G-RESOURCES

ANNUAL REPORT 2021

CORPORATE PHILOSOPHY

OUR VALUES

We strive to be a GREAT company in all of our operations and dealings with people. The GREAT values are the foundation of our Company, and provide a core commitment to achieve the best we can for all of G-Resources' stakeholders.

GREAT VALUES

GROWTH in value for all our stakeholders
RESPECT for our people, our communities and for all stakeholders
EXCELLENCE in everything we do
ACTION to deliver on our commitments
TRANSPARENCY openness, honesty and good governance

G-Resources is a company listed on the Hong Kong Stock Exchange focusing on financial services business, principal investment business, money lending business and real property business (HKEx: 1051).

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Director

Ms Li Zhongye, Cindy, *Chairperson*

Executive Directors

Mr Leung Oi Kin
Mr Leung Wai Yiu, Malcoln

Independent Non-Executive Directors

Mr Lo Wa Kei, Roy
Mr Chen Gong
Mr Martin Que Meideng

EXECUTIVE COMMITTEE

Mr Leung Oi Kin
Mr Leung Wai Yiu, Malcoln

AUDIT COMMITTEE

Mr Lo Wa Kei, Roy, *Chairman*
Mr Chen Gong
Mr Martin Que Meideng

REMUNERATION COMMITTEE

Mr Lo Wa Kei, Roy, *Chairman*
Mr Chen Gong
Mr Martin Que Meideng

NOMINATION COMMITTEE

Ms Li Zhongye, Cindy, *Chairperson*
Mr Chen Gong
Mr Martin Que Meideng

COMPANY SECRETARY

Mr Leung Oi Kin

AUDITOR

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors

LEGAL ADVISORS

Hong Kong: Fangda Partners
Bermuda: Ocorian Law (Bermuda) Limited

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Shanghai Pudong Development Bank Co., Ltd.
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Citibank, N.A.

SHARE REGISTRARS

Hong Kong

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

Bermuda

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

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1801, 18/F
Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong

WEBSITE

www.g-resources.com

CHAIRPERSON'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of G-Resources Group Limited (the "Company" or "G-Resources") and its subsidiaries (collectively the "Group"), I hereby present to our shareholders the annual results of the Group for the year ended 31 December 2021 (the "Year"). In 2021, the global economy remained uncertain given the prolonged tense China-United States ("US") relations and the spread of COVID-19 variants. Despite facing such market fluctuations, I am pleased to report that G-Resources has performed well and experienced a profitable year.

The Group achieved a net profit after tax of USD69.9 million for the Year which slightly decreased by USD3.3 million as compared to the year of 2020 and the Board has proposed a final dividend of HKD0.12 per share for the Year in accordance to the dividend policy of the Company. The Group continued to focus on our three main businesses, namely financial services business, principal investment business and real property business.

For our financial services business, the Group maintained its profit during the Year. In 2021, China launched anti-monopoly rules targeted at its internet and technology companies and resulted in a decline and consolidation of those internet and technology stocks. Hit by ongoing geopolitical issues, regulatory changes affecting several industries in China, the Hong Kong initial public offering ("IPO") market also slowed down in the second half of 2021 with many expected IPOs in the pipeline being delayed to 2022 or later. Amidst all difficulties and challenges, with great efforts from our experienced management team, well-established securities trading infrastructure, strong client loyalty and multiple sales channels, the Group's financial services business maintained its strong market position and yielded good results during the Year.

With the expansion and diversification of financing platform for listing in Hong Kong and the driving force of the New Economy and U.S.-listed Chinese enterprises, we believe that the Hong Kong IPO market will gradually resume in 2022, enhancing liquidity and have positive impact on the overall Hong Kong financial market. We will continue to further strengthen our business competitiveness, optimise resources allocation and enhance our service quality.

For our principal investment business, the Group continued to review and its existing investment portfolio which we invested in the past years. This Year has been very rewarding for our investment portfolio and with significant increases in revenue resulting from distributions. Fair value of the unlisted investments also increased. Our professional and experienced investment team will continue to review our existing investment portfolio and where suitable and beneficial opportunities arise which can elevate the Group's overall profitability and returns, the Group may invest in such investment products.

For our real property business, the Group's property investments in Hong Kong brought us stable rental income during the Year. Given the uncertainties of the global commercial property market under the economic recession and the continued impact of the COVID-19 pandemic, the Group has slowed down the process of seeking new investment opportunities in 2021. The Group will resume a more active role in seeking investment opportunities for quality and upscale commercial properties and other types of properties in Hong Kong and other countries and regions, including the Greater Bay Area, North America and Europe as the COVID-19 pandemic gradually eases and different countries intend to slowly relax their restrictive measures.

G-Resources is confident in the Group's business operations and very positive about our business development and future performance. The management of the Group will review and adjust its business strategies and focus on a regular basis to maximise returns and value for all its shareholders. The Group will explore all possibilities in expanding our financial services business for both our individual and institutional clients, strengthen product platform for asset management, better allocation of the resources, provide extensive corporate financial services, with best endeavors to become an integrated financial services provider with international competitiveness to offer comprehensive services and bring utmost benefits to all our loyal clients.

Finally, on behalf of the Board, I would like to express thanks to our management team and the entire staff for their devoted service during the Year, as well as our sincere gratitude to our shareholders for their continuing support for G-Resources. I look forward to continuing to work with them to achieve further development and greater success for the Company.

Li Zhongye, Cindy
Chairperson
Hong Kong, 30 March 2022

COMPANY OVERVIEW

The principal business segments of the Group are described below:

1. FINANCIAL SERVICES BUSINESS

The Company is continuing to extend the scope of its principal activities to include the provision of a wide range of financial services, including securities brokerage services, placing and underwriting services, corporate finance advisory services, provision of margin financing, money lending business and investment advisory and asset management services.

(A) SECURITIES DEALING, MARGIN FINANCING AND ASSET MANAGEMENT

The Group currently holds type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance), and type 9 (asset management) licences under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

(B) MONEY LENDING

The Company engaged in money lending business in Hong Kong through its subsidiaries, namely Global Access Development Limited, Funderstone Finance Limited and Enhanced Finance Limited. All the companies are incorporated in Hong Kong and hold a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group will continue to use a prudent approach to manage risk and maintain the profitability of the business.

2. PRINCIPAL INVESTMENT BUSINESS

The goal of our principal investment business is to identify investment opportunities and to invest in different industries, to provide better risk weighted return and capital value to the Group.

The executive committee of the Company ("Executive Committee") is responsible for identifying, reviewing, considering and approving different investment opportunities taking into account the Group's liquidity requirements, risk to capital and reasonable returns on investment with the risk taken.

We are also diversifying our investment portfolio under our principal investment business. During the Year, the Group invested in funds, bonds and equity investments (including listed and unlisted).

3. REAL PROPERTY BUSINESS

The Group intends to continue to expand its property portfolio on commercial properties with a focus in Hong Kong and other countries and regions, but also in other types of properties as and when appropriate investment opportunities arise.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Li Zhongye, Cindy, aged 53

was appointed as a chairperson of the Company and non-executive Director on 12 October 2018. Ms Li has twenty years of experience in finance and information technology industry and possesses extensive corporate management experience. She has been a board director of WeAreHAH since January 2019, and an independent board director of ZHRH Corporation (a company listed on the OTC market of US) since March 2022. Ms Li also served as a director of Sunny Education Inc.. Ms Li obtained a medical degree in Capital Medical University, in the People's Republic of China in 1992.

EXECUTIVE DIRECTORS

Leung Oi Kin, aged 47

was appointed as an executive Director and company secretary of the Company on 8 November 2016 and 16 December 2016, respectively. Mr Leung is a director of various subsidiaries of the Company. He has more than twenty years of experience in accounting and financial management. He is a professional accountant and a fellow member of the CPA Australia. He is currently an independent non-executive director of Austar Lifesciences Limited (whose shares are listed on the Main Board of the Stock Exchange). Mr Leung also worked in PricewaterhouseCoopers as an auditor. Mr Leung graduated from University of Adelaide, Australia in 1997 with a bachelor's degree in commerce.

Leung Wai Yiu, Malcoln, aged 40

was appointed as an executive Director on 16 April 2018. Mr Malcoln Leung currently serves as executive director, chief investment officer of the Company and is primarily responsible for the Group's investment, asset management and strategic planning, as well as formulating the Group's overall business and asset portfolio strategy. He is also responsible for the day-to-day operations and overall management of the Company's investment management team. He is a director of various subsidiaries of the Company. Mr Malcoln Leung has over eighteen years of extensive experience in asset management, investment banking and technology industry, based in the United States, Singapore and Hong Kong. Prior to joining the Group in 2017, Mr Malcoln Leung held key positions in various multinational financial institutions and investment banks including Bank of America Merrill Lynch, Standard Chartered and HSBC, and he was responsible for leading global private equity investments and cross-border merger and acquisition transactions, covering different industries such as technology, real estate, financials, insurance and healthcare. Mr Malcoln Leung obtained a master's degree in business administration from the Massachusetts Institute of Technology in 2008 in the United States.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lo Wa Kei, Roy, aged 50
was appointed as an independent non-executive Director on 17 July 2017. Mr Lo is a practicing accountant in Hong Kong and is a certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of CPA Australia and a fellow of the Institute of Chartered Accountants in England and Wales. He serves as the managing partner of SHINEWING (HK) CPA Limited, which is a full service accounting and consulting firm engaged in the provision of, among other things, audit and business advisory services. He is also a member of the Shanghai Pudong New Area Committee of the Chinese People's Political Consultative Conference, the President of the Hong Kong Independent Non-Executive Director Association and the Divisional President 2019 — Greater China of CPA Australia. Mr Lo has over twenty-eight years of experience in auditing, accounting, risk management and finance and has been serving as an independent non-executive director of a number of companies listed on the Stock Exchange, including China Tonghai International Financial Limited (formerly known as China Oceanwide International Financial Limited), Wan Kei Group Holdings Limited and China Oceanwide Holdings Limited (formerly known as Hutchison Harbour Ring Limited). He also served as an independent non-executive director of a number of companies listed on the Stock Exchange, including Sheen Tai Holdings Group Company Limited, Sun Hing Vision Group Holdings Limited, China Zhongwang Holdings Limited and Xinming China Holdings Limited. Mr Lo received a bachelor's degree of business administration from The University of Hong Kong in 1993 and a master's degree of professional accounting from The Hong Kong Polytechnic University in 2000.

Chen Gong, aged 51
was appointed as an independent non-executive Director on 3 February 2017. Mr Chen has more than twenty years of extensive experience in finance management, mergers & acquisitions, financing, negotiation and restructuring in a cross-culture environment. Mr Chen has participated in cross-border merger & acquisition and financing transactions. Mr Chen is the founder and managing director of DoubleOcean Financial Group, a financial advisory company that facilitates the cross-border investments between North America and China. He had also been involved in the management of various public companies listed on the Toronto Stock Exchange, in the capacity of director and/or chief executive officer/chief financial officer. Mr Chen was an independent director of Evermount Ventures Inc. (whose shares are listed on TSX Venture Exchange NEX), a director and chief financial officer of Credent Capital Corp. (whose shares are listed on TSX Venture Exchange NEX), a director and chief financial officer of Nextraction Energy Corp. (whose shares are listed on TSX Venture Exchange NEX), an independent director of Newmac Resources Inc. (whose shares are listed on TSX Venture Exchange) and an independent director of Ord Mountain Resources Corp. (whose shares are listed on TSX Venture Exchange NEX). Mr Chen also worked in various financial management positions at two Fortune 100 companies in the United States for about eight years. Mr Chen received a bachelor's degree in International Economics from Peking (Beijing) University in 1992 and a master of business administration (MBA) from the University of Arizona in 1997. He is a Certified Public Accountant (CPA) in the United States.

Martin Que Meideng, aged 60
was appointed as an independent non-executive Director on 3 February 2017. Mr Que has over twenty-five years of extensive experience of North American financial investment and management, and a Certified Financial Planner in North American, covering tax planning, investment and risk management. Mr Que is a president and owner of Allvista Financial and Planning Services Inc., British Columbia, Canada; a vice-president of Marketing of Citistar Financial, British Columbia, Canada; and a chief financial officer of Blue-O Technology Inc., British Columbia, Canada, a fuel cell technology company. He is also a member of the Million Dollar Round Table (MDRT) of The Premier Association of Financial Professionals®, a Certified Financial Planner of the Financial Planning Standards Council and a Chartered Life Underwriter of The American College of Financial Services. Mr Que received a bachelor of engineering from Wuhan College of Geology in 1983 and a master of science from China University of Geosciences of China in 1986.

SENIOR MANAGEMENT

John Lawrence Sigerson, aged 51
is a director and chief operating officer of Funderstone Securities Limited ("FSL") and Funderstone Futures Limited ("FFL"). Mr Sigerson has over twenty years of wide ranging experience in the Hong Kong financial services industry, from broking to fund management. Since 2014, he has been licensed under the SFO as a responsible officer for type 1, type 2, type 4, type 5 and type 9 regulated activities. Mr Sigerson currently carries out this role for FSL, FFL and Funderstone Asset Management (HK) Limited. Mr Sigerson graduated from Newcastle University, the United Kingdom in 1992 with a bachelor's degree in Theoretical Physics.

Chan Chun Fung, aged 38
is a director and general manager of FSL and FFL. Mr Chan has over ten years of experience in the financial services industry. Since 2012, he has been licensed under the SFO as a responsible officer for type 1, type 2, type 4 and type 5 regulated activities in industry, and licensed responsible officer for FSL and FFL in 2019. With extensive financial industry experience in Chinese capital companies such as Dongxing Securities (Hong Kong) Financial Holdings Limited, iFAST Financial (HK) Limited, Ping An of China Securities (Hong Kong) Company Limited, Huatai Financial Holdings (Hong Kong) Limited, United Simsen Securities Limited (currently known as Huarong International Securities Limited) and Bright Smart Securities & Commodities Group Limited (whose shares are listed on the Main Board of the Stock Exchange), Mr Chan has built his strongest expertise in middle to back office operations, information technology, client services and business development. Mr Chan obtained his bachelor's degree in Commerce from Curtin University of Technology, Australia in 2007.

Lau Yue Wah, Brian, aged 48
is a director of various subsidiaries of the Company. He is a co-founder of Enhanced Securities Limited ("ESL"). Mr Lau has over twenty years of experience in the financial services industry. He had held different positions in ESL. He is a responsible officer for type 1, type 2, type 4 and type 9 regulated activities under the SFO and is also the manager-in-charge of overall management oversight of ESL and Enhanced Investment Management Limited. Mr Lau graduated from The University of New South Wales in Sydney, Australia.

BUSINESS REVIEW AND RESULTS

Below is a summary of the financial information:

	2021 USD'000	2020 USD'000
Revenue	**63,165**	54,215
Other income	**1,201**	8,142
Administrative expenses	**(11,148)**	(10,477)
Fair value changes of financial assets and investments in perpetual notes at fair value through profit or loss	**18,050**	36,627
Provision for expected credit losses on financial assets, net	**(4,326)**	(967)
Increase/(decrease) in fair value of investment properties	**141**	(11,423)
Other gain/(loss)	**2,838**	(2,708)
EBITDA	**70,821**	74,445
Profit before taxation (Note)	**69,917**	73,167
Profit for the year	**69,921**	73,163
Analysis of external revenue by operating segment:		
(i) Financial Services Business	**8,854**	8,296
(ii) Principal Investment Business	**52,588**	43,970
(iii) Real Property Business	**1,723**	1,949
Analysis of profit before taxation by operating segment:		
(i) Financial Services Business	**4,035**	4,180
(ii) Principal Investment Business	**64,300**	83,858
(iii) Real Property Business	**1,751**	1,989

Note: The profit before taxation included segment results, unallocated other income, unallocated corporate expenses and fair value changes of investment properties.

For the Year, the Group achieved a net profit after tax of USD69.9 million (2020: USD73.2 million). The decrease in net profit after tax by USD3.3 million as compared to the year of 2020 was mainly due to the combined effect of the following: (i) a decrease in the gain on fair value changes of financial assets and investments in perpetual notes at fair value through profit or loss ("FVTPL") of USD18.6 million; (ii) a decrease in other income by USD6.9 million; (iii) an increase in provision for expected credit losses ("ECL") on financial assets by USD3.4 million; and (iv) an increase in administrative expenses by USD0.6 million. However, the effect was offset by (i) an increase in revenue by USD9.0 million; (ii) an improvement from the fair value loss of investment properties of USD11.4 million in 2020 to the fair value gain of investment properties of USD0.1 million in 2021; and (iii) an improvement from other loss of USD2.7 million in 2020 to other gain of USD2.8 million in 2021.

