'000***	2020 *HK$'000*
Trade payables			
Trade payables arising from the business of securities brokerage			
– cash clients	(a)	**483**	510
– margin clients	(a)	**22,077**	8,172
– HKSCC	(b)	**42,927**	–
	22(a)	**65,487**	8,682
Secured margin loans from securities brokers	(c)	**225,382**	273,285
		290,869	281,967
Other payables			
Other payables and accrued charges		**18,716**	23,514
		309,585	305,481

Notes:

(a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the directors of the Company, no aging analysis is disclosed as the aging analysis does not give additional value.

(b) The settlement terms of trade receivables and payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of brokerage business.

(c) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at a range from 1.87% to 12% per annum (2020: 1.56% to 12% per annum). The total market value of debt and equity securities pledged as collateral in respect of the loans was approximately HK$1,420,924,000 (2020: approximately HK$4,789,885,000) as at 31 December 2021.

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27. LEASE LIABILITIES

As at 31 December 2021, the weighted average discount rate applied was 5.75% (2020: 4.05%) per annum. The interest expenses on lease liabilities are set out in note 9 to the consolidated financial statements.

Commitments and present value of lease liabilities:

	Minimum lease payments 2021 *HK\$'000*	**Present value of minimum lease payments 2021** *HK\$'000*
Amounts payable:		
Within one year	**7,053**	**6,623**
In the second to fifth years inclusive	**4,139**	**4,023**
	11,192	**10,646**
Less: future finance charges	**(546)**	**–**
Total lease liabilities	**10,646**	**10,646**

	Minimum lease payments 2020 *HK\$'000*	Present value of minimum lease payments 2020 *HK\$'000*
Amounts payable:		
Within one year	8,221	7,997
In the second to fifth years inclusive	2,086	2,062
	10,307	10,059
Less: future finance charges	(248)	–
Total lease liabilities	10,059	10,059

28. LOAN PAYABLE

	2021 *HK\$'000*	2020 *HK\$'000*
Unsecured borrowing		
– Other loan	**246,568**	235,068

Note:

The above loan from an independent third party as at 31 December 2021 is unsecured, bearing interest at 5% (2020: 5%) per annum and repayable within 1 year (2020: 2 years) at the end of the reporting period.

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29. DEFERRED TAXATION

The movement for the year in the Group's deferred tax assets (liabilities) was as follows:

	Unrealised (gain) loss on financial assets at FVPL	Depreciation allowance	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2020	(35,839)	(965)	11,272	(25,532)
Charge to profit or loss for the year (Note 11)	(387,762)	261	4,328	(383,173)
At 31 December 2020	(423,601)	(704)	15,600	(408,705)
Credit to profit or loss for the year (Note 11)	421,376	294	(12,965)	408,705
At 31 December 2021	**(2,225)**	**(410)**	**2,635**	**–**

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

	Assets		Liabilities	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unrealised gain on financial assets at FVPL	**–**	–	**(2,225)**	(423,601)
Depreciation allowance	**–**	–	**(410)**	(704)
Tax losses	**2,635**	15,600	**–**	–
Deferred tax assets (liabilities)	**2,635**	15,600	**(2,635)**	(424,305)
Offsetting	**(2,635)**	(15,600)	**2,635**	15,600
Net deferred tax assets (liabilities)	**–**	–	**–**	(408,705)

At the end of the reporting period, the Group had unrecognised temporary differences arising from unused tax losses and unrealised losses on financial assets at FVPL of approximately HK$1,928,184,000 and HK$290,052,000 respectively (2020: HK$1,122,022,000 and HK$14,373,000 respectively). Deferred tax assets have not been recognised due to the unpredictability of future profit available against which the Group can utilise the benefits therefrom. The tax losses do not expire under current tax legislation.

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30. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.05 (2020: HK$0.05) each		
Authorised:		
At 1 January 2020 and 31 December 2020, 1 January 2021 and **31 December 2021**	**20,000,000,000**	**1,000,000**

	Note	Number of shares	Share capital HK$'000
Issued and fully paid:			
At 1 January 2020		5,811,766,282	290,588
Issue of shares on share swap in April 2020		187,500,000	9,375
Issue of shares on share swap in May 2020		114,342,857	5,717
At 31 December 2020 and 1 January 2021		6,113,609,139	305,680
Cancellation of repurchased shares	(a)	(4,350,000)	(217)
At 31 December 2021		**6,109,259,139**	**305,463**

Note:

(a) On 30 September 2021, the Company repurchased and cancelled 4,350,000 ordinary shares of the Company from the Stock Exchange with purchase price ranging from HK$0.50 to HK$0.52 with an aggregate consideration of HK$2,200,000. Upon the completion of cancellation of shares, the issued shares of the Company decreased by 4,350,000 shares. The share capital and share premium of the Company decreased by approximately HK$217,000 and HK$1,983,000 respectively.

All shares issued during the year rank pari passu with the existing shares in all respects.

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31. SHARE OPTION AND SHARE AWARD SCHEMES

2012 Share Option Scheme

On 17 May 2012, the Company adopted a share option scheme (the "2012 Share Option Scheme") which has a life of ten years from 17 May 2012. Under the 2012 Share Option Scheme, the Board of Directors may, at its discretion, offer the eligible persons (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

During the year ended 31 December 2021, no share options (2020: 180,000,000) were granted or lapsed under the 2012 Share Option Scheme.