Revenue was USD63.2 million (2020: USD54.2 million), mainly generated by the dividend and distribution income as well as interest income from financial products; interest income from financial institutions and margin financing; commission income and handling charges from financial services; as well as rental income. The increase in revenue was mainly due to (i) an increase in interest income from margin financing by USD1.1 million; and (ii) a significant net increase in dividend and distribution income and interest income from financial products under principal investment business by USD14.1 million, which was mainly attributable to distribution income received from our unlisted investments. However, the effect was partially offset by a decrease in interest income by USD5.5 million from financial institutions' deposits.

Other income was USD1.2 million (2020: USD8.1 million) for the Year and mainly comprises interest income generated from fixed income investment which amounted to USD0.9 million (2020: USD7.6 million), and government grants amounted to USD0.1 million in respect of COVID-19-related subsidies (2020: USD0.5 million).

A slower increase in fair value changes of financial assets and investments in perpetual notes at FVTPL was due to a composition of (i) payment for the commitments; (ii) fair value gain or loss; and (iii) netting off the distributions of investments during the Year.

An improvement from the fair value loss of the investment properties of USD11.4 million in 2020 to the fair value gain of the investment properties of USD0.1 million in 2021 was due to relatively stabilised prices of Hong Kong housing and commercial properties during the Year as compared to the corresponding period. The recognition of exchange gain of USD2.8 million was mainly due to the change in exchange rate during the Year.

Administrative expenses were USD11.1 million for the Year, a slight increase of USD0.6 million as compared with USD10.5 million for the corresponding year. Such increase was mainly due to the expansion of business development of the Group for the Year.

General description on the Group's investment strategies
The Group has been continuously reviewing its business and investment strategies, especially for its principal investment business pursuant to the Group's financial needs and change of financial circumstances. The Group generates profit from interest income, dividend income and distribution income from financial assets held by the Group in its principal investment business. The Group takes a prudent approach in allocating its financial assets. Apart from equity investments which are usually accompanied by higher market risks, the Group has been exploring different fixed income investment portfolios as part of its assets allocation plan, including the selection of fixed income assets and the vehicles the Group uses to access them.

Since 2018, in consideration of the trend for interest rates, risk tolerance, capital preservation, liquidity and yield, the Group constructed its fixed income investment portfolios by pairing its bond investment with cash investment. The Group believes that a strong fixed income component serves as a safety net for the Group's overall investment portfolios.

The Group has allocated approximately 40% of its financial assets to fixed income investment, divided equally between bond investment and cash investment (including deposits with financial institutions), as part of its on-going investment strategies to eliminate the impact from market fluctuations that are seen typically in equity investment.

Segment analysis

(i) Financial Services Business

The Group focuses on four key financial services business areas mainly in the Hong Kong market, which are (i) securities trading and brokerage, (ii) margin financing, (iii) money lending, and (iv) asset management. Enhanced Financial Services Group Limited and Funderstone Securities Holdings Limited ("FSHL") are the two limbs of the Group involved in the provision of a wide range of licensed financial services, which principally include underwriting, securities and futures brokerage, corporate finance, investment advisory, and other related financial services in Hong Kong and other countries.

In 2021, the Group continued to implement the transformation plan, which aims to diversify product offerings and leverage the client base generated from the acquisition of FSHL Group as well as identified high-quality new client base. Following the momentum in 2020, the Group has noted growth in three of our key financial services areas, namely, margin financing, IPO margin financing, and underwriting services. In particular, the Group benefited from the tremendous efforts put in our original margin financing business and the addition of IPO margin financing business through our experienced management team, well established securities trading infrastructure, strong client loyalty and multiple sales channels. The Group believes that it has developed and maintained a niche in the margin financing market to serve corporate and retail clients in meeting their corporate goals and personal needs by building on our renowned reputation in delivering professional and personalised financial services. The Group also continued with its underwriting exercises during the Year. The Group will continue to actively identify business opportunities, expand into more business lines and provide greater variety of financial services to our investors.

Revenue generated from the financial services business mainly consists of (i) commission income and handling charges from financial services; (ii) interest income from margin financing; and (iii) asset management fee income.

The profit before taxation was USD4.0 million (2020: USD4.2 million), which was mainly due to the decrease in other income and was partially offset by the increase in interest income from margin financing for the Year.

Commission income and handling charges
During the Year, the commission income and handling charges from financial services were USD4.4 million (2020: USD4.9 million). The decrease of the commission income and handling charges was mainly due to a decrease in trading volume which mainly resulted from the adverse Hong Kong stock market during the Year.

Interest income from margin financing and money lending businesses
The interest income from margin financing was USD4.2 million (2020: USD3.1 million), which increased by USD1.1 million compared to the corresponding year. Such increase was due to the satisfactory progress of the transformation plan and the continued strengthening of our margin financing business. The accounts receivables from clients was USD15.7 million as at 31 December 2021 (as at 31 December 2020: USD15.9 million). The Group spent tremendous efforts in promoting the margin financing and IPO margin financing businesses during the Year, including but not limited to: (i) expanding mutual cooperative arrangements with multiple brokerage firms; (ii) deepening the relationship with existing clients by offering more comprehensive and tailor-made services; and (iii) further strengthening our brand name through different marketing campaigns. During the Year, over 330,000 clients made IPO margin financing subscription through multiple business channels. The Group provided IPO margin financing for 64 IPO stocks and the total IPO subscription amount for such stocks was over USD3.7 billion.

Adhering to the transformation plan, the Group ceased to provide unsecured loan which is considered to be of higher credit risk, and accentuated our secured and mortgaged loans business since second quarter of 2019 which are backed by collateral with a comparatively lower credit risk.

The Group has set a more stringent risk control and management system, including optimised loan approval and monitoring procedures, as well as adjusted interest rate and loan-to-value ratio, which allows the Group to be better structured to serve existing and new clients and minimise the Group's risk exposure.

In addition, the Group persistently implemented cautious and prudent internal control measures, including but not limited to:

- periodic review of collateral value and quality;
- stress testing on borrowers' repayment ability and collateral value;
- on-going loan portfolio monitoring and management;
- watch list mechanism;
- overdue loan collection management; and
- loan impairment provision.

The Group has assessed the clients' risk profiles according to its internal credit control procedures and remains sensitive in minimising the credit risk that they are exposed to and is persistent in following its approach in developing the money lending business to achieve a risk-gain balance. Despite the difficulties and challenges ahead, the Group will continue to leverage our professionalism and solid experience in money lending business.

The Group had no bad debts during the Year.

(ii) Principal Investment Business

During the Year, the Group invested USD219.0 million in unlisted financial assets, which was mainly payment for a commitment of the unlisted investment funds, and acquisition of the unlisted investment funds, unlisted equity investments and convertible notes. During the Year, the Group (i) invested USD27.2 million in listed bonds; (ii) disposed, redemption and maturity of listed bonds of USD63.0 million; and (iii) had a net increase in listed shares of USD36.9 million. Other than the abovementioned reasons, the net increase of USD133.8 million in non-cash financial assets was primarily due to the net effect of return of capital from the unlisted investments, and the net realised and unrealised fair value gain on the listed shares, listed bonds and unlisted investments mainly acquired in previous years.

The profit before taxation was USD64.3 million which mainly included interest income, dividend and distribution income from the financial assets of USD53.4 million, fair value changes of financial assets and investments in perpetual notes at FVTPL of USD18.1 million, which was partially offset by (i) provision for ECL on financial assets of USD4.2 million; (ii) exchange loss of USD1.2 million; and (iii) administrative expenses of USD1.1 million.

As at 31 December 2021, the Group held USD615.2 million non-cash financial assets, as follows:

	2021 USD'000	2020 USD'000
Listed shares	**57,968**	38,220
Listed bonds	**88,048**	159,033
Unlisted investment funds	**403,514**	284,167
Unlisted equity investments	**39,182**	–
Convertible notes	**26,481**	–
Total	**615,193**	481,420

Significant Investments

Genesis Capital I LP ("Genesis Fund")

The Group held limited partner interest of Genesis Fund as an unlisted investment fund since April 2017. The diversified investment portfolio of the Genesis Fund operates in the form of a limited partnership, focusing on underlying investment opportunities in China which aligns with the theme of "Information Technology Improves Efficiency". Based on this idea, Genesis Fund's investment profile yields returns from investing in a wide range of equity and equity-related securities of growth and late-stage technology entities or business-to-business and business to consumer commerce such as software-as-a-service companies and e-commerce platforms. The Group's capital commitment to Genesis Fund accounts for 17.8% of total partners' capital commitment as at 31 December 2021. The fair value of the investment as at 31 December 2021 was USD171.6 million, which accounted for 10.1% of the total assets of the Group as at 31 December 2021. The investment cost of Genesis Fund was USD73.3 million (2020: USD76.1 million). The decrease in investment cost was mainly due to return of capital.

Genesis Fund has achieved income generation and seen capital appreciation since our investment in April 2017. For the Year, the realised and unrealised gains of the investment were USD5.4 million and USD33.9 million, respectively. Moving forward, the Group is optimistic about the potential of this investment. China's economy has seen strong rebound since the outbreak of the COVID-19 and has remained largely resilient under its "Dual Circulation Strategy" shielding the economy against global volatility and promoting greater self-reliance. It is expected that such stable economic environment will provide support for the growth of the technology and consumer sector, generating rewarding investment opportunities. We believe business fundamentals of our portfolio companies under Genesis Fund remain strong. Being a limited partner of Genesis Fund, based on the proven track record, the Group believes that by leveraging the strategic and extensive resources available and extensive experience in investment and fund operation in the technology, media and telecommunications industry possessed by Genesis Fund's management team, the investment will continue to bring about valuable investment opportunities and increasing financial returns.

Except for the investment disclosed above, there was no other single investment (for example, financial assets at FVTPL and investments in debt instruments measured at amortised cost) in the Group's diversified investment portfolio that was considered a significant investment, given that none of the investments had a carrying amount accounting for more than 5% of the Group's total assets as at 31 December 2021.

(iii) Real Property Business

The Group has three floors of commercial office (including 17th, 18th and 19th floor) and ten car parks located in Capital Centre, No. 151 Gloucester Road, Wanchai, Hong Kong. The commercial offices are used by our head office and subsidiaries and leased to third parties for office use under a lease of not more than three years. The rental income earned and the profit before taxation were USD1.7 million and USD1.8 million (2020: USD1.9 million and USD2.0 million) for the Year, respectively, which were relatively stable as compared to the same period in 2020. The slight decrease in rental income was due to a grant of extra rent-free period as part of the renewal of the rental contract for leased commercial offices during the Year.

The Group has been seeking for investment opportunities for quality and upscale commercial properties and other types of properties. Against the outbreak of COVID-19, the Group was unable to conduct a physical examination of properties in other countries under restrictive travelling measures. Since the second half of 2020, the Group has been concentrating on properties in Hong Kong, and in particular distressed and foreclosed properties, and assessing the capital returns and rental yield of such properties. Due to continued fluctuations in the COVID-19 pandemic and the uncertainty in Hong Kong commercial market resulting from economic recession and geopolitical tensions, Hong Kong's office leasing market is still subject to strong headwinds and struggling to recover from a low base in the Year. Leasing demand remained subdued with new lettings in the central business districts dropping significantly and the vacancy rate in the overall office market rising – both of which have prevented a rental recovery in 2021. As a result, the Group did not identify properties which are suitable for our value-add or opportunistic investment strategies.

REVIEW OF GROUP FINANCIAL POSITION

	2021 **USD'000**	2020 USD'000
Current Assets		
Bank balances and cash	**900,845**	964,665
Financial assets at FVTPL	**29,552**	29,869
Investments in debt instruments measured at amortised cost	**14,038**	40,526
Accounts and other receivables	**19,705**	24,503
Others	**39,430**	44,090
Non-current Assets		
Financial assets at FVTPL	**497,593**	292,518
Investments in debt instruments measured at amortised cost	**44,977**	59,364
Investments in perpetual notes at FVTPL	**29,033**	59,143
Investment properties	**64,669**	64,899
Others	**50,984**	51,784
Total Assets	**1,690,826**	1,631,361
Other Liabilities	**(53,039)**	(60,052)
Net Assets	**1,637,787**	1,571,309

Non-current assets were USD687.3 million (2020: USD527.7 million), representing an increase of USD159.6 million. It was mainly due to the net increase in investment in financial assets at FVTPL of USD205.1 million; a decrease in investments in perpetual notes at FVTPL of USD30.1 million; and a decrease in investments in debt instruments measured at amortised cost of USD14.4 million. Current assets were USD1,003.6 million (2020: USD1,103.7 million), representing a decrease by USD100.1 million, which was mainly due to net decrease in bank balances and cash of USD63.8 million, a decrease in investments in debt instruments measured at amortised cost of USD26.5 million; and a decrease in accounts and other receivables of USD4.8 million.

NET ASSET VALUE

As at 31 December 2021, the Group's net assets amounted to USD1,637.8 million, representing an increase of USD66.5 million as compared to USD1,571.3 million as at 31 December 2020. The increase in net assets was mainly due to the profit for the Year of USD69.9 million.

CASH FLOW, LIQUIDITY AND FINANCIAL RESOURCES

Cash Flow Summary

	2021	2020
	USD'000	USD'000
Net cash from Operating Activities	**14,031**	17,339
Net cash (used in)/from Investing Activities	**(75,313)**	3,551
Net cash from/(used in) Financing Activities	**2,384**	(567)
Net (decrease)/increase in cash and cash equivalents	**(58,898)**	20,323
Cash and cash equivalents at beginning of the year	**964,665**	940,486
Effect of foreign exchange rate changes	**(4,922)**	3,856
Cash and cash equivalents at end of the year	**900,845**	964,665

The Group's cash balance as at 31 December 2021 was USD900.8 million (2020: USD964.7 million). The net cash from operating activities for 2021 of USD14.0 million was mainly contributed to the working capital of operations. Net cash used in investing activities was USD75.3 million mainly included net outflows of investments of USD84.5 million which was partially offset by USD9.2 million from interest received. Net cash from financing activities was USD2.4 million mainly from the advances and proceeds received from non-controlling interests.

The Group's gearing ratio as the percentage of the Group's total borrowings over shareholders' equity, was nil as at 31 December 2021 and 2020. The Group had no outstanding bank borrowings as at 31 December 2021.

CAPITAL STRUCTURE OF THE GROUP

The capital structure of the Group has not changed materially since 30 June 2021, being the end of the reporting period of the Group's interim report.

MATERIAL ACQUISITIONS AND DISPOSALS

On 10 June 2021, Summer Chance Limited ("Summer Chance"), an indirect wholly-owned subsidiary of the Company, entered into an adherence agreement to the note purchase agreement dated 30 April 2021 and subsequently amended on 7 May 2021 (the "Note Purchase Agreement") in relation to the issue of unsecured convertible subordinated promissory notes (the "Convertible Notes"), pursuant to which Summer Chance became a party to the Note Purchase Agreement, and as the conditions have been fulfilled, Turntide Technologies Inc. (the "Issuer") has sold and issued to Summer Chance, and Summer Chance has purchased from the Issuer, the Convertible Notes in a principal amount of USD17 million (equivalent to approximately HKD131.9 million).

On 23 June 2021, Smart Blooming Limited ("Smart Blooming"), an indirect wholly-owned subsidiary of the Company, and Lavender Hill Capital GP I Limited, as general partner (the "General Partner"), entered into a subscription agreement (the "Subscription Agreement") to subscribe for the limited partner interest in Lavender Hill Capital Partners Fund I, L.P. (the "Lavender Hill Fund") as a limited partner for a capital commitment of USD20 million (equivalent to approximately HKD155.2 million), representing 13.3% of the total capital commitment to the Lavender Hill Fund as at 23 June 2021. Simultaneously with the entering into the Subscription Agreement, Smart Blooming entered into a limited partnership agreement with the General Partner and Lavender Hill Capital Partners ILP I, L.P., as investment limited partner, to govern their relationship and provide for (among other things) the manner of operation and management of the Lavender Hill Fund. The General Partner is an exempted company incorporated in Cayman Islands with limited liability and is wholly-owned by Ms Zhang Xiaoyin ("Ms Zhang"). Ms Zhang founded Lavender Hill Capital Partners Limited, an affiliate and the adviser of the General Partner in 2018, which focuses on growth stage, technology and technology-enabled companies investment. Prior to founding Lavender Hill Capital Partners Limited, Ms Zhang worked at Goldman Sachs from 2002 to 2017 and was a partner and the Head of China Technology, Media and Telecom ("TMT") Investment Banking. During her tenure at Goldman Sachs, she started developing the internet business franchise sector in China for Goldman Sachs in 2003, focusing on investing in growth stage TMT companies and has extensive network with the entrepreneurs and venture capital investors since 2000. The Lavender Hill Fund is mandated to make equity investments in companies with significant operations in, expansion potential into, strong affiliation with, or having strategic importance to businesses in Greater China, with a primary focus on companies in technology or technology-enabled consumer, media and entertainment, healthcare services, financial services, internet infrastructure and enterprise sectors, with a view to generate capital appreciation. As at 31 December 2021, the Lavender Hill Fund has invested in two portfolio companies including (i) a leading business-to-customer provider of domestic services such as household cleaning, domestic chef and new-born baby nannies for mid-to-high end households in China; and (ii) the largest cross-border business-to-business payment company in terms of cross-border payment volume for China's small and medium-sized enterprises exports. The Group is optimistic about the prospects of this investment. Rapid development in technology in China have played a vital role in transforming the business models and reshaping market landscapes in various industries. Against this background, it is expected that attractive investment opportunities in China will emerge from technology, healthcare and internet sectors. Leveraging on Ms Zhang's expertise and her experience and network in the TMT sector, the Lavender Hill Fund made two solid investments in those sectors and believes that the General Partner will be advantageous in sourcing and executing valuable future TMT investments in Greater China, thereby creating financial returns for the limited partners of the Lavender Hill Fund while diversifying the Group's investment portfolio.

On 30 September 2021, Data Giant International Limited ("Data Giant"), an indirect wholly-owned subsidiary of the Company, entered into the subscription agreement with Genesis Capital III Ltd (being the general partner) ("Genesis Capital III") to subscribe for the limited partner interest in Genesis Capital III LP (the "Genesis III Fund") as a limited partner for a capital commitment of USD42 million (equivalent to approximately HKD327.2 million). Genesis Capital III is an exempted company incorporated in the Cayman Islands with limited liability, responsible for the management and day-to-day operations of Genesis III Fund. Genesis Capital III is wholly-owned by Yuan Capital III Ltd ("Yuan Capital III"), the initial limited partner of Genesis III Fund, who has subsequently withdrawn and ceased to be a limited partner. Yuan Capital III is a company incorporated in the Cayman Islands with limited liability and is wholly-owned by Mr Xu Liang ("Mr Xu"). Mr Xu is a founding member of Genesis Capital III. He participates in the formulation of the firm's strategy and serves as an investment committee member. Prior to founding Genesis Capital III, Mr Xu served as an investment committee member of the investment department of Tencent Holdings Limited ("Tencent"). Mr Xu is a highly regarded internet veteran with over 19 years of technology-related investment, product, and operations experience in China. Before joining Tencent, Mr Xu worked at 21sports.com and founded his own software company. Mr Xu holds an Executive Master of Business Administration from China Europe International Business School and holds a Bachelor's degree in Economics from Wuhan University. Genesis III Fund is mandated to mainly make investments, directly or indirectly, in equity and equity-related securities of growth and late-stage technology related entities in the PRC with a view to generating income and capital appreciation. As at 31 December 2021, Genesis III Fund has not yet invested in any companies.

On 6 October 2021, Great Heart Holdings Limited, as the subscriber, an indirect wholly-owned subsidiary of the Company, entered into the limited partnership agreement with ZQ Capital Management Limited, being the general partner ("ZQ Capital"), and Ms Wang Jue ("Ms Wang"), a merchant and being the initial limited partner, to subscribe for the limited partner interest in NovoAstrum Investors L.P. (the "NovoAstrum Fund") as a limited partner for a capital commitment of USD42 million (equivalent to approximately HKD327.2 million). Upon execution of the limited partnership agreement, Ms Wang has withdrawn from the NovoAstrum Fund and has ceased to be a limited partner. ZQ Capital is an exempted company incorporated in the Cayman Islands with limited liability and it shall be responsible for the management and day-to-day operations of NovoAstrum Fund. ZQ Capital is wholly-owned by Mr Shen Zheqing ("Mr Shen"). Mr Shen is the founding member of ZQ Capital. He has extensive experience in the healthcare industry and Asia capital markets, with a special area of expertise and network in China. Prior to founding ZQ Capital in 2017, Mr Shen was the managing director and head of the China Financial Institutions Business at Barclays PLC from 2011 to 2015. From 2004 to 2010, he worked with The Goldman Sachs Group, Inc. ("Goldman Sachs") as an investment banker in its New York and Hong Kong offices. Mr Shen has worked with many corporations in Asia. He also worked with a number of corporations in the United States during the early stages of his career at Goldman Sachs and Lehman Brothers Holdings Inc. in New York. Mr Shen obtained a Bachelor of Arts in Mathematics and Economics from Wesleyan University. The NovoAstrum Fund is mandated mainly to make investments, directly or indirectly, in the securities of mature businesses in the global healthcare industry to achieve long term capital appreciation. As at 31 December 2021, the NovoAstrum Fund has made an indirect investment, through subscription of the limited partnership interests in a private equity fund, in one healthcare company primarily engaged in immunology business with specialist experience in the research and development of allergy treatments and create immunotherapy treatments for a wide range of allergic conditions.

On 28 January 2022, Maximum Gains Group Limited ("Maximum Gains"), an indirect wholly-owned subsidiary of the Company, and Princeville Global Partners III Ltd. (being the general partner) ("Princeville GP") entered into the subscription agreement to subscribe for the limited partner interest in Princeville Global III LP (the "Princeville Fund") as a limited partner for a capital commitment of USD20 million (equivalent to approximately HKD155.8 million). The Princeville Fund is being established for the principal purposes of (i) making, either directly or indirectly through an intermediate entity owned or controlled by the Princeville Fund, "breakout" stage investments in technology companies whose businesses are seeking growth capital, with a view to generating income and capital appreciation; (ii) managing, supervising and disposing of such investments; and (iii) engaging in such other activities related, incidental or ancillary thereto. Princeville GP, incorporated in the Cayman Islands as an exempted company, is also the carried interest partner of Princeville Fund, and may appoint Princeville Capital (the "Management Company"), an exempted company incorporated in the Cayman Islands, to provide investment advisory services to the Princeville Fund on a non-discretionary basis. The Management Company is principally engaged and specialises in investing in technology-related growth companies around the world. The Management Company invests in companies in the "breakout" stage, in which there are proven business models, technologies, unit economics, accelerating KPIs and a need for capital to grow. Mr Emmanuel DeSousa and Mr Joaquin Alberto C Rodriguez Torres are the co-founders of the Management Company and lead the management team of the same, both possessing more than 20 years of investment experience, having invested in some of the prominent internet and technology companies globally.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the Year and as at the publication of the Company's final results announcement.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGE

The Group conducted most of its business in United States dollars ("USD") and Hong Kong dollars ("HKD"). The foreign currency exposure of HKD to USD is minimal as HKD is pegged to USD.

The management will continue to monitor the Group's foreign currency exposure and consider other hedging policies should the need arise.

PLEDGE OF ASSETS

As at 31 December 2021, no assets of the Group had been pledged.

BUSINESS OUTLOOK

Leveraging on our existing solid capital base, we actively optimised resources allocation and maintained our conservative and diligent investment philosophy. We believe that this strategy enables us to remain cautious and minimise any impact on the Group under the current economic environment, whilst maximises return and value on the Group's business and financial performance in 2022.

Financial services business. The Group will continue to focus on our key financial services business areas, including securities trading and brokerage and margin financing, asset management and corporate finance advisory services. Our reasonable commission rate, quality and prompt service, strong financial resources, and the reliable trading system shall enable our financial services business to maintain a strong client loyalty and sustain stable growth in our client base.

Since the COVID-19 pandemic from early 2020, it has prevailed throughout the year and has proven to cast unprecedented impact and disruptions on business sentiments and financial markets worldwide. The recovery in 2021 was prolonged and subdued given the spread of the COVID-19 variants. China's launch of anti-monopoly rules targeted at its internet and technology companies also resulted in a decline and consolidation of those internet and technology stocks. The Hong Kong IPO market also slowed down in the second half of 2021 with many expected IPOs in the pipeline being delayed to 2022 or later. Despite all uncertainties and fluctuations in the securities market, the Group's securities trading and brokerage services and margin financing business managed to yield positive results with a satisfactory growth as compared to 2020. With gradual relaxation of cross-border restrictions, the Group would expect those IPOs that were in the pipeline, but delayed from 2021, will return in 2022. When the IPO market revives, the Group will tap into the IPO margin financing business and will continue to place great efforts in promoting and expanding such business through various channels, including existing clients, brokerage firms and its network of account executives and the Group's interest income and related handling charge deriving from margin financing for both IPO and non-IPO. The Group will also continue to build on its existing promotion strategies through the use of its multiple channels, including advertisements and marketing campaigns, as well as other brand building and brand awareness activities, and incentive measures to further strengthen its margin financing business and enhance our client coverage on the securities trading and brokerage business.

The Group will closely monitor securities market developments. The Group believes that we can continue to seize opportunities in the securities market and gain the benefit to offer margin financing services in accommodating investors preferences. The Group will actively review all of its implemented strategies to maximise benefits arising from such market.

As for our money lending business, the management of the Group has been sensitive in minimising the exposure to credit risks and has been following its approach in developing the money lending business to achieve a risk-gain balance. In light of the continued uncertainty on the client's creditworthiness for money lending business; delay in global market recovery due to fluctuations of the COVID-19 pandemic; collateral quality and valuation of property assets, the Group will conduct prudent internal credit assessment and monitor the market and appropriately allocate its resources to other segments under the financial services business with lower risk and higher yields.

In relation to our asset management business, the Group will continue to enhance our services and provide customised discretionary investment management services to high-net-worth clients and to further enhance brand awareness and market reputation. The Group will also continue to explore other possibilities in expanding our client high-quality base and strengthen our relationship with major institutional clients by offering more comprehensive and tailor-made financial products and services. The Group has hired two responsible officers in relation to its corporate finance advisory service and asset management services in 2021 to strengthen its client network. The new responsible officers have already been introducing potential businesses to the Group and enhancing the Group's financial services status in those segments. Further, the Group will continue to provide general corporate financial advisory services in relation to IPO including placing, rights issue, corporate restructuring and merger and acquisition and participate in underwriting services when suitable opportunities arise.

Principal investment business. The Group's investment portfolio consists of a combination of diversified investment in funds, bonds and equity investments (including listed or unlisted). The Group will continue to review its investment portfolio. Where the investment team considers that suitable opportunities arise which are beneficial to the Group and can elevate the Group's overall profitability and returns, the Group may invest in such investment products.

Real property business. The Group continued to seek investment opportunities for quality and upscale commercial properties and other types of properties as the global economy continues to recover from the COVID-19 pandemic. The Group has been exploring distressed and foreclosed properties available in the areas where the Group is focusing in, and assessing the capital returns and rental yield of such properties. The Group will continue to explore other properties that can provide a higher return as well as good potential capital appreciation in the future. The Group will take all necessary and proper assessment if we intend to acquire any new properties.

Looking-forward. Despite the fact that borders are reopening in many countries including Europe, Australia and the US, as well as some countries in South East Asia, the COVID-19 pandemic continued to affect the global economy and corporate earnings with its raging variants delaying economic recovery. In view of continued uncertainties on its impact on the global markets, the Group will maintain a balanced and prudent approach to asset allocation while seizing all possible opportunities to further develop and expand our businesses.

HUMAN RESOURCES

As at 31 December 2021, the Group had 68 employees in Hong Kong. Employees are remunerated at a competitive level and rewarded according to their performance. The Group's remuneration packages include a medical scheme, group insurance, mandatory provident fund, performance bonus and options for our employees.

SIGNIFICANT EVENTS

Capital Reorganisation and Change in Board Lot Size

On 31 May 2021, the Board proposed to implement the capital reorganisation (the "Capital Reorganisation") which comprises the following:

(a) every sixty (60) existing ordinary shares of HKD0.01 each (the "Existing Share(s)") was consolidated into one (1) consolidated ordinary share of HKD0.60 each (the "Consolidated Share(s)") (the "Share Consolidation"); and

(b) the proposed reduction (i) of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation by way of cancellation; (ii) of the issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HKD0.59 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HKD0.60 to HKD0.01; (iii) of the authorised share capital of the Company by reducing the par value of all unissued Consolidated Shares from HKD0.60 each to HKD0.01 each (the "Capital Reduction"); and (iv) the credit arising from the Capital Reduction was credited to the contributed surplus account of the Company up to the effective date of the Capital Reduction.

The Board also proposed to change the board lot size for trading in shares on the Stock Exchange from 3,000 Existing Shares to 1,000 new shares (the "Change in Board Lot Size").

Details of the Capital Reorganisation and the Change in Board Lot Size were disclosed in the announcement of the Company dated 31 May 2021, as well as in the supplemental circular of the Company dated 1 June 2021. The Capital Reorganisation became effective on 28 June 2021.

DIRECTORS' REPORT

The Board is pleased to present their report and the audited financial statements for the Year.

PRINCIPAL ACTIVITIES

In the course of the Year, the principal activities of the Company are financial services business, principal investment business, money lending business and real property business. The principal activities of the Company's subsidiaries as at 31 December 2021 are set out in note 37 to the financial statements contained in this annual report.

BUSINESS REVIEW

A business review of the Group is set out on pages 8 to 17 of this annual report.

FUTURE DEVELOPMENTS OF THE GROUP'S BUSINESS PROSPECTS

Details of the business's future prospects are set out in the section headed "Management Discussion and Analysis – Business Outlook" on pages 16 to 17 of this annual report.

DIVIDENDS

The Board has proposed a final dividend of HKD0.12 per share (2020: nil) for the financial year ended 31 December 2021. The proposed final dividend will be payable to shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on 6 July 2022 (Wednesday).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining Shareholders' right to attend and vote at the forthcoming annual general meeting of the Company ("AGM"):

Latest time to lodge transfers	4:00 p.m. on 16 June 2022 (Thursday)
Closure dates of register of members (both days inclusive)	17 June 2022 (Friday) to 22 June 2022 (Wednesday)
Record date	22 June 2022 (Wednesday)
AGM	22 June 2022 (Wednesday)

For ascertaining Shareholders' entitlement to the proposed final dividend#:

Latest time to lodge transfers	4:00 p.m. on 30 June 2022 (Thursday)
Closure date of register of members (both days inclusive)	4 July 2022 (Monday) to 6 July 2022 (Wednesday)
Record date	6 July 2022 (Wednesday)
Proposed final dividend payment date	18 July 2022 (Monday)

(#subject to Shareholders' approval at the AGM)

During the periods of the closure of register of members, no share transfers will be registered. For registration, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong before the relevant latest time to lodge transfers.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 112 of this annual report.

RESERVES

Details of the movements during the Year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 48 of this annual report. Details of the reserve available for distribution to Shareholders as at 31 December 2021 is set out in note 36 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the Year are set out in notes 27 and 28 to the financial statements contained in this annual report, respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the financial statements contained in this annual report.

DIRECTORS

The Directors during the Year and up to the date of this annual report are:

Non-Executive Director

Li Zhongye, Cindy *(Chairperson)*

Executive Directors

Leung Oi Kin
Leung Wai Yiu, Malcoln

Independent Non-Executive Directors

Lo Wa Kei, Roy
Chen Gong
Martin Que Meideng

In accordance with clause 99 of the Company's Bye-laws, at each AGM, one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest but not less than one-third, shall retire from office by rotation. Accordingly, Mr Chen Gong and Mr Martin Que Meideng will retire by rotation at the forthcoming AGM, and both of them, being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS OF THE RETIRING DIRECTORS

The term of office of Mr Chen Gong and Mr Martin Que Meideng is three years and will be subject to retirement by rotation and re-election at the AGM in accordance with the Company's Bye-laws.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS AND EXECUTIVE OFFICERS' INTERESTS IN SECURITIES

As at 31 December 2021, none of the Directors and executive officers of the Company ("Executive Officers") or their respective associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by directors and chief executives of the Company ("Model Code") required to be disclosed in accordance with the Listing Rules.