The following tables disclose details of the Company's share options held by eligible persons (including directors) and movement in such holdings during the years ended 31 December 2021 and 2020:

	Number of the share options			
2012 Share Option scheme	**Outstanding at 1 January 2021**	**Granted during the year**	**Outstanding at 31 December 2021**	**Exercisable at 31 December 2021**
Directors of the Company	80,000,000	–	80,000,000	80,000,000
Employees	72,000,000	–	72,000,000	72,000,000
Other participants	100,000,000	–	100,000,000	100,000,000
	252,000,000	**–**	**252,000,000**	**252,000,000**
Weighted average exercise price	**HK$0.85**	**–**	**HK$0.85**	**HK$0.85**

	Number of the share options			
2012 Share Option scheme	Outstanding at 1 January 2020	Granted during the year	Outstanding at 31 December 2020	Exercisable at 31 December 2020
Directors of the Company	–	80,000,000	80,000,000	80,000,000
Employees	72,000,000	–	72,000,000	72,000,000
Other participants	–	100,000,000	100,000,000	100,000,000
	72,000,000	180,000,000	252,000,000	252,000,000
Weighted average exercise price	HK$0.82	HK$0.86	HK$0.85	HK$0.85

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31. SHARE OPTION AND SHARE AWARD SCHEMES (Continued)

2019 Share Award Scheme

On 19 December 2019, the Company adopted a share award scheme (the "2019 Share Award Scheme") which has a life of ten years from 19 December 2019. Under the 2019 Share Award Scheme, the Board of Directors may, at its discretion, issue awarded shares to the eligible persons (including any executive director) of the Company or its subsidiaries subject to the terms and conditions stipulated therein.

On 22 January 2020, the Company granted 95,000,000 awarded shares to 10 eligible persons under the 2019 Share Award Scheme which shall be vested on the fourth anniversary of the date of grant (i.e. 22 January 2024), subject to the grantees remaining as eligible persons on 22 January 2024 and all of the other conditions being satisfied. The share-based payment expenses shall be recognised with reference to the fair value of the shares granted determined based on the share price of the Company at the date of grant over 4 years from the date of grant on a straight line basis. During the year ended 31 December 2021, the Group recognised HK$20,187,000 (2020: HK$20,187,000) as the equity-settled share-based payment expenses with the corresponding amounts being credited to share award reserve.

Movements of the awarded shares granted under the 2019 Share Award Scheme during the years ended 31 December 2021 and 2020 are as follows:

	Number of awarded shares		
2019 Share Award Scheme	**At 1 January 2021**	**Granted during the year**	**Unvested at 31 December 2021**
Director of the Company	**10,000,000**	**–**	**10,000,000**
Other participants	**85,000,000**	**–**	**85,000,000**
	95,000,000	**–**	**95,000,000**

	Number of awarded shares		
2019 Share Award Scheme	At 1 January 2020	Granted during the year	Unvested at 31 December 2020
Director of the Company	–	10,000,000	10,000,000
Other participants	–	85,000,000	85,000,000
	–	95,000,000	95,000,000

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32. OTHER CASH FLOW INFORMATION

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

For the year ended 31 December 2021

	Lease liabilities *HK$'000*	**Loan payable** *HK$'000*	**Total** *HK$'000*
At 1 January 2021	**10,059**	**235,068**	**245,127**
New lease	**9,318**	**–**	**9,318**
Interest expenses	**319**	**11,500**	**11,819**
Cash outflow in financing activities:			
Lease payments (including interest payment)	**(9,050)**	**–**	**(9,050)**
At 31 December 2021	**10,646**	**246,568**	**257,214**

For the year ended 31 December 2020

	Lease liabilities *HK$'000*	Loan payable *HK$'000*	Total *HK$'000*
At 1 January 2020	16,856	150,855	167,711
New lease	6,070	–	6,070
Reassessment of lease liabilities	(1,608)	–	(1,608)
Interest expenses	505	8,255	8,760
Interest paid	–	(4,042)	(4,042)
Cash inflow (outflow) in financing activities:			
Drawdown of loan payables	–	385,600	385,600
Repayment of loan payables	–	(305,600)	(305,600)
Lease payments (including interest payment)	(11,764)	–	(11,764)
At 31 December 2020	10,059	235,068	245,127

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33. ACQUISITION OF SUBSIDIARIES

Acquisition of Tycoon Bliss Limited ("Tycoon")

On 23 July 2021, Kenson Investment Limited, a subsidiary of the Group, entered into a sales and purchase agreement with an independent third party, to acquire the entire interest in Tycoon at a consideration of HK$20,000,000 which was settled by cash. The principal activity of Tycoon is investment holding. The acquisition was completed on 31 August 2021. Upon completion of the acquisition, Tycoon became a wholly owned subsidiary of the Group.

Acquisition of Beautiful Sky Holdings Limited ("Beautiful Sky")

On 2 August 2021, Hansom Finance Limited, a subsidiary of the Group, entered into a sales and purchase agreement with an independent third party, to acquire the entire interest in Beautiful Sky at a consideration of HK$110,000,000 which was settled by cash. The principal activity of Beautiful Sky is property investment. The acquisition was completed on 15 November 2021. Upon completion of the acquisition, Beautiful Sky became a wholly owned subsidiary of the Group.

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

These subsidiaries made no significant contribution to the revenue and results of the Group for the year ended 31 December 2021 after acquisition. The revenue and results of these subsidiaries were also insignificant if the above acquisitions had been taken place at the beginning of the reporting period.

	Tycoon	**Beautiful Sky**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Consideration			
Cash	**20,000**	**110,000**	**130,000**
Recognised amounts of identifiable assets acquired and liabilities assumed			
Investment property	–	109,971	109,971
Deposit paid for acquisition of a subsidiary	20,000	–	20,000
Other receivables	–	1	1
Bank balances – general accounts and cash	–	28	28
Total identifiable net assets	**20,000**	**110,000**	**130,000**
Net cash outflow on acquisition of subsidiaries			
Consideration paid	(20,000)	(110,000)	(130,000)
Net cash acquired from the subsidiaries	–	28	28
Net outflow of cash and cash equivalents	**(20,000)**	**(109,972)**	**(129,972)**

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34. RELATED PARTY TRANSACTIONS

The Group does not have any significant related party transactions and balances for both years. The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 12.

35. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

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

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

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries engaged in securities dealings and broking, corporate finance and investment advisory services which are regulated entities under the Securities and Futures Commission and require to comply with Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R") subject to the respective minimum capital requirements and liquid capital requirements. The management closely monitors the liquid capital requirements under SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by SF(FR)R throughout the years ended 31 December 2021 and 2020.

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36. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Notes	2021 HK$'000	2020 HK$'000
Financial assets			
Mandatorily measured at FVPL		**727,742**	4,683,990
Amortised cost	(a)	**2,445,884**	2,723,749
Designated FVOCI		**2,781,999**	3,271,186
Financial liabilities			
Amortised cost	(b)	**556,153**	540,549

Notes:

(a) Financial assets at amortised cost include trade, loan and other receivables (excluding certain deposits and prepayments), promissory note receivable, bank balances – trust and segregated accounts and cash and cash equivalents.

(b) Financial liabilities at amortised cost include trade and other payables and loan payable.

Financial risk management objectives and policies

At 31 December 2021, the Group's major financial instruments include Designated FVOCI, trade, loan and other receivables, promissory note receivable, financial assets at FVPL, bank balances – trust and segregated accounts, cash and cash equivalents, trade and other payables and loan payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged from prior year.

Market risk

Foreign currency risk

Certain bank balances are denominated in foreign currencies which expose the Group to foreign currency risk.

At the end of the reporting period, the Group had the following amounts denominated in currencies other than the functional currency of the relevant entities to which they relate.

	Assets	
	2021 HK$'000	2020 HK$'000
RMB	**191,943**	138,621
US$	**22,991**	11,775

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The management considers the Group's exposure on foreign exchange rate risk from the remaining foreign currencies is minimal due to insignificant balances denominated in other foreign currencies.

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36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Sensitivity analysis

At the end of the reporting period, if exchange rate of RMB had appreciated/depreciated against the functional currencies of the respective group entities by 7% (2020: 1%) and all other variables were held constant, the Group's loss before tax would decrease/increase by approximately HK$13,436,000 (2020: profit before tax would increase/decrease by approximately HK$1,386,000) as a result of changes in the carrying amount of these assets.

Since the exchange rate of HK$ is pegged with US$, the Group does not expect any significant movements in the US$/HK$ exchange rates.

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at the end of the reporting period and had been applied to each of the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents and variable-rate loans to independent third parties.

Sensitivity analysis

At the end of the reporting period, if interest rates had been 50 (2020: 50) basis points higher/lower and all other variables were held constant, the Group's loss before tax would decrease/increase by approximately HK$1,186,000 (2020: profit before tax would increase/decrease by approximately HK$45,000).

The Group's sensitivity to interest rates would change in the same direction as the changes in its interest-bearing balances of financial assets and liabilities as mentioned above.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred throughout the reporting period and had been applied to the exposure to interest rate risk for the average balances of the interest-bearing loans to independent third parties in existence during the reporting period. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

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36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Equity price risk

The Group is exposed to equity price risk arising from investments in listed equity securities which classified as financial assets at FVPL and Designated FVOCI. The sensitivity analysis has been determined based on the exposure to equity price risk.

Sensitivity analysis

At the end of the reporting period, if the quoted market prices of the listed equity securities classified as financial assets at FVPL had been 7% (2020: 8%) higher or lower while all other variables were held constant, the Group's loss before tax would decrease/increase by approximately HK$34,933,000 (2020: profit before tax would increase/decrease by approximately HK$346,661,000) as a result of changes in fair value of these financial assets.

At the end of the reporting period, if the quoted market prices of the listed equity securities classified as Designated FVOCI had been 7% (2020: 8%) higher or lower while all other variables were held constant, the Group's other comprehensive loss for the year would decrease/increase by approximately HK$191,391,000 (2020: other comprehensive income for the year would increase/decrease by approximately HK$250,995,000) as a result of changes in fair value of these financial assets.