SHARE OPTION

Particulars of the share option scheme of the Company are set out in note 28 to the financial statements contained in this annual report.

Share Option Scheme

In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a share option scheme pursuant to a resolution passed by the Shareholders on 18 June 2014, of which the general scheme limit has been revised pursuant to a resolution passed by the Shareholders on 15 June 2018 (the "2014 Share Option Scheme") which will remain in force for ten years from the date becoming effective.

An offer of the grant of an option may be accepted by an eligible participant within 28 days from the date upon which it is made. A consideration of HKD1 is payable on acceptance of the offer of grant of an option. The period within which the options must be exercised will commence from the date of acceptance of the offer for the grant of options but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions of early termination thereof. The subscription price shall be determined by the Board, but shall not be lower than the highest of (i) the closing price of shares at the date of grant which must be a business day; (ii) the average closing price of shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share. Unless the Board otherwise determined and stated in the offer of the grant of options to an eligible participant, there is neither any performance targets that needs to be achieved by the grantee before any options can be exercised nor any minimum period for which the option must be held before it can be exercised.

As at 31 December 2021, the total number of shares of the Company issuable pursuant to the 2014 Share Option Scheme on the date of its adoption was 22,540,703 shares of the Company, representing 5.0% of the issued share capital of the Company as at the date of this annual report and there was no share option granted, exercised, cancelled or lapsed under the 2014 Share Option Scheme as at the date of this annual report.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme for the Year are set out in note 34 to the financial statements contained in this annual report.

DIRECTORS' AND EXECUTIVE OFFICERS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or its subsidiaries or jointly controlled entity a party to any arrangement that enabled any Director or Executive Officer to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

None of the Directors or Executive Officers or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the Year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year and up to the date of this annual report, except otherwise disclosed, none of the Directors, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors ("INED(s)") written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF PERSONS OTHER THAN DIRECTORS AND EXECUTIVE OFFICERS

As at 31 December 2021, so far as known to the Directors or Executive Officers, the following persons/entities are the Shareholders (other than the Directors or Executive Officers) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares/ underlying shares (Note 1)	Approximate % of the issued share capital of the Company	Notes
Xie Pengfei	Interest of a controlled corporation	127,939,100 (L)	28.38%	2
PX Global Advisors, LLC	Interest of a controlled corporation	127,939,100 (L)	28.38%	2
PX Capital Management Ltd.	Interest of a controlled corporation	127,939,100 (L)	28.38%	2
PX Capital Partners L.P.	Beneficial owner	127,939,100 (L)	28.38%	2

Notes:

1. "L" denotes long position.
2. PX Global Advisors, LLC is wholly-owned by Mr Xie Pengfei. PX Global Advisors, LLC owns 40% equity interests of PX Capital Management Ltd.. PX Capital Partners L.P. is wholly-owned by PX Capital Management Ltd.. Under Part XV of the SFO, Mr Xie Pengfei, PX Global Advisors, LLC and PX Capital Management Ltd. are deemed to have interest in the shares of the Company held by PX Capital Partners L.P..

Save as disclosed above, the Company has not been notified by any person (other than the Directors or Executive Officers) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 31 December 2021.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the five largest customers accounted for approximately 69% of the Group's total revenue for the Year, and the revenue attributable to the largest customer included therein amounted to approximately 47% of the Group's total revenue for the Year. The Group is a provider of financial services. In the opinion of the Board, it is therefore of no value to disclose details of the Group's suppliers.

At no time during the Year, none of the Directors, their associates or the Shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had any interests in the above customers.

PRE-EMPTIVE RIGHTS

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

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision under the Company's Bye-laws and for the benefit of the Directors is currently in force and was in force throughout the Year. The Company has also purchased and maintained Directors' liability insurance throughout the Year, which provides appropriate coverage for the Directors.

RISK FACTORS

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio owned by us.

Our results of operations may be materially affected by market fluctuations and by global and economic conditions and other factors.

The Group's results of operations may be materially affected by market fluctuations due to global and economic conditions and other factors. Our results of operations in the past have been, and in the future may be, materially affected by many factors, including the effect of economic and political conditions and geopolitical events; the effect of market conditions, particularly in the global equity, fixed income, currency, credit and commodities markets, including corporate and mortgage (commercial and residential) lending and commercial real estate; the impact of current, pending and future legislation, regulation (including capital, leverage and liquidity requirements), policies (including fiscal and monetary), and legal and regulatory actions in Hong Kong and worldwide; the level and volatility of equity, fixed income and commodity prices, interest rates, currency values and other market indices; the performance of our acquisitions, divestitures, joint ventures, strategic alliances or other strategic arrangements; our reputation and the general perception of the financial services industry; inflation, natural disasters, pandemics and acts of war or terrorism; the actions and initiatives of current and potential competitors, as well as governments, regulators and self-regulatory organisations; the effectiveness of our risk management policies; and technological changes and risks and cybersecurity risks (including cyber-attacks and business continuity risks); or a combination of these or other factors. In addition, legislative, legal and regulatory developments related to our businesses are likely to increase costs, thereby affecting results of operations. These factors also may have an adverse impact on our ability to achieve our strategic objectives.

We may experience declines in the value of our financial instruments and other losses related to volatile and illiquid market conditions.

Market volatility, illiquid market conditions and disruptions in the credit markets make it extremely difficult to value certain of our financial instruments, particularly during periods of market displacement. Subsequent valuations, in light of factors then prevailing, may result in significant changes in the values of these instruments in future periods. In addition, at the time of any sales and settlements of these financial instruments, the price we ultimately realise will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair value. Any of these factors could cause a decline in the value of our financial instruments, which may have an adverse effect on our results of operations in future periods.

In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Under these extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading losses as they would be under more normal market conditions. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale. Our risk management and monitoring processes seek to quantify and mitigate risk to more extreme market moves. However, severe market events have historically been difficult to predict, as seen in the last several years, and we could realise significant losses if extreme market events were to occur.

The Group is required to reassess the fair value of its investment properties at every balance sheet date to which financial statements are made up. Based on the valuation conducted by independent property valuer, the Group recognises investment properties at fair value in the consolidated statement of financial position, while the variation in changes in fair value of investment properties are recognised in the consolidated statement of profit or loss. Notwithstanding any variations in profit, fair value gains and losses are not cash items and will not increase or decrease cash and cash equivalent. The amount of revaluation adjustment has been and will continually be subject to changes in market conditions. As such, there can be no assurance that changes in market conditions will continue to generate gains from fair value changes in investment properties at similar level or at all, or there will be no decline in the fair value of the Group's investment properties.

The Group faces market risk due to market movement which may cause a fall in the value of principal investments. In view of the increased volatility in the stock and other financial markets, this may impact the fair value of the investments and add unpredictability to the Group's profits and investment revaluation reserve.

Currency fluctuations may affect our results of businesses adversely.

The results of the Group are presented in US dollars, but the Company and its various subsidiaries may receive revenue, incur expenses and make investments in other currencies. Any currency fluctuations on translation of the accounts of the Company and these subsidiaries and also on the repatriation of earnings and equity investments may therefore impact on the Group's businesses. Exchange rate of US dollars against other foreign currencies is affected by, among other things, changes in the political and economic environment of the issuing jurisdictions of the currencies. The appreciation or depreciation in US dollars against other foreign currencies may materially affect the Group's businesses, financial condition, results of operations and growth prospects.

Holding large and concentrated positions may expose us to losses.

Concentration of risk may reduce revenues or result in losses in our market-making, investing, block trading, underwriting and lending businesses in the event of unfavourable market movements. We commit substantial amounts of capital to these businesses, which often results in our taking large positions in the securities of, or making large loans to, a particular issuer or issuers in a particular industry, country or region.

Technological changes and risks and cybersecurity risks may affect our businesses to a certain extent.

Notwithstanding the appropriate measures adopted to protect the Group's computer system and information, the Group cannot assure that there will be no occurrence of unlawful break-ins or misuse with rapid technological advancement, which may affect our businesses to a certain extent.

Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to us.

We are exposed to the risk that third parties that are indebted to us will not perform their obligations.

This risk may arise from a variety of business activities, including but not limited to entering into swap or other derivative contracts under which counterparties have obligations to make payments to us; extending credit to clients through various lending commitments; providing short or long-term funding that is secured by physical or financial collateral whose value may at times be insufficient to fully cover the loan repayment amount; posting margin and/or collateral and other commitments to clearing houses, clearing agencies, exchanges, banks, securities firms and other financial counterparties; and investing and trading in securities and loan pools whereby the value of these assets may fluctuate based on realised or expected defaults on the underlying obligations or loans.

Although we regularly review our credit exposures, default risk may arise from events or circumstances that are difficult to detect or foresee. We use an internal credit assessment process to assess the potential borrower's credit quality and define credit limits granted to borrowers. We may suffer loss on loans receivable if the repayment of principal and/or interest is not paid on due date and the market value of collaterals, such as shares in companies listed on the Stock Exchange or certain properties in Hong Kong, fluctuate below the principal of the loans receivable and/or interest.

Legal, Regulatory and Compliance Risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and/or settlements, or loss to reputation we may suffer as a result of our failure to comply with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk such as the risk that a counterparty's performance obligations will be unenforceable. In today's environment of rapid and possibly transformational regulatory change, we also view regulatory change as a component of legal, regulatory and compliance risk.

The financial services industry is subject to extensive regulation, which is undergoing major changes that will impact our business.

The Group oversees potential compliance risks, such as insider dealing, money laundering, on a regular basis. With the support of external professional advisers where appropriate, the Group monitors whether and the extent to which additional regulatory requirements apply as a result of the growth or expansion of our business and operations in financial services business.

Like other major financial services firms, we are subject to extensive regulations, which significantly affect the way we do business and can restrict the scope of our existing businesses and limit our ability to expand our product offerings and pursue certain investments. The Group is and will continue to be subject to a more complex regulatory framework, and will incur costs to comply with new requirements as well as to monitor for compliance in the future.

The above risk factors should be read in conjunction with financial risk management objectives and policies as set out in note 30 to the consolidated financial statements.

ENVIRONMENTAL POLICIES

The Group is committed to building an environmental-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise its environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

In accordance with Rule 13.91 of the Listing Rules, the Company will publish an Environmental, Social and Governance ("ESG") Report no later than five months after the end of the financial year in compliance with the provisions set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules.

COMPLIANCE WITH REGULATIONS

The Group is not aware of any instances of material breach of or non-compliance with the applicable laws and regulations such as the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, and other applicable local laws and regulations in various jurisdictions during the Year and up to the date of this annual report.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The sustainability of the Group's business relies on the growth of the Group's employees. Remuneration packages of the employees are generally structured with reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance related bonus. Share options may also be granted to eligible employees by the Group.

Relationship is the fundamentals of business. The Group fully understands this principle and thus maintains good relationship with its stakeholders, including but not limited to our customers, borrowers and tenants.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Board duly authorised by the Shareholders in the AGM, having regard to the Group's operating results, individual performance and comparable market statistics. The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of which are set out in note 28 to the financial statements contained in this annual report.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules at all times during the Year under review and as at the date of this annual report.

CORPORATE GOVERNANCE

The information set out on pages 26 to 39 of this annual report and information incorporated by reference, if any, constitutes the corporate governance report of the Company ("Corporate Governance Report").

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") with written terms of reference based upon the recommendations set out in *A Guide for Effective Audit Committees* published by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Corporate Governance Code (as defined below). The duties of the Audit Committee include reviewing the Company's annual reports and interim reports and providing advice and comments thereon to the Directors. The Audit Committee is also responsible for reviewing and supervising the financial reporting, risk management and internal control procedures of the Group.

As at the date of this annual report, the Audit Committee comprised three INEDs, namely, Mr Lo Wa Kei, Roy, Mr Chen Gong, and Mr Martin Que Meideng, with Mr Lo Wa Kei, Roy being the chairman of the Audit Committee. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee.

AUDITORS

Deloitte Touche Tohmatsu, who acted as the auditor of the Company since 2009, resigned on 3 January 2020 and Moore Stephens CPA Limited was appointed as the auditor of the Company on 3 January 2020.

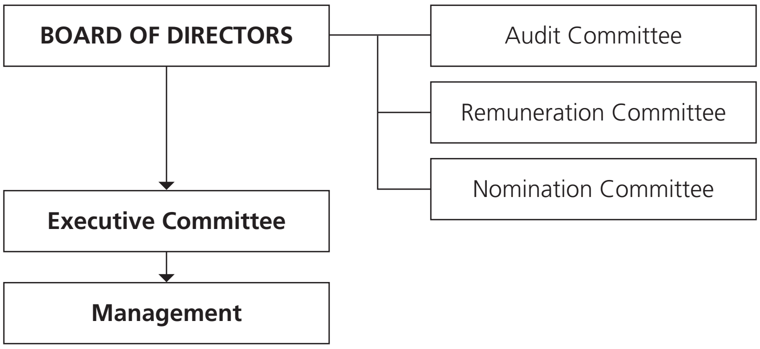
The consolidated financial statements of the Group for the Year have been audited by Moore Stephens CPA Limited who shall retire and, being eligible, offer themselves for re-appointment in the forthcoming AGM. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming AGM.

In order to maintain the independence and objectivity of Moore Stephens CPA Limited, the Group has been monitoring the use of the auditor for non-audit services and the balance of audit and non-audit fees paid. The Audit Committee has pre-approved the engagement of Moore Stephens CPA Limited to provide the non-audit services and any other non-audit services must be specifically pre-approved by the Audit Committee.

On behalf of the Board

Li Zhongye, Cindy
Chairperson
Hong Kong, 30 March 2022

ORGANISATION CHART OF THE GROUP AND VARIOUS BOARD COMMITTEES



The Group is committed to maintaining a high standard of corporate governance and enhancing its transparency so as to protect shareholders' interests in general. The Group will continue to raise the standard by formalising the best practices of corporate governance as far as possible.

The Company has adopted the principles and complied with all the applicable code provisions of the Corporate Governance Code and Corporate Governance Report ("Corporate Governance Code") as set out in Appendix 14 to the Listing Rules for the Year.

BOARD OF DIRECTORS

As at the date of this annual report, the Board comprised one non-executive Director, two executive Directors and three INEDs.

Save as disclosed under the section headed "Biographical Details of Directors and Senior Management" of this annual report, there is no financial, business, family or other material/relevant relationship between the Directors and the Board, which comprised the following:

Non-Executive Director

Li Zhongye, Cindy *(Chairperson)*

Executive Directors

Leung Oi Kin
Leung Wai Yiu, Malcoln

Independent Non-Executive Directors

Lo Wa Kei, Roy
Chen Gong
Martin Que Meideng

The principal functions of the Board are to supervise the management of the business and Company's affairs; to approve the Company's strategic plans, investment and funding decisions; to review the Group's financial performance and operative initiatives.

The role of the INEDs is to bring an independent and objective view to the Board's deliberations and decisions. The INEDs must have appropriate professional qualifications, or accounting or related financial management expertise, so that they are of sufficient calibre and number for their views to carry weight. The INEDs may also take independent professional advice at the Company's expense in carrying out their functions.

The Board considers the current board size as adequate for its present operations. The day-to-day running of the Company is delegated to the senior management team, with divisional heads responsible for different aspects of the business. The Board is characterised by significant diversity, whether considered in term of gender, nationality, professional background and skills. The Board has adopted the board diversity policy (the "Board Diversity Policy"). The nomination committee of the Company ("Nomination Committee") is responsible for reviewing and assessing Board composition and its effectiveness on an annual basis.

CORPORATE GOVERNANCE REPORT

The Company has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs to be independent.

The Board is responsible for overseeing the development of good corporate governance practice of the Group.