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

Credit risk

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

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

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

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36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Trade receivables from margin clients

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

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

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience, loan to value ratio which determined using current trade receivable balances and pledged marketable securities and adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

After considering the above factors, the management assess that all of the trade receivables from margin clients have not had a significant increase in credit risk and 12-month ECL will be recognised. The management of the Group considers the 12-month ECL of trade receivables from margin clients to be insignificant, so no loss allowance was recognised during the year (2020: Nil).

Loan receivables

Management has money lending policies in place and the exposure to the credit risk is monitored on an ongoing basis. The Group grants loans only to recognised and creditworthy third party and related party borrowers. It is the Group's policy that all these borrowers are subject to credit verification procedures. Also, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts.

As at 31 December 2021, the Group has concentration of credit risk as 15% and 64% (2020: 18% and 73%) of total loan receivables was due from the Group's largest borrower and the five largest borrowers respectively, within the money lending segment.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the loan receivable is credit-impaired, the Group has taken into account the historical actual credit loss experience for the borrowers and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

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36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Loan receivables (Continued)

The Group has established a loan credit risk classification system and performs credit risk management based on loan classification in one of three categories of internal credit rating. The information about the ECL for the loan receivables as at 31 December 2021 is summarised below. After considering the above factors, a loss allowance of approximately HK$49,034,000 (2020: approximately HK$43,423,000) was recognised as at 31 December 2021.

At 31 December 2021

Internal credit rating	**Gross carrying amount** *HK$'000*	**ECL**	**Loss allowance** *HK$'000*	**Net carrying amount** *HK$'000*
Performing (Note i)	**719,099**	**12-month**	**14,382**	**704,717**
Underperforming (Note ii)	**303,856**	**Lifetime**	**30,172**	**273,684**
Not performing (Note iii)	**4,480**	**Lifetime**	**4,480**	**–**
	1,027,435		**49,034**	**978,401**

At 31 December 2020

Internal credit rating	Gross carrying amount *HK$'000*	ECL	Loss allowance *HK$'000*	Net carrying amount *HK$'000*
Performing (Note i)	968,968	12-month	18,442	950,526
Underperforming (Note ii)	322,867	Lifetime	18,872	303,995
Not performing (Note iii)	6,109	Lifetime	6,109	–
	1,297,944		43,423	1,254,521

Notes:

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

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

(iii) Not performing (Credit-impaired) refers to the loans that have objective evidence of impairment and for which the lifetime ECL will be recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Loan receivables (Continued)

Aging analysis

Aging analysis of loan receivables (net of loss allowance) prepared based on loan commencement date set out in the relevant contracts is as follows:

	2021	2020
	HK$'000	*HK$'000*
Less than 1 month	**353,249**	240,981
1 to 3 months	**78,625**	94,034
4 to 6 months	**34,097**	438,181
7 to 12 months	**327,858**	212,153
Over 12 months	**184,572**	269,172
At the end of the reporting period	**978,401**	1,254,521

Aging analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	2021	2020
	HK$'000	*HK$'000*
Not yet past due	**913,911**	1,254,521
7 to 12 months past due	**64,490**	–
At the end of the reporting period	**978,401**	1,254,521

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36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Loan receivables (Continued)

Aging analysis (Continued)

As at 31 December 2021, the Group recognised a loss allowance of approximately HK$49,034,000 (2020: approximately HK$43,423,000) on its loan receivables. The movement in the loss allowance for loan receivables during the year is summarised below.

	2021			
	12-month ECL	Lifetime ECL		
	Performing	Under-performing	Not performing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the reporting period	18,442	18,872	6,109	43,423
Increase in allowance	9,071	25,410	–	34,481
Reversal of allowance upon recovery of loan	(13,131)	(13,409)	–	(26,540)
Written off	–	(701)	(1,629)	(2,330)
At the end of the reporting period	14,382	30,172	4,480	49,034

	2020			
	12-month ECL	Lifetime ECL		
	Performing	Under-performing	Not performing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the reporting period	6,829	93,973	1,574	102,376
Increase in allowance	24,005	60,759	12,761	97,525
Reversal of allowance upon recovery of loan	(12,392)	–	(8,226)	(20,618)
Written off upon disposal	–	(135,860)	–	(135,860)
At the end of the reporting period	18,442	18,872	6,109	43,423

During the year ended 31 December 2021, two of the loans had a significant increase in credit risk and were reclassified as Under-Performing for which the Lifetime ECL was recognised. The significant increase in credit risk was due to the deterioration of the personal liquidity position or financial performance of these borrowers. As at 31 December 2021, a loss allowance of HK$17,149,000 was made for these borrowers.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Promissory note receivable and other receivables

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial assets are credit-impaired, the Group has taken into account the historical actual credit loss experience, financial information and adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or methodology made during the year.

Promissory note receivable

After considering the above factors, the management assesses that the promissory note receivable has not had a significant increase in credit risk at the end of the reporting period and 12-month ECL will be recognised. The management of the Group considers the 12-month ECL of the promissory note receivable to be insignificant, so no loss allowance was recognised during the year (2020: Nil).