Role and Function on Corporate Governance

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board
- 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 (if any) applicable to employees and Directors
- to review the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report

Summary of work during the Year

- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements
- reviewed the terms of reference of the Audit Committee, remuneration committee of the Company ("Remuneration Committee") and Nomination Committee
- reviewed the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report
- reviewed the dividend policy (the "Dividend Policy")
- arranged suitable training for Directors, placing an appropriate emphasis on the roles, functions and duties of a listed company director
- reviewed and approved the financial results of the Company and announcements thereof
- reviewed the Board Diversity Policy

BOARD COMMITTEES

Executive Committee

The Board has delegated the management of the daily operation and investment matters of the Group to the Executive Committee. As at 31 December 2021 and up to the date of this annual report, the Executive Committee comprised two members, both are executive Directors, namely:

Executive Committee Members
Leung Oi Kin
Leung Wai Yiu, Malcoln

Audit Committee

As at 31 December 2021, the Audit Committee comprised three members, all of whom are INEDs, namely:

Audit Committee Members
Lo Wa Kei, Roy *(Chairman)*
Chen Gong
Martin Que Meideng

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group.

The terms of reference of the Audit Committee have been reviewed with reference to the Corporate Governance Code. The terms of reference of the Audit Committee are posted on the websites of the Company and the Stock Exchange and are also available from the company secretary of the Company ("Company Secretary") on request.

In accordance with the terms of reference of the Audit Committee, the Audit Committee meets at least twice a year to review the interim results and the final results of the Company. The terms of reference of the Audit Committee are aligned with the recommendations set out in *A Guide For Effective Audit Committees* issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Corporate Governance Code.

Role and Function

- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of external auditor, any questions of its resignation or dismissal
- to develop and implement policy on engaging an external auditor to supply non-audit services
- to review the Group's financial and accounting policies and practices
- to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings
- to review the Group's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Group's risk management and internal control systems
- to discuss the risk management and internal control system with management to ensure that management has performed its duty to have an effective systems
- where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness
- to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences
- to consider other topics, as defined by the Board
- to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter
- to report to the Board on the matters contained in code provision of the Corporate Governance Code
- to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response
- to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters
- to establish a whistleblowing policy ("Whistleblowing Policy") and system for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group
- to act as the key representative body for overseeing the Company's relations with the external auditor

Summary of work during the Year

- reviewed and made recommendation for the Board's approval for the draft 2021 interim report, annual report and accounts
- reviewed management letter, tax issues, compliance and salient features of 2021 annual accounts presented by Moore Stephens CPA Limited, the external auditor
- reviewed the enhancements to the 2021 audit planning process
- approved the audit services provided by Moore Stephens CPA Limited
- reviewed the fees proposal of Moore Stephens CPA Limited for the 2021 audit work for the Group
- discussed, examined and reviewed 2021 annual accounting and financial reporting issues
- reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process
- reviewed the terms of reference of the Audit Committee
- reviewed the Whistleblowing Policy
- discussed, assessed and reviewed the reports, on internal control and risk management system and its effectiveness for the Year

Remuneration Committee

As at 31 December 2021, the Remuneration Committee comprised three members, all of whom are INEDs, namely:

Remuneration Committee Members
Lo Wa Kei, Roy *(Chairman)*
Chen Gong
Martin Que Meideng

The primary function of the Remuneration Committee is to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. The remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

The terms of reference of the Remuneration Committee have been reviewed with reference to the Corporate Governance Code. The terms of reference of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange and are also available from the Company Secretary on request.

The details of the remuneration payable to the Directors and members of senior management are set out in note 11 to the financial statements contained in this annual report.

Role and Function

- to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives
- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management which include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment)
- to make recommendations to the Board on the remuneration of non-executive Directors
- to review the proposals for the award of share options to executive Directors and senior management based on their performance and contribution to the Company from time to time
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group
- to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive
- to ensure that no Director or any of their associates is involved in deciding that director's own remuneration
- to recommend to the Board the structure of long-term incentive plans for executive Directors and certain senior management

Summary of work during the Year

- reviewed and recommended the remuneration packages of individual executive Directors and senior management
- conducted an annual review of the remuneration packages for executive Directors, non-executive Directors and senior management based on their performance
- reviewed the terms of reference of the Remuneration Committee

Nomination Committee

As at 31 December 2021, the Nomination Committee comprised three members, including the Chairperson of the Company and two INEDs, namely:

Nomination Committee Members
Li Zhongye, Cindy *(Chairperson)*
Chen Gong
Martin Que Meideng

The primary duties of the Nomination Committee are to develop and maintain a formal and transparent process for the appointment and re-appointment of members of the Board. The Nomination Committee also reviews and assesses Board composition and its effectiveness on an annual basis.

The terms of reference of the Nomination Committee have been reviewed with reference to the Corporate Governance Code. The terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange and are also available from the Company Secretary on request.

Role and Function

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships
- to establish a policy concerning diversity of Board members
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive
- to assess the independence of INEDs

Summary of work during the Year

- reviewed the Board Diversity Policy
- reviewed and assessed the structure, size and composition (including the skills, knowledge and experience) of the Board and its effectiveness
- assessed the independence of INEDs and confirmed that all INEDs are considered independent
- reviewed the terms of reference of the Nomination Committee
- proposed the Directors for re-election at AGM
- reviewed the nomination policy ("Nomination Policy")

NOMINATION POLICY

1. Purpose

The Nomination Policy sets out the process and criteria of identifying potential candidates of the Company. The Nomination Committee should ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

2. Selection Criteria

The Nomination Committee shall consider the following selection criteria in evaluating and selecting candidates for directorships:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;
- requirement for the Board to have INEDs in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- succession planning or strategies for the ongoing effective performance of the Board as a whole;
- Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- such other perspectives appropriate to the Company's business.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

3. Nomination Process

3.1 Appointment of New Director

3.1.1 The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate and assess such candidate based on the selection criteria as set out in section 2 to determine whether such candidate is qualified for directorship.

3.1.2 If there is one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

3.1.3 The Nomination Committee shall then recommend to appoint the appropriate candidate for directorship.

3.1.4 For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out in section 2 to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of director at the general meeting.

4. Re-Election of Director at General Meeting

4.1 The Nomination Committee shall review the overall contribution and service to the Company of the retiring director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

4.2 The Nomination Committee shall also review and determine whether the retiring director continues to meet the criteria as set out in section 2.

4.3 The Board, with the recommendation from Nomination Committee, shall then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

5. Ultimate Responsibility for Selection and Appointment

The nomination of directors is also subject to any restrictions under the Bermuda law and the Company's Bye-laws. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

6. Monitoring and Reporting

The Nomination Committee will disclose the Nomination Policy and the progress made towards achieving the objectives set out in the Nomination Policy in this Corporate Governance Report.

BOARD DIVERSITY POLICY

1. Vision

The Company sees diversity at the Board level as an important element in maintaining a high standard of corporate governance. The Company is committed to a diverse Board, so directors from diverse backgrounds could present the Company effectively to various constituencies, and to bring different and inspiring perspective into the boardroom.

2. Policy Statement

2.1 The Company aspires to maintain an appropriate range and balance of skills, experience and background on the Board. In determining the optimum composition of the Board, differences in skills, knowledge, regional and industry or professional experience, background, ethnicity, gender, age, cultural and educational background and length of service and any other factors that the Board may consider relevant and applicable from time to time shall be considered. All Board appointments are made on merits, in the context of the skills and experience that the Board as a whole requires to be effective, with due regard for the benefits of diversity on the Board.

2.2 The Nomination Committee will review and assess Board composition and its effectiveness on an annual basis. When there is vacancy on Board, the Nomination Committee will recommend suitable candidates for appointment to the Board on merits, based on the terms of reference of the Nomination Committee, with due regard to the Company's own circumstances.

3. Measurable Objectives

3.1 Selection of candidates will be based on a range of diversity perspectives and will take into account the Board Diversity Policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect.

3.2 The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

4. Monitoring, Reporting and Disclosure

4.1 The Nomination Committee will report annually in this Corporate Governance Report, on the composition of the Board (including gender, age, length of service, education background and working experience). The Nomination Committee will discuss any revisions to the Board Diversity Policy that may be required and make recommendation to the Board for approval.

4.2 The Nomination Committee will monitor the implementation of the Board Diversity Policy by conducting review of the Board's composition at least once annually taking into account the benefits of all relevant diversity aspects, and adhering to the Board Diversity Policy when making recommendation on any Board appointments. The Nomination Committee will also ensure that diversity is considered as part of the evaluation of the Board's effectiveness.

The Nomination Committee reviewed the Board's composition and considered the Board Diversity Policy during the Year. The Board Diversity Policy was amended on 30 March 2022. The Board currently comprises experts from diversified professions such as accounting, finance and management, and was diversified in terms of gender, age, duration of service which effectively improved the ability of the Board in decision making and strategic management.

DIVIDEND POLICY

1. The Dividend Policy sets out the structure of dividend payout to the Shareholders.

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

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

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

3. The Company may distribute dividends by way of (1) Cash; (2) Shares.

4. The Board may from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the position of the Company.

5. According to the Company's Bye-laws, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

6. The Company's ability to pay dividends is also subject to the requirements of the Listing Rules and all relevant applicable laws, rules and regulations in Bermuda, Hong Kong and the Bye-laws of the Company.

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

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

   (b) retained earnings of the Company and each of the members of the Group;

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

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

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

   (f) general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and

   (g) any other factors that the Board deem appropriate.

8. Any final dividend for a financial year will be subject to Shareholders' approval.

COMPANY SECRETARY

The Company Secretary, Mr Leung Oi Kin, plays the role in supporting the Board by ensuring good information flow within the Board, as well as communications with our Shareholders and management. The Company Secretary's biography is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report. For the Year, the Company Secretary undertook 15 hours of professional training to update his skills and knowledge as required under Rule 3.29 of the Listing Rules.

ATTENDANCES OF MEETINGS

The Board will also conduct meetings on a regular basis and on an ad hoc basis, as required by business needs. The Company's Bye-laws allow Board meetings to be conducted by way of telephone or videoconference. The Board held a total of five full Board meetings during the Year.

Details of Directors' attendance at the AGM, Board and Board committees' meetings held during the Year are set out in the following table:

	Meeting Attended/Held				
Name of Directors	**Board of Directors**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**2021 AGM[1]**
NON-EXECUTIVE DIRECTOR					
Li Zhongye, Cindy	5/5	N/A	N/A	1/1	1/1
EXECUTIVE DIRECTORS					
Leung Oi Kin	5/5	N/A	N/A	N/A	1/1
Leung Wai Yiu, Malcoln	5/5	N/A	N/A	N/A	1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Lo Wa Kei, Roy	5/5	2/2	1/1	N/A	1/1
Chen Gong	5/5	2/2	1/1	1/1	1/1
Martin Que Meideng	5/5	2/2	1/1	1/1	1/1

Note:
1. The AGM for the year 2020 was held on 24 June 2021.

SUPPLY AND ACCESS TO INFORMATION

All Directors have timely access to relevant information prior to each Board meeting. Directors are provided with monthly reports, covering financial and operating highlights and are entitled to have access to board papers and related materials to allow them to make informed decisions on matters arising from Board meetings. Minutes of Board meetings and other committees' meetings are kept by the Company Secretary and are open for inspection by the Directors.

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and CEO should be separated and should not be performed by the same individual. The Company currently has no CEO. Meanwhile, Ms Li Zhongye, Cindy, the non-executive Director and the chairperson of the Company is responsible for the management of the Board and the Executive Committee (comprising two executive Directors) is responsible for the day-to-day management of business. There is a clear division of these responsibilities which ensures a balance of power and authority, and the power is not concentrated in any one individual.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules, as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the Year under review.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the results of its operations and its cashflows and in presenting the interim and annual financial statements and announcements to Shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing financial statements.

AUDITOR'S REMUNERATION

For the Year, the Group engaged Moore Stephens CPA Limited, auditors of the Company, to perform audit service. Their reporting responsibilities on the financial statements of the Group are set out in the Independent Auditor's Report on pages 40 to 44 of this annual report.

The services provided by Moore Stephens CPA Limited and the fees thereof were as follows:

Nature of services	**For the year ended 31 December 2021** USD'000
Audit services	223
Non-audit services in relation to tax advisory and other professional and advisory services	27
	250

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for maintaining a sound and effective risk management and internal control system for the Group. The Group's system of internal control, which includes a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against their unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislations and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

The Board is responsible for the Group's risk management and internal control system and for reviewing its effectiveness. The Board adopts a "top-down" and "bottom-up" approach on the Group's risk management. The Audit Committee supports the Board in monitoring the Group's risk exposures, the design and implementation effectiveness of the current risk management and internal controls systems. Management assesses and presents regular reports at the meetings of the Audit Committee on its own assessments of key risks, the strengths and weaknesses of the overall risk management and internal controls systems, with action plans to address the weaknesses. The Group does not specifically have an internal audit department but engaged an independent internal control consultant to provide internal control review annually, which is responsible for carrying out an independent review for parts of internal control processes and activities, including action plans to address any identified control weaknesses to the Audit Committee. External auditors also report on any control issues identified in the course of their work.

As part of the risk management and internal control systems, executive Directors and the senior management would routinely and closely review the financial and operating performance of each department. The senior management of the key operating subsidiaries is also required to keep executive Directors informed of material developments of the business of the department and implementation of the strategies and policies set by the Board on a regular basis. The processes for identifying, evaluating and managing significant risks by the Group are summarised as follows:

Risk Identification	• identifies risks that may potentially affect the business and operations of the Group
Risk Assessment	• assesses the risks identified by using the assessment criteria developed by the management; and • considers the impact of risk on the business and the likelihood of their occurrence
Risk Response	• prioritises risks by comparing the results of the risk assessment; and • determines the risk management strategies and internal control procedures to prevent, avoid or mitigate the risks
Risk Monitoring and Reporting	• performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control procedures are in place; • revises the risk management strategies and internal control procedures in case of any significant changes; and • reports the results of risk monitoring to the management and the Board regularly

The abovementioned system enables the Group to (i) systematically and thoroughly identify and assess all major risks which threaten the achievement of business objectives, (ii) optimise business opportunities and secure continuation of business, (iii) recognise and identify uncertainties and subsequently develop the prediction of risks and measures needed to manage risks, (iv) ensure the compliance with relevant rules and regulations, and (v) be cost-effective in risk management to avoid adopting unnecessary control and management procedures.

The Company has implemented proper procedures and internal controls for the handling and dissemination of inside information to ensure that all current and prospective investors of the Company and public are provided with appropriate information relating to the Group in a timely and simultaneous manner. The Group has a set of control process for management of communications with Shareholders and investors and prohibition of the unauthorised use of confidential or non-public information. In general, the authorised spokespersons only make clarification and explanation on data that are available on the market, and avoid providing or divulging any unpublished inside information either by an individual or by a team. Before conducting any external interview, if the authorised spokespersons have any doubt about the data to be disclosed, they would seek verification from the relevant person or the person-in-charge of the relevant department, so as to determine if such data is accurate. In addition, discussions on the Company's key financial data or other financial indicators are prohibited during the blackout periods under the Listing Rules.

Taking these into consideration, the Audit Committee reviews the effectiveness of the Group's system of internal controls and reports to the Board on such reviews. The Board, through the Audit Committee, has effectively assessed internal controls and risk management system in place for the Group and the Board is satisfied that the Group has fully complied with the code provisions of the Corporate Governance Code on internal control during the Year.

During the Year, the Group engaged an independent internal control consultant to review and assess its internal control system from 1 January to 31 December 2021. The review covered parts of the system including risks, operational, financial and compliance controls. The Board is of the view that the Group's current internal control system is adequate and effective but will perform periodical reviews so as to improve and safeguard our internal control system.

The Audit Committee has established and adopted a Whistleblowing Policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company. The Whistleblowing Policy is posted on the websites of the Company and is also available from the Company Secretary on request.

DIRECTORS' COMMITMENTS

The Company has received confirmation from each Director that he/she has given sufficient time and attention to affairs of the Company for the Year. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations and an indication of the time involved. Directors are also reminded to notify the Company Secretary in a timely manner and bi-annually confirm to the Company Secretary any change of such information. In respect of those Directors who stand for re-election at the AGM in 2022, all their directorships held in listed public companies in the past three years (if any) will be set out in the notice of AGM in 2022.