Other receivables

After considering the above factors, the management assesses the deposit paid for acquisition of a subsidiary had a significant increase in credit risk during the year due to the uncertainty on completion of transactions and the deterioration of financial position of the counterparty and life-time ECL will be recognised. A loss allowance of HK$20,000,000 (2020: Nil) was recognised during the year.

Deposits with financial institution

The credit risk on bank balances is limited because majority of the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance was recognised during the year (2020: Nil).

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group’s remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both principal and interest cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

36. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables

	Weighted average effective interest rate	On demand or less than 1 year	1 to 2 years	Total undiscounted cash flows	Carrying amount at 31.12.2021
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2021					
Non-derivative financial liabilities					
Amounts due to cash and margin clients	–	22,560	–	22,560	22,560
Amounts due to HKSCC	–	42,927	–	42,927	42,927
Secured margin loans from securities brokers	–	225,382	–	225,382	225,382
Other payables and accrued charges	–	18,716	–	18,716	18,716
Loan payable	5%	252,971	–	252,971	246,568
Lease liabilities	5.75%	7,053	4,139	11,192	10,646
		569,609	4,139	573,748	566,799

	Weighted average effective interest rate	On demand or less than 1 year	1 to 2 years	Total undiscounted cash flows	Carrying amount at 31.12.2020
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2020					
Non-derivative financial liabilities					
Amounts due to cash and margin clients	–	8,682	–	8,682	8,682
Secured margin loans from securities brokers	–	273,285	–	273,285	273,285
Other payables and accrued charges	–	23,514	–	23,514	23,514
Loan payable	5%	11,500	236,402	247,902	235,068
Lease liabilities	4.05%	8,221	2,086	10,307	10,059
		325,202	238,488	563,690	550,608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

37. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Fair value of the Group's assets that are measured at fair value

Assets	Fair value as at 2021	Fair value as at 2020	Fair value hierarchy	Valuation techniques and key inputs
1) Investments in listed equity securities classified as financial assets at FVPL	**Listed equity securities in: – Hong Kong HK$496,498,000 – United States HK$2,546,000**	Listed equity securities in: – Hong Kong HK$4,330,031,000 – United States HK$3,235,000	Level 1	Quoted bid prices in an active market
2) Investments in unlisted investment funds classified as financial assets at FVPL	**HK$123,260,000**	HK$350,724,000	Level 2	Derived from quoted prices from pricing services based on net asset value of the funds
3) Financial assets arising from a financing arrangement classified as financial assets at FVPL	**HK$105,438,000**	N/A	Level 3	Derived from direct comparison approach and Black-Scholes Option Pricing Model by an independent professional qualified valuer
4) Investments in listed equity securities classified as Designated FVOCI	**Listed equity securities in: - Hong Kong HK$2,709,569,000 - United States HK$24,589,000**	Listed equity securities in: - Hong Kong HK$3,114,571,000 - United States HK$22,861,000	Level 1	Quoted bid prices in an active market
5) Investments in unlisted equity securities classified as Designated FVOCI	**HK$46,053,000**	HK$94,941,000	Level 3	Derived from unobservable inputs for the asset or liability by an independent professional qualified valuer
6) Investments in unlisted equity securities classified as Designated FVOCI	**HK$1,788,000**	HK$38,813,000	Level 2	Estimated by external fund manager by reference to available market information adjusted to reflect liquidity of the investments (2020: recent comparable transactions)
7) Investment property	**HK$102,750,000**	N/A	Level 3	Derived from direct comparison approach with adjustment on unobservable inputs by an independent professional qualified valuer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

37. FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value of the Group's assets that are measured at fair value (Continued)

There were no transfers between Level 1 and Level 2 fair value measurement in both years. There were transfers between Level 2 and Level 3 fair value measurements. The details of the movements of the fair value measurements categorised as Level 3 of the fair value hierarchy during the years ended 31 December 2021 and 2020 are as follows:

Movements in Level 3 fair value measurements

2021

	Investment property	Financial assets at FVPL	Designated FVOCI	
Description	**Residential property located in Hong Kong** *HK$'000*	**Financial assets arising from a financing arrangement** *HK$'000*	**Unlisted equity securities** *HK$'000*	**Total** *HK$'000*
At the beginning of the year	–	–	94,941	94,941
Addition	109,971	110,000	–	219,971
Disposal	–	–	(20,191)	(20,191)
Total gains or losses				
reported as "net unrealised fair value loss on financial assets at FVPL" in profit or loss	–	(4,562)	–	(4,562)
reported as "fair value change on Designated FVOCI" in other comprehensive income	–	–	(28,928)	(28,928)
reported as "fair value losses on investment property" in profit or loss	(7,221)	–	–	(7,221)
Exchange alignment	–	–	231	231
At the end of the reporting period	102,750	105,438	46,053	254,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

37. FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value of the Group's assets that are measured at fair value (Continued)

Movements in Level 3 fair value measurements (Continued)

2020

Description	Financial assets at FVPL Unlisted convertible notes *HK$'000*	Designated FVOCI Unlisted equity securities *HK$'000*	Total *HK$'000*
At the beginning of the year	32,380	749,471	781,851
Disposals	(25,482)	(930,938)	(956,420)
Total gains or losses			
reported as "net (loss) gain on sales of financial assets at FVPL" in profit or loss	(12,509)	–	(12,509)
reported as "fair value change on Designated FVOCI reclassified to retained earnings upon disposal" in other comprehensive income	–	394,119	394,119
reported as "fair value change on Designated FVOCI" in other comprehensive income	–	(119,616)	(119,616)
Amortisation of deferred day-one gain	5,611	–	5,611
Exchange alignment	–	1,905	1,905
At the end of the reporting period	–	94,941	94,941

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

37. FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value of the Group's assets that are measured at fair value (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement (Continued)

Description	Fair value at 31 December 2021 *HK$'000*	Fair value at 31 December 2020 *HK$'000*	Valuation techniques	Unobservable input	Sensitivity of fair value to changes in unobservable inputs
Assets **Financial assets at FVPL** (a) Financial assets arising from a financing arrangement	**105,438**	**N/A**	Direct comparison approach and Black-Scholes Option Pricing Model	a) Unit sale rate is at about HK$37,000/sq.ft. saleable area, mainly taking into account location and quality with downward adjustment of 15% and 10% respectively for the comparable. b) Volatility of the market price of properties of 15.48%	a) If the unit sale rate is 1% higher/lower, the fair value of the property will increase/decrease by HK$1,050,000. b) If the volatility of the market price of properties increased/decreased by 1%, the fair value of the financial assets arising from a financing arrangement would increase/decrease by HK$180,000.
Designated FVOCI (b) unlisted equity securities in BVI	**46,053**	**73,570**	Adjusted net asset value method	a) The mean of MVIC/Total assets ratios of the comparable companies of 0.49 (2020: 0.71) b) The mean of P/B ratios of the comparable companies of 0.33 (2020: 0.62) c) Weighting factor of 50:50 for fair value arrived by MVIC/Total assets ratio and P/B ratio	a) If the MVIC/Total assets ratio increased/decreased by 5%, the fair value of the unlisted equity securities would increase/decrease by HK$263,000 (2020: HK$251,000). b) If the P/B ratio increased/decreased by 5%, the fair value of the unlisted equity securities would increase/decrease by HK$100,000 (2020: HK$152,000). c) If the weighting factor was changed to 55:45/45:55 for fair value arriving by MVIC/Total assets ratio and P/B ratio, the fair value of the unlisted equity securities would decrease/increase by HK$71,000 (2020: HK$5,000).
Assets **Investment property** (a) Residual property located in Hong Kong	**102,750**	**N/A**	Direct comparison approach	a) Unit sale rate is at about HK$38,000/sq.ft. saleable area, mainly taking into account location with upward adjustment of 20% for the comparable.	a) If the unit sale rate is 1% higher/lower, the fair value of the property will increase/decrease by HK$1,030,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

37. FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value of the Group's assets that are measured at fair value (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement (Continued)

The fair value of the unlisted equity securities without an active market classified in Level 3 fair value measurement was determined by the management based on the valuation from Grant Sherman Appraisal Limited, an independent professional qualified valuer.

The fair value of the financial assets arising from a financing arrangement and investment property classified in Level 3 fair value measurement was determined by the management based on the valuation from Ravia Global Appraisal Advisory Limited, an independent professional qualified valuer.

Valuation process

The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group will establish the appropriate valuation techniques and inputs to the model. Management reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

(b) Fair value of the Group's financial assets and financial liabilities carried at other than fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

38. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or

- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

Under the continuous net settlement arrangement, money obligations receivable and payable with HKSCC due to or from the Group entities on the same settlement date are settled on a net basis. The Group has legally enforceable right to set off the amounts of receivables and payables with cash clients and margin clients that are due to be settled on the same date.

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38. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS (Continued)

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

	Gross amounts of recognised financial assets	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral pledged	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2021						
Trade receivables from cash clients	**99**	**–**	**99**	**–**	**–**	**99**
Trade receivables from margin clients	**444,558**	**(4,101)**	**440,457**	**–**	**(440,457)**	**–**
Trade receivables from HKSCC	**4**	**(4)**	**–**	**–**	**–**	**–**
Financial assets at FVPL	**622,304**	**–**	**622,304**	**(225,382)**	**–**	**396,922**

	Gross amounts of recognised financial assets	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral pledged	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020						
Trade receivables from cash clients	125	(32)	93	–	(28)	65
Trade receivables from margin clients	553,626	(1,505)	552,121	–	(552,121)	–
Trade receivables from HKSCC	14,540	(5,014)	9,526	–	–	9,526
Financial assets at FVPL	4,683,990	–	4,683,990	(273,285)	–	4,410,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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38. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS (Continued)

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral pledged	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2021						
Trade payables to cash clients	**(483)**	**–**	**(483)**	**–**	**–**	**(483)**
Trade payables to margin clients	**(26,178)**	**4,101**	**(22,077)**	**–**	**–**	**(22,077)**
Trade payables to HKSCC	**(42,931)**	**4**	**(42,927)**	**–**	**–**	**(42,927)**
Secured margin loans from securities brokers	**(225,382)**	**–**	**(225,382)**	**–**	**225,382**	**–**

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral pledged	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020						
Trade payables to cash clients	(542)	32	(510)	–	–	(510)
Trade payables to margin clients	(9,677)	1,505	(8,172)	–	–	(8,172)
Trade payables to HKSCC	(5,014)	5,014	–	–	–	–
Secured margin loans from securities brokers	(273,285)	–	(273,285)	–	273,285	–

The amounts which have been offset against the related recognised financial assets and financial liabilities in the Group's consolidated statement of financial position are measured on the same basis as the recognised financial assets and financial liabilities, which is at amortised cost.