PARTICIPATION IN CONTINUOUS PROFESSIONAL DEVELOPMENT PROGRAMME IN 2021

During the Year, Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates. All Directors are also encouraged to attend relevant training courses at the Company's expense. With effect from 1 January 2012, all Directors are required to provide the Company with his or her training record.

During the Year, the Company arranged a seminar on 16 December 2021 on compliance with legal and regulatory requirements to the Directors. The seminar covered the topic of continuing obligations of a Hong Kong listed company and its directors and senior management. Most of the Directors have attended the seminar.

	Reading Regulatory Updates	Attending expert briefings/seminars/ conferences relevant to the business or Directors' duties
NON-EXECUTIVE DIRECTOR		
Li Zhongye, Cindy	✓	✓
EXECUTIVE DIRECTORS		
Leung Oi Kin	✓	✓
Leung Wai Yiu, Malcoln	✓	✓
INDEPENDENT NON-EXECUTIVE DIRECTORS		
Lo Wa Kei, Roy	✓	✓
Chen Gong	✓	✓
Martin Que Meideng	✓	✓

INSURANCE ARRANGEMENT

Pursuant to the code provision A.1.8 under the Corporate Governance Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company has renewed its corporate liability insurance purchased for its Directors and senior management.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

The Corporate Governance Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All non-executive Director and INEDs have signed the letters of appointment with the Company for a term of three years but they continue to be subject to retirement by rotation and re-election at AGM under the Bye-laws of the Company.

MEMORANDUM OF ASSOCIATION AND BYE-LAWS

During the Year, there were no changes to the Memorandum of Association and Bye-Laws of the Company. The latest consolidated version of the Memorandum of Association and Bye-Laws of the Company is available on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT AND COMMUNICATION

We have been reporting our financial and non-financial results in a transparent fashion. Besides the annual report and the interim report, we published and released, from time to time, announcements and press releases.

The Company's corporate website – www.g-resources.com, provides an excellent channel for our Shareholders and other interested parties to access information about the Company. Shareholders can find from the website all key corporate information and information of the Company including but not limited to:

- Financial Reports
- Announcements and Press Releases
- Information on Change of Share Capital
- Circulars
- Press Releases
- Terms of Reference of the various Board Committees
- Shareholders Communication Policy
- Whistleblowing Policy
- Board Diversity Policy
- Shareholders' Rights

Shareholders are encouraged to attend all general meetings of the Company and have the right to convene special general meetings, if Shareholders find necessary.

SHAREHOLDERS' RIGHTS ON CONVENING A SPECIAL GENERAL MEETING

Bye-laws of the Company

Bye-law 62 of the Company's Bye-laws sets out the position where a requisition is made by Shareholders. Bye-law 62 provides that a special general meeting (the "SGM") shall be convened on requisition, as provided by the Companies Act 1981 of Bermuda (the "Bermuda Companies Act"), and, in default, may be convened by the requisitionists.

Bermuda Companies Act

1. Pursuant to Section 74 of the Bermuda Companies Act, the Directors, notwithstanding anything in its Bye-laws shall, on the requisition of members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a SGM of the Company.

2. The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, and may consist of several documents in like form each signed by one or more requisitionists.

3. If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

4. A meeting convened under this section by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by Directors.

PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING BY A SHAREHOLDER

1. Sections 79 and 80 of the Bermuda Companies Act allow certain shareholder(s) to make requisition to the Company to move a resolution at an AGM or circulate a statement at any general meeting of the Company.

2. Under section 79 of the Bermuda Companies Act, it shall be the duty of the Company on the requisition in writing of such number of members, at the expense of the requisitionists unless the Company otherwise resolves:

   (a) to give to members of the Company entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting;

   (b) to circulate to members entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

3. The number of members necessary for a requisition under paragraph 2 above shall be:

   (a) either any number of members representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

   (b) not less than one hundred members.

4. Notice of any such intended resolution shall be given, and any such statement shall be circulated, to members of the Company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such member in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other member of the Company by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

5. Section 80 of the Bermuda Companies Act sets out the conditions to be met before the Company is bound to give notice of any resolution or to circulate any statement. Pursuant to section 80 of the Bermuda Companies Act, the Company shall not be bound to give notice of any resolution or to circulate any statement as mentioned in paragraph 2 above unless:

   (a) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the registered office of the Company at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda:

      i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

      ii) in the case of any other requisition, not less than one week before the meeting; and

   (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expense in giving effect to the procedures in paragraph 2 above.

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the abovementioned time shall be deemed to have been properly deposited for the purposes thereof.

SUBMISSION OF ENQUIRIES TO THE BOARD

The Board established a shareholders' communication policy and has posted it on the website of the Company. The Board reviews it on a regular basis to ensure its effectiveness.

Enquiries, comments and suggestions to the Board or the Company are welcome and can be addressed to the Investor Relations Department by mail to Room 1801, 18/F, Capital Centre, No. 151 Gloucester Road, Wanchai, Hong Kong or by email at investor.relations@g-resources.com.

Questions about the Company's activities may be directed to information@g-resources.com.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

MOORE

Moore Stephens CPA Limited

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www.moore.hk

大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF G-RESOURCES GROUP LIMITED
國際資源集團有限公司
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of G-Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 111, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets at fair value through profit or loss classified as level 3 under fair value hierarchy	
We identified the valuation of financial assets at fair value through profit or loss ("FVTPL") classified as level 3 under the fair value hierarchy (the "Level 3 financial instruments") as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, the complexity involved in valuing the instruments and the significance of the judgments and estimates made by management. In particular, the determination of unobservable inputs is considerably more subjective given the lack of availability of market-based data. The Level 3 financial instruments mainly include (i) unlisted private equity funds; (ii) unlisted hedge funds; (iii) unlisted equity investments; and (iv) unlisted convertible notes, with carrying amounts at 31 December 2021 of USD327,389,000, USD76,125,000, USD39,182,000 and USD26,481,000, respectively. The details of the valuation technique and unobservable inputs of the Level 3 financial instruments are set out in notes 17 and 30 to the consolidated financial statements.	Our procedures in relation to the valuation of Level 3 financial instruments included: • Obtaining an understanding of the valuation methodologies and the processes performed by management with respect to the valuation of Level 3 financial instruments; • Agreeing the investments held by the Group to the confirmations received independently from the issuers or the fund administrators; • In respect of the unlisted private equity funds and unlisted hedge funds, checking the net asset value against financial information provided by the fund managers or fund administrators on a sample basis, as appropriate; and • In respect of unlisted equity investments and unlisted convertible notes, — Evaluating the competence, capabilities and objectivity of the independent external valuation expert, taking into account its experience and qualifications and business interests with the Group; — Performing the following procedures, with the assistance of our internal valuation specialists, as appropriate: • Evaluating the appropriateness of the methodologies and valuation techniques used by management for unlisted equity investments and unlisted convertible notes included in Level 3 financial instruments; • Assessing the reasonableness and relevance of key assumptions and inputs based on our industry knowledge; and • Checking the mathematical accuracy of the fair value calculations; • Reviewing and assessing the related disclosures made in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the key source of estimation uncertainty and the significant assumptions and judgments involved in the valuation. As disclosed in note 16 to the consolidated financial statements, the Group's investment properties amounted to USD64,669,000 as at 31 December 2021. Gain of fair value change of investment properties of USD141,000 was recognised in the consolidated statement of profit or loss for the year then ended. The fair value of the Group's investment properties was determined by adopting the valuation techniques with significant unobservable inputs, assumptions of market conditions and judgments on appropriate valuation techniques and inputs adopted. The Group also worked closely with the independent qualified valuer to establish and determine the appropriate valuation techniques.	Our procedures in relation to management's fair value assessment included: • Reviewing the valuation report from the independent qualified valuer and holding discussion with management and the independent qualified valuer to understand the valuation basis, methodology used and underlying assumptions applied; • Evaluating management's process in respect of reviewing the valuation performed by the independent qualified valuer; • Evaluating the competence, capabilities and objectivity of the independent qualified valuer; • Obtaining the underlying data including comparables of market transactions being used by the independent qualified valuer and assessing whether they are appropriate; and • Performing market research and analysis to assess whether the changes in fair value of investment properties resulted from the valuation was reasonable and consistent with market trends to our knowledge.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Lai Hung Wai
Practising Certificate Number: P06995
Hong Kong, 30 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	NOTES	2021 USD'000	2020 USD'000
Revenue			
Interest income	7	**9,155**	14,502
Dividend and distribution income	7	**47,677**	32,655
Fee and commission income	7	**4,610**	5,109
Rental income	7	**1,723**	1,949
		63,165	54,215
Other income		**1,201**	8,142
Administrative expenses		**(11,148)**	(10,477)
Gain on disposal of investments in debt instruments measured at amortised cost		**2**	124
Fair value changes of financial assets and investments in perpetual notes at fair value through profit or loss ("FVTPL")		**18,050**	36,627
Provision for expected credit losses on financial assets, net		**(4,326)**	(967)
Increase/(decrease) in fair value of investment properties	16	**141**	(11,423)
Other gain/(loss)		**2,838**	(2,708)
Finance costs	8	**(6)**	(366)
Profit before taxation		**69,917**	73,167
Taxation	9	**4**	(4)
Profit for the year	10	**69,921**	73,163
Profit for the year attributable to:			
Owners of the Company		**69,878**	73,163
Non-controlling interests		**43**	—
		69,921	73,163
Earnings per share			(Restated*)
– Basic and diluted (US cent)	13	**15.50**	16.23

* *Restated due to capital reorganisation*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 **USD'000**	2020 USD'000
Profit for the year	**69,921**	73,163
Other comprehensive (expenses)/income:		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**(7,964)**	5,903
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**2,011**	(1,429)
Other comprehensive (expense)/income for the year	**(5,953)**	4,474
Total comprehensive income for the year	**63,968**	77,637
Total comprehensive income for the year attributable to:		
Owners of the Company	**63,925**	77,637
Non-controlling interests	**43**	—
	63,968	77,637

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTES	2021 USD'000	2020 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**30,295**	31,219
Right-of-use assets	15	**137**	51
Investment properties	16	**64,669**	64,899
Financial assets at FVTPL	17	**497,593**	292,518
Investments in debt instruments measured at amortised cost	17	**44,977**	59,364
Investments in perpetual notes at FVTPL	17	**29,033**	59,143
Other receivables and deposits	18	**834**	796
Intangible assets	19	**1,746**	1,746
Goodwill	20	**17,972**	17,972
		687,256	527,708
CURRENT ASSETS			
Accounts and other receivables	18	**19,705**	24,503
Loans receivable	21	**—**	903
Investments in debt instruments measured at amortised cost	17	**14,038**	40,526
Financial assets at FVTPL	17	**29,552**	29,869
Tax recoverable		**—**	97
Bank trust accounts balances	22	**39,430**	43,090
Bank balances and cash	23	**900,845**	964,665
		1,003,570	1,103,653
CURRENT LIABILITIES			
Lease liabilities	24	**112**	54
Accounts and other payables	25	**52,612**	59,684
Tax payable		**—**	26
		52,724	59,764
NET CURRENT ASSETS		**950,846**	1,043,889
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,638,102**	1,571,597
NON-CURRENT LIABILITIES			
Deferred tax liabilities	26	**288**	288
Lease liabilities	24	**27**	—
		315	288
		1,637,787	1,571,309
CAPITAL AND RESERVES			
Share capital	27	**598**	34,871
Reserves		**1,634,636**	1,536,438
Equity attributable to owners of the Company		**1,635,234**	1,571,309
Non-controlling interests		**2,553**	—
TOTAL EQUITY		**1,637,787**	1,571,309

The consolidated financial statements on pages 45 to 111 were approved and authorised for issue by the Board of Directors on 30 March 2022 and are signed on its behalf by:

Leung Oi Kin
Director

Leung Wai Yiu, Malcoln
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company								
	Share capital USD'000	Share premium USD'000	Capital redemption reserve USD'000	Contributed surplus (Note) USD'000	Exchange reserve USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total USD'000
At 1 January 2020	34,871	1,023,183	212	11,658	(2,786)	426,534	1,493,672	—	1,493,672
Profit for the year	—	—	—	—	—	73,163	73,163	—	73,163
Exchange difference arising on translation	—	—	—	—	4,474	—	4,474	—	4,474
Total comprehensive income for the year	—	—	—	—	4,474	73,163	77,637	—	77,637
At 31 December 2020 and 1 January 2021	34,871	1,023,183	212	11,658	1,688	499,697	1,571,309	—	1,571,309
Profit for the year	**—**	**—**	**—**	**—**	**—**	**69,878**	**69,878**	**43**	**69,921**
Exchange difference arising on translation	**—**	**—**	**—**	**—**	**(5,953)**	**—**	**(5,953)**	**—**	**(5,953)**
Total comprehensive (expense)/income for the year	**—**	**—**	**—**	**—**	**(5,953)**	**69,878**	**63,925**	**43**	**63,968**
Capital reorganisation (note 27(a))	**(34,273)**	**—**	**—**	**34,273**	**—**	**—**	**—**	**—**	**—**
Deemed disposal of interests in subsidiaries to non-controlling shareholders	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,310**	**1,310**
Partial disposal of interest in a subsidiary to non-controlling shareholders	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,200**	**1,200**
At 31 December 2021	**598**	**1,023,183**	**212**	**45,931**	**(4,265)**	**569,575**	**1,635,234**	**2,553**	**1,637,787**

Note: The contributed surplus includes the surplus arising from capital reorganisations in June 2009 and June 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 USD'000	2020 USD'000
OPERATING ACTIVITIES		
Profit before taxation	**69,917**	73,167
Adjustments for:		
Interest income	**(5,860)**	(18,923)
Depreciation of property, plant and equipment	**778**	714
Depreciation of right-of-use assets	**120**	198
Fair value changes of financial assets and investments in perpetual notes at FVTPL	**(18,050)**	(36,627)
Gain on disposal of investments in debt instruments measured at amortised cost	**(2)**	(124)
Provision for expected credit losses on financial assets, net	**4,326**	967
Finance costs	**6**	366
(Increase)/decrease in fair value of investment properties	**(141)**	11,423
Loss on write off of property, plant and equipment	**—**	1
Operating cash flows before movements in working capital	**51,094**	31,162
Decrease/(increase) in accounts and other receivables and deposits	**2,163**	(15,814)
Loans advanced to money lending customer	**—**	(1,031)
Repayments from money lending customer	**901**	129
(Increase)/decrease in financial assets at FVTPL	**(36,855)**	67
Decrease in bank trust accounts balances	**3,634**	378
(Decrease)/increase in accounts and other payables	**(6,981)**	2,448
Cash generated from operations	**13,956**	17,339
Income taxes recovered	**75**	—
Net cash from Operating Activities	**14,031**	17,339

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 USD'000	2020 USD'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(30)**	(66)
Purchase of financial assets at FVTPL	**(219,032)**	(37,222)
Purchase of investments in debt instruments measured at amortised cost	**(27,238)**	(19,162)
Purchase of investments in perpetual notes at FVTPL	**—**	(1,540)
Proceeds from disposal of investments in debt instruments measured at amortised cost	**62,995**	25,928
Proceeds from disposal of financial assets at FVTPL	**—**	1,975
Proceeds from disposal of investment in perpetual notes at FVTPL	**28,518**	—
Proceeds from return of capital of financial assets at FVTPL	**70,282**	10,428
Net proceeds from disposal of non-current asset classified as held for sale	**—**	600
Interest received	**9,192**	22,610
Net cash (used in)/from Investing Activities	**(75,313)**	3,551
FINANCING ACTIVITIES		
Repayments of leases liabilities	**(120)**	(201)
Interest expenses paid	**(6)**	(366)
Proceeds received from issues of shares of subsidiaries to non-controlling shareholders	**1,310**	—
Proceeds on disposal of partial interests in a subsidiary without losing control	**1,200**	—
Net cash from/(used in) Financing Activities	**2,384**	(567)
Net (decrease)/increase in cash and cash equivalents	**(58,898)**	20,323
Cash and cash equivalents at beginning of the year	**964,665**	940,486
Effect of foreign exchange rate changes	**(4,922)**	3,856
Cash and cash equivalents at end of the year, represented by Bank Balances and Cash	**900,845**	964,665

1. GENERAL INFORMATION

G-Resources Group Limited (the "Company") is an exempted company with limited liability incorporated in Bermuda 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 is disclosed in the Corporate Information of the annual report.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 37.