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39. RETIREMENT BENEFIT SCHEMES

In December 2000, the Group enrolled all Hong Kong employees in a Mandatory Provident Fund ("MPF") Scheme. The assets of the MPF Scheme are held separately from those of the Group under the control of trustees. The retirement benefit cost for the MPF charged to the consolidated statement of profit or loss and other comprehensive income represents contributions paid and payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

During the year ended 31 December 2021, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income is approximately HK$516,000 (2020: approximately HK$595,000).

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2021 and 2020 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
			2021		2020		
			Directly	Indirectly	Directly	Indirectly	
Enerchina Resources Limited	Hong Kong – limited liability company	HK$2 of 2 ordinary shares	100	–	100	–	Provision of management services
Global Mind Investment Limited	BVI – limited liability company	US$1 of 1 ordinary share	–	100	–	100	Investment holding
Kenson Investment Limited	Bermuda– limited liability company	US$1 of 1 ordinary share	–	100	–	100	Securities trading and investments
Noble Order Limited	BVI – limited liability company	HK$91,476,207 of 1,000 ordinary shares	–	100	–	100	Holding of Yacht and motor vehicles
Nu Kenson Limited	BVI – limited liability company	US$1 of 1 ordinary share	–	100	–	100	Securities trading and investments
Oshidori Citizens Money Lending Corporation Limited	Hong Kong – limited liability company	HK$15,000,000 of 15,000,000 ordinary shares	–	100	–	100	Money lending
Oshidori Corporate Finance Limited	Hong Kong – limited liability company	HK$10,000,000 of 10,000,000 ordinary shares	–	100	–	100	Corporate finance advisory services
Oshidori International Development Godo Kaisha	Japan – limited liability company	Paid-up capital of ¥100,000	–	100	–	100	Provision of consultancy services
Oshidori Securities Limited	Hong Kong – limited liability company	HK$750,000,000 of 750,000,000 ordinary shares (2020: HK$589,000,000 of 589,000,000 ordinary shares)	–	100	–	100	Securities brokerage and financial services

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40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
			2021		2020		
			Directly	Indirectly	Directly	Indirectly	
Oshidori WW Resources Limited	Hong Kong – limited liability company	HK$150,000,001 of 150,000,001 ordinary shares	-	100	–	100	Money lending
Roxy Link Limited	BVI – limited liability company	US$1 of 1 ordinary share	-	100	–	100	Securities investment
Smart Jump Corporation	BVI – limited liability company	US$1 of 1 ordinary share	-	100	–	100	Securities trading and investments
Uptown WW Group Limited	BVI – limited liability company	100 ordinary shares with no par value	-	100	–	100	Holding of Yacht and motor vehicles
Uptown WW Value Investments Limited	BVI – limited liability company	1 ordinary share with no par value	-	100	–	100	Investment holding
Win Wind Capital Limited	BVI – limited liability company	US$2,359,000,000 of 115,425,007 ordinary shares	100	-	100	–	Investment holding
Win Wind Corporate Services Limited	Hong Kong – limited liability company	HK$1 of 1 ordinary share	-	100	–	100	Provision of management services
Win Wind Recreational Fishing Limited	Marshall – limited liability company	US$1 of 1 ordinary share	-	100	–	100	Investment holding
威華達信息管理(深圳)有限公司 (Note i)	PRC – limited liability company	Paid-up capital of RMB10,000,000	100	-	100	–	Investment holding
深圳威華軒信息諮詢有限公司 (Note i)	PRC – limited liability company	Paid-up capital of RMB24,000,000	-	100	–	75	Investment holding

Note:

(i) 威華達信息管理(深圳)有限公司 and 深圳威華軒信息諮詢有限公司 are wholly foreign owned enterprises.

The above list includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or assets and liabilities of the Group. To give details of all other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2021** ***HK$'000***	2020 *HK$'000*
Non-current assets			
Investments in subsidiaries		**3,924,012**	4,053,579
Amounts due from subsidiaries		**4,137,794**	3,942,790
Designated FVOCI		**218,940**	322,900
		8,280,746	8,319,269
Current assets			
Other receivables, deposits and prepayments		**1,200**	1,177
Cash and cash equivalents		**701**	75,590
		1,901	76,767
Current liabilities			
Other payables and accrued charges		**9,502**	9,525
Amounts due to subsidiaries		**1,496,132**	1,480,881
		1,505,634	1,490,406
Net current liabilities		**(1,503,733)**	(1,413,639)
NET ASSETS		**6,777,013**	6,905,630
Capital and reserves			
Share capital	30	**305,463**	305,680
Reserves	(a)	**6,471,550**	6,599,950
TOTAL EQUITY		**6,777,013**	6,905,630

This statement of financial position was approved and authorised for issue by the Board of Directors on 29 March 2022 and is signed on its behalf by:

Wong Wan Men *Director*	**Wong Yat Fai** *Director*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

(a) Movement of the reserves

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Investment revaluation reserve (non-recycling) *HK$'000*	Share option reserve *HK$'000* (Note 31)	Share award reserve *HK$'000* (Note 31)	Retained earnings *HK$'000*	Total *HK$'000*
At 1 January 2020	–	5,726,232	–	24,720	–	356,222	6,107,174
Profit for the year	–	–	–	–	–	82,276	82,276
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Fair value change on Designated FVOCI	–	–	111,610	–	–	–	111,610
Total other comprehensive income for the year	–	–	111,610	–	–	–	111,610
Total comprehensive income for the year	–	–	111,610	–	–	82,276	193,886
Transactions with owners:							
Contributions and distributions							
Issue of new shares upon share swap	196,198	–	–	–	–	–	196,198
Recognition of equity-settled share-based payments	–	–	–	82,505	20,187	–	102,692
	196,198	–	–	82,505	20,187	–	298,890
At 31 December 2020	196,198	5,726,232	111,610	107,225	20,187	438,498	6,599,950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: (Continued)

(a) Movement of the reserves (Continued)

	Note	Share premium HK$'000	Contributed surplus HK$'000	Investment revaluation reserve (non-recycling) HK$'000	Share option reserve HK$'000 (Note 31)	Share award reserve HK$'000 (Note 31)	Retained earnings/ (Accumulated losses) HK$'000	Total HK$'000
At 1 January 2021		196,198	5,726,232	111,610	107,225	20,187	438,498	6,599,950
Loss for the year		–	–	–	–	–	(169,344)	(169,344)
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Fair value change on Designated FVOCI		–	–	22,740	–	–	–	22,740
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal		–	–	(58,450)	–	–	58,450	–
Total other comprehensive income for the year		–	–	(35,710)	–	–	58,450	22,740
Total comprehensive loss for the year		–	–	(35,710)	–	–	(110,894)	(146,604)
Transactions with owners:								
Contributions and distributions								
Cancellation of repurchased shares	30	(1,983)	–	–	–	–	–	(1,983)
Recognition of equity-settled share-based payments	31	–	–	–	–	20,187	–	20,187
		(1,983)	–	–	–	20,187	–	18,204
At 31 December 2021		194,215	5,726,232	75,900	107,225	40,374	327,604	6,471,550

Nature of the respective reserves is set out in the notes to Consolidated Statement of Changes in Equity.

42. EVENT AFTER THE REPORTING PERIOD

In addition to the events disclosed elsewhere in these consolidated financial statements, the Group had the following subsequent event:

On 17 February 2022, the Group entered into a sale and purchase agreement with an independent third party to acquire 17.81% of equity interests in Future Capital Group Limited and its subsidiaries ("Future Capital Group") at a cash consideration of HK$750,000,000. Future Capital Group principally engages in property investments and owns commercial and/or industrial properties, residential properties and other investment properties. The fair value of Future Capital Group amounted to approximately HK$4,750,000,000 as at 31 December 2021. The acquisition of Future Capital Group was completed on 10 March 2022. Details of the acquisition have been disclosed in the Company's announcement dated 17 February 2022 and 10 March 2022. Upon the completion of the transaction, the Group holds 17.81% of the issued share capital of Future Capital Group which will be recognised as Designated FVOCI.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2017	2018	2019	2020	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
	(Represented)				
RESULTS					
Revenue	55,472	(94,493)	282,333	280,459	**(3,101,855)**
Net unrealised fair value gain (loss) on financial assets at FVPL	399,605	183,199	(419,809)	2,649,597	**(97,400)**
Profit (Loss) before taxation	86,308	(21,241)	(396,101)	3,209,089	**(3,551,087)**
Taxation	(65,019)	19,865	36,087	(389,631)	**405,359**
Profit (Loss) for the year	21,289	(1,376)	(360,014)	2,819,458	**(3,145,728)**
Attributable to:					
Owners of the Company	57,464	21,035	(360,031)	2,819,555	**(3,145,728)**
Non-controlling interests	(36,175)	(22,411)	17	(97)	**–**
Profit (Loss) for the year	21,289	(1,376)	(360,014)	2,819,458	**(3,145,728)**

	As at 31 December				
	2017	2018	2019	2020	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	7,768,416	7,268,722	6,840,212	10,902,547	**6,309,022**
Total liabilities	(1,429,052)	(769,304)	(665,723)	(965,378)	**(568,176)**
	6,339,364	6,499,418	6,174,489	9,937,169	**5,740,846**
Equity attributable to owners of the Company	6,082,343	6,414,015	6,170,118	9,935,364	**5,740,846**
Non-controlling interests	257,021	85,403	4,371	1,805	**–**
	6,339,364	6,499,418	6,174,489	9,937,169	**5,740,846**