The consolidated financial statements are presented in United States Dollars ("USD"), which is different from the Company's functional currency of Hong Kong Dollars ("HKD"). The management adopted USD as presentation currency as the management controls and monitors the performance and financial position of the Group based on USD. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to Hong Kong Financial Reporting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to Hong Kong Accounting Standards ("HKAS"s) and Hong Kong Financial Reporting Standards ("HKFRS"s) (hereinafter collectively referred to as "New and Revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements.

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

The application of the New and Revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior year and/or disclosures set out in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

New and Revised Hong Kong Financial Reporting Standards in issue but not yet effective

The Group has not early applied the following New and Revised HKFRSs that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective for annual periods beginning on or after a date to be determined

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the assets through corroboration with observable market data. Observable inputs generally used to measure the fair value of financial assets classified as Level 2 include quoted market prices for similar assets in active markets; quoted market prices in markets that are not active for identical or similar assets and other market observable inputs; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

Profit or loss and each item of other comprehensive income ("OCI") are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in subsidiaries are presented separately from Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation. The non-controlling interests are initially measured either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Changes in the Group's interests in existing subsidiaries

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

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

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in OCI in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *HKFRS 9 Financial Instruments* ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in subsidiaries

Investments in subsidiaries (see note 36) are measured at cost less accumulated impairment loss.

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Asset management services on diversified and comprehensive investment products are provided to customers. Asset management fee income is charged at a fixed percentage per quarter of the net asset value of the managed accounts.

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

Revenue recognition

Revenue from financial services is recognised on the following basis:

- Commission and brokerage income from dealing in securities are recognised on a trade date basis;
- Underwriting commission income, sub-underwriting commission income, placing commission and sub-placing commission are recognised as income in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed; and
- Advisory, clearing and handling fee income are recognised when the relevant transactions have been arranged or the relevant services have been rendered.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leases below.

Revenue from interest income, dividend and distribution income

Interest income from a financial asset and from margin financing are recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend and distribution income from investments including financial assets at FVTPL are recognised when the shareholders' rights to receive payment have been established.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with *HKAS 12 Income Taxes* and *HKAS 19 Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with *HKFRS 2 Share-based Payment* at the acquisition date as described in the accounting policy below;
- assets that are classified as held for sale in accordance with *HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period as mentioned above, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Intangible assets

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses. The accounting policy in respect of impairment losses on intangible assets is described below.

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

Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Definition of a lease

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

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

The Group as a lessee

Short-term leases and leases of low-value assets

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

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

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

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

Taxation

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

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

Allocation of consideration to components of a contract

The Group applies *HKFRS 15 Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the year in which they arise.

When an item of investment properties is transferred to owner-occupied property, the deemed cost of a property is its fair value at the date of change in use.

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

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. USD) at the rate of exchange prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in OCI and accumulated in equity (the exchange reserve), attributed to non-controlling interests as appropriate.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in OCI. Upon disposal of a foreign operation, the exchange reserve will be subsequently reclassified to profit or loss.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits scheme

The retirement benefits scheme contributions relating to the Mandatory Provident Fund Scheme for all employees in Hong Kong charged to profit and loss represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

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

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

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

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

Interest income from a financial asset or margin financing; and distribution and dividend income from financial products which are derived from the Group's ordinary course of business are presented as revenue.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised on an effective interest basis for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "fair value changes of financial assets and investments in perpetual notes at fair value through profit or loss" line item.

Impairment of financial assets under expected credit loss ("ECL") model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including accounts and other receivables, loans receivable, investments in debt instruments measured at amortised cost, bank trust accounts balances and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The ECL on these assets are assessed individually for debtors with significant balances.

The Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets under expected credit loss ("ECL") model (continued)

(i) Significant increase in credit risk (continued)

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt 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 or 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.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification on debt or equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Interest expense is recognised on an effective interest basis.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

Financial assets are derecognised only when the contractual rights to receive cash flows from the assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to another entity. 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 its retained interest in the asset and an associated liability for amounts it may have to pay. 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 and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivables is recognised in profit or loss.

Financial liabilities are derecognised only when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or construction) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of impairment loss (if any).

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

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amounts, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to directors and employees of the Company

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 of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting condition is expensed on a straight-line basis over the vesting period, based on the Group's estimate of share options that will eventually vest, with a corresponding increase in equity (share options reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited or lapsed 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.

Share options granted to suppliers/consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair values of the goods or services received, except where that fair value cannot be estimated reliably, in which case the goods or services received are measured at the fair value of the share options granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets.)

Government Grant

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

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgments in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value, taking into account other key assumptions including discount rate, future growth rate and expected gross margin. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. Furthermore, the estimated cash flows are uncertain in view of the uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the Group's financial services business.

As at 31 December 2021, the carrying amount of goodwill is USD17,972,000 (2020: USD17,972,000). Details of the recoverable amount calculation are disclosed in note 20.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value measurements and valuation processes

Some of the Group's financial assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 and Level 2 inputs are not available, the Group engages an independent firm of professional valuers to perform the valuation. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied to establish the appropriate valuation techniques and inputs to the model. The fluctuation in the fair value of the assets and liabilities is reported and analysed periodically.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Whilst the Group considers these valuations are the best estimates, the ongoing changes in market conditions that may result in greater market volatility and may cause further disruptions to the investees'/issuers' businesses, which have led to higher degree of uncertainties in respect of the valuations in the current year. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these financial instruments. The detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are set out in note 30(c).

Impairment loss on loans receivable, accounts receivables from clients and investments in debt instruments measured at amortised cost

The management of the Group estimates the amount of loss allowance for loans receivable, accounts receivables from clients and investments in debt instruments measured at amortised cost based on the credit risk of the respective financial assets. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

The assessment of the credit risk of loans receivable, accounts receivables from clients and investments in debt instruments measured at amortised cost involve high degree of estimation uncertainty as the management of the Group estimates the loss rates for debtors based on historical data adjusted by forward-looking information. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise accordingly. As at 31 December 2021, the net carrying amount of loans receivable, accounts receivables from clients and investments in debt instruments measured at amortised cost is nil, USD15,496,000 and USD59,015,000 (2020: USD903,000, USD15,866,000 and USD99,890,000), respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 16.

In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions. In light of the negative impact of the COVID-19 pandemic, the independent valuers included uncertainty clauses in the valuation reports in respect of investments properties in Hong Kong amounted to USD64,669,000 as at 31 December 2021. Whilst the Group considers valuations of the Group's investment properties are the best estimates, the ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve, which have led to higher degree of uncertainties in respect of the valuations in the current year. Changes to these assumptions, including the potential risk of any market violation, policy, geographical and social changes or other unexpected incidents as a result of change in macroeconomic environment, travel restrictions implemented by many countries, increased complexity in international trade tensions geopolitics, changes in policy direction and/or mortgage requirements, or other expected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of increase or decrease in fair value reported in the consolidated statement of profit or loss.

As at 31 December 2021, the carrying amount of the Group's investment properties is USD64,669,000 (2020: USD64,899,000).

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on the nature of their operations and types of products and services provided. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

The Group has three (2020: three) operating business units which represent three (2020: three) operating segments, namely, financial services business, principal investment business and real property business.

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results

An analysis of the Group's revenue and results by operating and reportable segment is as follows:

For the year ended 31 December 2021

	Financial services business USD'000	Principal investment business USD'000	Real property business USD'000	Eliminations USD'000	Total USD'000
External revenue					
Interest income	4,244	4,911	—	—	9,155
Dividend and distribution income	—	47,677	—	—	47,677
Fee and commission income	4,610	—	—	—	4,610
Rental income	—	—	1,723	—	1,723
	8,854	52,588	1,723	—	63,165
Inter-segment revenue	531	—	—	(531)	—
Segment revenue	9,385	52,588	1,723	(531)	63,165
Segment results	4,035	64,300	1,751	—	70,086
Unallocated other income					146
Unallocated corporate expenses					(456)
Increase in fair value of investment properties					141
Profit before taxation					69,917

For the year ended 31 December 2020

	Financial services business USD'000	Principal investment business USD'000	Real property business USD'000	Total USD'000
Interest income	3,187	11,315	—	14,502
Dividend and distribution income	—	32,655	—	32,655
Fee and commission income	5,109	—	—	5,109
Rental income	—	—	1,949	1,949
Segment revenue	8,296	43,970	1,949	54,215
Segment results	4,180	83,858	1,989	90,027
Unallocated other income				143
Unallocated corporate expenses				(5,580)
Decrease in fair value of investment properties				(11,423)
Profit before taxation				73,167

The accounting policies of the reporting segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit or loss earned, generated or incurred by each segment without allocation of central administration costs, unallocated other income, change in fair value of investment properties and provision of impairment on non-financial assets. This is the measure reported to the executive directors of the Company for the purposes of resources allocation and assessment of segment performance.

Inter-segment sales are charged at prevailing market rates.

6. SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating and reportable segment is as follows:

At 31 December 2021

	Financial services business USD'000	Principal investment business USD'000	Real property business USD'000	Total USD'000
ASSETS				
Segment assets	**186,683**	**1,408,848**	**64,802**	**1,660,333**
Unallocated corporate assets				**30,493**
Total assets				**1,690,826**
LIABILITIES				
Segment liabilities	**42,088**	**158**	**522**	**42,768**
Liabilities relating to discontinued operation				**9,839**
Unallocated corporate liabilities				**432**
Total liabilities				**53,039**

At 31 December 2020

	Financial services business USD'000	Principal investment business USD'000	Real property business USD'000	Total USD'000
ASSETS				
Segment assets	210,923	1,323,962	65,090	1,599,975
Unallocated corporate assets				31,386
Total assets				1,631,361
LIABILITIES				
Segment liabilities	48,577	107	680	49,364
Liabilities relating to discontinued operation				9,839
Unallocated corporate liabilities				849
Total liabilities				60,052

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

- all assets are allocated to operating segments other than certain property, plant and equipment and other receivables.
- all liabilities are allocated to operating segments other than certain other payables.

6. SEGMENT INFORMATION (continued)

(c) Other segment information

For the year ended 31 December 2021

	Financial services business USD'000	Principal investment business USD'000	Real property business USD'000	Unallocated USD'000	Total USD'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (note)	18	—	—	12	30
Additions to financial assets at FVTPL	—	219,032	—	—	219,032
Additions to investments in debt instruments measured at amortised cost	—	27,238	—	—	27,238
Depreciation of property, plant and equipment	(38)	—	—	(740)	(778)
Depreciation of right-of-use assets	(120)	—	—	—	(120)
Finance costs	(6)	—	—	—	(6)
Fair value changes of financial assets and investments in perpetual notes at FVTPL	—	18,050	—	—	18,050
Gain on disposal of investments in debt instruments measured at amortised cost	—	2	—	—	2
Interest income (including interest on bank deposits)	4,428	5,676	—	—	10,104

For the year ended 31 December 2020

	Financial services business USD'000	Principal investment business USD'000	Real property business USD'000	Unallocated USD'000	Total USD'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (note)	59	—	—	7	66
Additions to financial assets at FVTPL	—	37,222	—	—	37,222
Additions to investments in debt instruments measured at amortised cost	—	19,162	—	—	19,162
Additions to investments in perpetual notes at FVTPL	—	1,540	—	—	1,540
Depreciation of property, plant and equipment	(40)	—	—	(674)	(714)
Depreciation of right-of-use assets	(198)	—	—	—	(198)
Finance costs	(366)	—	—	—	(366)
Fair value changes of financial assets and investments in perpetual notes at FVTPL	—	36,627	—	—	36,627
Gain on disposal of investments in debt instruments measured at amortised cost	—	124	—	—	124
Interest income (including interest on bank deposits)	5,019	17,087	—	4	22,110

Note: Non-current assets excluded financial assets at FVTPL, investments in perpetual notes at FVTPL, investments in debt instruments measured at amortised cost and other receivables and deposits.

6. SEGMENT INFORMATION (continued)

(d) Geographical information

The following table sets out (i) information about the geographical location of the Group's revenue from external customers, determined based on the location of financial products, the location of financial services business operated and location of properties in the case of rental income and (ii) information of the non-current assets by the geographical area in which the assets are located are detailed below:

	Segment revenue		Non-current assets excluding financial instruments	
	2021 USD'000	2020 USD'000	**2021 USD'000**	2020 USD'000
Singapore	**2,116**	2,502	**—**	—
Hong Kong	**14,652**	18,928	**114,819**	115,887
People's Republic of China	**6,410**	24,736	**—**	—
United States of America	**35,045**	2,603	**—**	—
Europe	**4,727**	5,372	**—**	—
Others	**215**	74	**—**	—
	63,165	54,215	**114,819**	115,887

Note: Non-current assets excluded financial assets at FVTPL, investments in perpetual notes at FVTPL, investments in debt instruments measured at amortised cost, and other receivables and deposits.

(e) Information about major customers

For the year ended 31 December 2021, one (2020: one) customer contributed over 10% of the total revenue with the amount of USD29,796,000 from principal investment business (2020: USD24,735,000 from principal investment business).

7. REVENUE

The following is an analysis of the Group's revenue from its major products and services:

	2021 USD'000	2020 USD'000
Interest income from financial products	**3,589**	4,510
Interest income from money lending business	**20**	64
Interest income from margin financing	**4,224**	3,123
Interest income from financial institutions' deposits	**1,322**	6,805
Interest income	**9,155**	14,502
Dividend and distribution income from financial products	**47,677**	32,655
Commission income and handling charges from financial services	**4,418**	4,886
Asset management fee income	**192**	223
Fee and commission income	**4,610**	5,109
Rental income	**1,723**	1,949
	63,165	54,215

7. REVENUE (continued)

The Group's performance obligations in contracts with customers in accordance with HKFRS 15 are set out below:

Fee and commission income

The Group provides financial services to customers which mainly include securities trading, underwriting and placing services. Such service income is recognised at a point in time when the performance obligation is satisfied.

Asset management services to customers are recognised over time, the fee income is recognised as a performance obligation satisfied over time.

8. FINANCE COSTS

	2021 USD'000	2020 USD'000
Interest expense on bank borrowings	**—**	360
Interest expense on lease liabilities	**6**	6
Finance costs for the year	**6**	366

9. TAXATION

	2021 USD'000	2020 USD'000
Current tax – Hong Kong Profits Tax		
Charge for the year	**—**	4
Overprovision in respect of prior years	**(4)**	—
Taxation for the year	**(4)**	4

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2021 USD'000	2020 USD'000
Profit before taxation	**69,917**	73,167
Tax at Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	**11,536**	12,072
Tax effect of expenses not deductible for tax purpose	**8,247**	3,665
Tax effect of income not taxable for tax purpose	**(20,773)**	(15,568)
Tax effect of tax losses not recognised	**1,377**	316
Utilisation of tax losses previously not recognised	**(387)**	(481)
Overprovision in respect of prior years	**(4)**	—
Taxation for the year	**(4)**	4

10. PROFIT FOR THE YEAR

	2021 USD'000	2020 USD'000
Profit for the year has been arrived at after charging/(crediting):		
Staff costs		
– Directors' emoluments	**1,149**	1,064
– Other staff costs	**5,328**	5,437
– Contributions to retirement benefits schemes, excluding directors	**133**	121
Total staff costs	**6,610**	6,622
Auditors' remuneration	**223**	192
Depreciation of property, plant and equipment	**778**	714
Depreciation of right-of-use assets	**120**	198
Exchange (gain)/loss, net, included in other gain/(loss)	**(2,838)**	2,707
Interest income from bank deposits, included in other income	**(949)**	(7,608)
Government grants, included in other income (note)	**(46)**	(476)

Note: During the year ended 31 December 2021, the Group recognised government grants of USD46,000 (2020: USD476,000). In the opinion of the directors of the Company, the Group has fulfilled all conditions attached to the grants.

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

(a) Directors' Emoluments

The emoluments paid or payable to each of the directors for the year were as follows:

For the year ended 31 December 2021

	Fees USD'000	Salaries and other emoluments USD'000	Discretionary bonus USD'000	Contributions to retirement benefits scheme USD'000	Allowances USD'000	Total USD'000
Executive directors: (note b)						
Leung Oi Kin	—	320	206	2	—	528
Leung Wai Yiu, Malcoln	—	313	206	2	—	521
Non-executive director: (note c)						
Li Zhongye, Cindy	31	—	—	—	—	31
Independent non-executive directors: (note c)						
Lo Wa Kei, Roy	31	—	—	—	—	31
Chen Gong	19	—	—	—	—	19
Martin Que Meideng	19	—	—	—	—	19
	100	633	412	4	—	1,149

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' Emoluments (continued)

For the year ended 31 December 2020

	Fees USD'000	Salaries and other emoluments USD'000	Discretionary bonus USD'000	Contributions to retirement benefits scheme USD'000	Allowances USD'000	Total USD'000
Executive directors: (note b)						
Leung Oi Kin	—	248	232	2	—	482
Leung Wai Yiu, Malcoln	—	248	232	2	—	482
Non-executive director: (note c)						
Li Zhongye, Cindy	31	—	—	—	—	31
Independent non-executive directors: (note c)						
Lo Wa Kei, Roy	31	—	—	—	—	31
Chen Gong	19	—	—	—	—	19
Martin Que Meideng	19	—	—	—	—	19
	100	496	464	4	—	1,064

Notes:

(a) Mr Leung Oi Kin and Mr Leung Wai Yiu, Malcoln are the acting Chief Executives. Their emoluments disclosed above include those for services rendered by them as the Chief Executives.

(b) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

(c) The independent non-executive directors' and non-executive director's emoluments shown above were for their services as directors of the Company.

Bonuses which are discretionary are determined with reference to individual performance. No director waived any emoluments in the year. The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees' Emoluments

(i) Of the five individuals with the highest emoluments (excluding amounts paid or payable by way of commissions on sales generated by the employees concerned) in the Group, two (2020: two) were executive directors of the Company as at 31 December 2021. One (2020: none) of them is senior management as at 31 December 2021. The emoluments of the individuals who were not directors of the Company, were as follows:

	2021 USD'000	2020 USD'000
Salaries and other benefits	**472**	496
Discretionary bonus	**—**	57
Retirement benefits scheme contributions	**9**	6
	481	559

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of Employees	
	2021	2020
HKD500,001 (USD64,327) to HKD1,000,000 (USD128,654)	**1**	—
HKD1,000,001 (USD128,654) to HKD1,500,000 (USD192,981)	**2**	2
HKD1,500,001 (USD192,981) to HKD 2,000,000 (USD257,308)	**—**	1
	3	3

(ii) The emoluments of senior management who are not directors of the Company were within the following bands:

	Number of Employees	
	2021	2020
HKD500,001 (USD64,327) to HKD1,000,000 (USD128,654)	**1**	—
HKD1,000,001 (USD128,654) to HKD1,500,000 (USD192,981)	**1**	3
HKD2,000,001 (USD257,308) to HKD2,500,000 (USD321,635)	**1**	—
	3	3

The senior management of the Group are solely determined by the directors. The senior management for 2021 are John Lawrence Sigerson, Chan Chun Fung and Lau Yue Wah, Brian (2020: John Lawrence Sigerson, Chan Chun Fung and Lau Yue Wah, Brian). For the year ended 31 December 2021, one (2020: none) of the senior management is included within the five individuals with the highest emoluments in the Group.

(c) Save as disclosed above, no emoluments have been paid by the Group to any directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the year.

12. DIVIDEND

No dividend was paid or declared by the Group during the years ended 31 December 2021 and 2020. Subsequent to 31 December 2021, a final dividend in respect of the year ended 31 December 2021 of HKD0.12 (2020: nil) per share, totaling approximately HKD54,098,000 (2020: nil) has been proposed by the Board of Directors and is subject to the approval by the shareholders of the Company in the forthcoming annual general meeting.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2021 USD'000	2020 USD'000
Profit for the year attributable to owners of the Company, for the purposes of basic and diluted earnings per share	**69,878**	73,163

	Number of shares	
	2021	2020 (Restated)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**450,814,079**	450,814,079

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the year ended 31 December 2020 has been adjusted retrospectively for the effect of share consolidation (details set out in note 27(a)) completed on 28 June 2021. No diluted earnings per share for both 2021 and 2020 were presented as there were no potential ordinary shares in issue for both 2021 and 2020.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings USD'000	Leasehold improvements USD'000	Furniture, fixtures and equipment USD'000	Total USD'000
COST				
At 1 January 2020	18,803	571	147	19,521
Exchange realignments	85	3	—	88
Additions	—	—	66	66
Transfer from investment properties (note 16)	13,568	—	—	13,568
Written off	—	—	(2)	(2)
At 31 December 2020 and 1 January 2021	32,456	574	211	33,241
Exchange realignments	(186)	(3)	(1)	(190)
Additions	—	—	30	30
At 31 December 2021	32,270	571	240	33,081
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2020	1,003	219	81	1,303
Exchange realignments	5	1	—	6
Provided for the year	581	87	46	714
Written off	—	—	(1)	(1)
At 31 December 2020 and 1 January 2021	1,589	307	126	2,022
Exchange realignments	(12)	(2)	—	(14)
Provided for the year	647	85	46	778
At 31 December 2021	2,224	390	172	2,786
CARRYING VALUES				
At 31 December 2021	30,046	181	68	30,295
At 31 December 2020	30,867	267	85	31,219

The property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual value, at the following rates per annum:

Buildings	2%
Leasehold improvements	10% to 20% or over the terms of the leases whichever is shorter
Furniture, fixtures and equipment	20% to 50%

15. RIGHT-OF-USE ASSETS

	2021 USD'000	2020 USD'000
Leased properties		
At 1 January		
Carrying amount	**51**	248
At 31 December		
Carrying amount	**137**	51
For the year ended 31 December		
Depreciation charge	**120**	198
Expense relating to short-term leases	**1**	72
Total cash outflow for leases	**127**	279
Additions to right-of-use assets	**206**	—

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of one to three years, and do not have any extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. INVESTMENT PROPERTIES

The Group leases out various offices under operating leases with rentals payable monthly. The leases typically run for an initial period of three years (2020: two to three years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

At fair value	USD'000
At 1 January 2020	89,507
Fair value change during the year	(11,423)
Transferred to property, plant and equipment (note 14)	(13,568)
Exchange realignments	383
At 31 December 2020 and 1 January 2021	64,899
Fair value change during the year	141
Exchange realignments	(371)
At 31 December 2021	64,669

The investment properties comprise commercial office units and car park spaces situated in a commercial building in Hong Kong. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

16. INVESTMENT PROPERTIES (continued)

The fair value of the Group's investment properties at 31 December 2021 has been arrived at on the basis of a valuation carried out by Roma Appraisals Limited, independent qualified professional valuers not connected to the Group.

On 1 April 2020, certain investment property with the aggregate fair value amounting to USD13,568,000 was transferred to property, plant and equipment due to change in use to owner-occupation of the relevant property. The fair value of the investment property at 1 April 2020 had been arrived at on the basis of a valuation carried out by Roma Appraisals Limited, an independent qualified professional valuer not connected to the Group. The valuation technique used was consistent with that used in prior years.

Roma Appraisals Limited has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value is determined based on direct comparison method that reflects recent transaction prices for similar building, adjusted for differences in nature, timing and condition of the properties under review. The ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve, which has led to higher degree of uncertainties in respect of the valuations in the current year, and independent valuers included uncertainty clauses in the valuation reports in respect of investment properties located in Hong Kong amounted to USD64,669,000 as at 31 December 2021. There has been no change from the valuation technique used for both years.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2020 and 2021 are as follows:

	Level 3 2021 USD'000	Level 3 2020 USD'000
Commercial office units in Hong Kong	**61,463**	61,674
Car parking spaces in Hong Kong	**3,206**	3,225
	64,669	64,899

For the investment properties categorised into Level 3 of the fair value hierarchy, the valuation method used is direct comparison method and the key inputs for valuation technique of the commercial office units in Hong Kong is price per square foot and the car parking spaces in Hong Kong is price per car parking space. The price per square foot is based on market direct comparable and adjustments are made taking into account of differences in other individual factors such as floor range and change in market environment for the timing differences of comparable transactions. The inputs applied range from HKD18,408 to HKD19,176 (2020: the range from HKD18,322 to HKD19,176) per square foot and HKD2,500,000 (2020: HKD2,500,000) per car park space. A slight increase in price per square foot and price per car parking space will increase the fair value of commercial office units.

17. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTISED COST/FINANCIAL ASSETS AT FVTPL/INVESTMENTS IN PERPETUAL NOTES AT FVTPL

	2021 USD'000	2020 USD'000
Investments in debt instruments measured at amortised cost		
Debt securities listed in Hong Kong		
Fixed Rate Senior Notes (notes a, b, c)	**5,655**	—
Debt securities listed outside Hong Kong		
Fixed Rate Senior Notes (notes a, b, c)	**39,898**	76,163
Floating Rate Senior Notes (notes a, b, e)	**16,614**	24,815
Less: Expected credit losses	**(3,152)**	(1,088)
	59,015	99,890
Less: Investments in debt instruments measured at amortised cost classified as current assets	**(14,038)**	(40,526)
Investments in debt instruments measured at amortised cost classified as non-current assets	**44,977**	59,364
Investments in perpetual notes at FVTPL		
Floating Rate Perpetual Notes, listed outside Hong Kong (note d)	**29,033**	59,143
Financial assets at FVTPL		
Unlisted investments		
Unlisted investment funds (note f)	**403,514**	284,167
Unlisted equity investments (note g)	**39,182**	—
Convertible notes (note h)	**26,481**	—
Listed equity investments (note i)		
Listed in Hong Kong	**43,466**	38,220
Listed outside Hong Kong	**14,502**	—
	527,145	322,387
Less: Financial assets at FVTPL classified as current assets	**(29,552)**	(29,869)
Financial assets at FVTPL classified as non-current assets	**497,593**	292,518

Notes:

(a) The Group's investments in debt instruments measured at amortised cost mainly comprise instruments that have a low risk of default or the issuers have a strong capacity to repay (e.g. financial instruments that are of investment grade or issuer with good credit history and capacity to repay etc.). The details of the impairment assessment on investments in debt instruments measured at amortised cost with ECL model are disclosed in note 30(b).

(b) During the year ended 31 December 2021, thirteen of the Fixed Rate Senior Notes were matured, one of the Floating Rate Senior Notes was matured, one of the Fixed Rate Senior Notes was partially sold, nine of the Fixed Rate Senior Notes were sold, one of the Floating Rate Senior Notes was sold and three of the Fixed Rate Senior Notes were being called. For the year ended 31 December 2021, the gain on disposal including redemption of investments in debt instruments measured at amortised cost was USD2,000. During the year ended 31 December 2020, five of the Fixed Rate Senior Notes were matured, one of the Fixed Rate Senior Notes was partially sold, three of the Fixed Rate Senior Notes were being called, one of the Fixed Rate Senior Notes and one of the Floating Rate Senior Notes were offered repurchase by the issuer prior to the maturity and were accepted by the Group. For the year ended 31 December 2020, the gain on disposal including redemption of investments in debt instruments measured at amortised cost was USD124,000.

(c) Senior Notes held by the Group bear a fixed coupon interest of ranging from 2.45% to 8.8% (2020: from 2.375% to 9.15%) per annum and with maturity dates from 3 March 2022 to 9 February 2026 (2020: from 26 March 2021 to 13 November 2024). As at 31 December 2021, two of the Senior Notes carrying a gross amount of USD1,014,000 with original maturity dates in February 2023 and July 2023 occurred a provision of ECL of USD371,000. The directors of the Company considered that the provision for ECL was sufficient.

17. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTISED COST/FINANCIAL ASSETS AT FVTPL/INVESTMENTS IN PERPETUAL NOTES AT FVTPL (continued)

Notes: (continued)

(d) Perpetual Notes held by the Group bear a floating rate of ranging from 4.5% to 6.375% (2020: from 4.5% to 7.625%) per annum and are callable from 24 January 2022 to 16 May 2025 (2020: from 30 March 2021 to 16 May 2025). The interest rates are subject to change at reset day with reset rate ranging from 2.764% to 7.773% (2020: from 2.648% to 7.773%) plus USD 5 years mid-swap rate or the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years or semi-annual USD 5 years mid-swap rate. During the year ended 31 December 2021, three of the Perpetual Notes were being called and one of the Perpetual Notes was sold.

(e) Senior Notes held by the Group bear a floating rate of ranging from 1.524% to 5% (2020: from 3.887% to 5%) per annum and with maturity dates from 1 September 2023 to 9 November 2047 (2020: from 10 August 2021 to 9 November 2047). The interest rate is subject to change at reset day with reset rate ranging from 1.400% to 3.472% (2020: from 1.400% to 3.472%) plus 3 months USD LIBOR or the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years or USD 5 years mid-swap rate.

(f) As at 31 December 2021, the unlisted investment funds classified as FVTPL include unlisted private equity funds, unlisted hedge funds and unlisted security shares with carrying value of USD327,389,000, USD76,125,000 and nil (2020: USD190,377,000, nil and USD93,790,000), respectively.

In accounting for the fair value measurement of the investment in unlisted private equity funds, the management of the Group has determined that the reported net asset value of the unlisted private equity funds provided by the general partners represented the fair value of the unlisted private equity funds. The general partners used methodology based on relevant comparable data whether possible to quantify the adjustment from cost or latest financing price when adjustment is necessary, or to justify that cost or latest financing price is still a proper approximation of fair value of the underlying investments held by the unlisted private equity funds in determining the net asset value. The factors to be considered in general partners' assessment may require the exercise of judgment. For the unrestricted actively traded public equity and debt instruments in the unlisted private equity funds, the fair value is determined based on closing price or bid price as of measurement date.

As at 31 December 2021, three (2020: two) out of these seven (2020: four) unlisted private equity funds accounted for 84% (2020: 91%) of the aggregate carrying value, with the investment portfolio is focused in listed and unlisted equity investments in technology, media and telecommunications and healthcare industry.

During the year ended 31 December 2021, the Group invested in eleven (2020: none) unlisted hedge funds of USD76,125,000 (2020: nil) which are managed by fund managers and invested in a variety of global financial securities across a range of strategies. The financial products include listed and unlisted equity shares, government bonds, corporate bonds, convertible bonds, options, futures, and swap contracts.

In accounting for the fair value measurement of the investment in unlisted hedge funds, the management of the Group has determined that the reported net asset values of the unlisted hedge funds provided by fund managers represented the fair value of the unlisted hedge funds. Securities are listed or quoted on a national or regional securities or commodities exchange or market, are valued at their last sales price on the day of determination. The fair values of securities which are not listed or quoted are valued at the price of any recent transaction in issue with adjustments or observable prices in the open market or measured using techniques in which significant inputs are based on observable market data. The fair value of government bonds, corporate bonds, and convertible bonds is generally based on quoted prices or last reported sales prices when traded in active/ observable markets. The fair value of options, futures and swap contracts is generally based on the last settlement price or quoted market prices on the date of determination. The factors to be considered in fund managers' assessments may require the exercise of judgment.

During the year ended 31 December 2021, an increase in fair value of unlisted investment funds of USD30,619,000 (2020: USD34,238,000) was recognised in the profit or loss. During the year ended 31 December 2021, the Group received returns of capital of USD70,282,000 (2020: USD10,428,000) plus distributions of USD39,833,000 (2020: USD26,335,000) from four (2020: two) of its unlisted investment funds.

17. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTISED COST/FINANCIAL ASSETS AT FVTPL/INVESTMENTS IN PERPETUAL NOTES AT FVTPL (continued)

Notes: (continued)

(f) (continued)

As at 31 December 2020, the fair value of the unlisted security shares was derived from a quoted price from a signed sale and purchase agreement of its underlying investments and the transaction contemplated thereunder had been completed subsequent to the end of reporting period. The investment portfolio was focused in unlisted equity investments in healthcare industry. The Group received the amount in full during the year ended 31 December 2021.

(g) During the year ended 31 December 2021, the Group acquired five unlisted equity investments of which three of them engaged in financial technology, and two engaged in information technology, with the carrying amount of USD39,182,000.

As at 31 December 2021, three unlisted equity investments are with the carrying amount of USD23,025,000. The valuation technique adopted is the market approach (i.e. comparable company approach) which was determined based on the valuation conducted by an independent professional valuer not connected to the Group. The valuation method used was the Guideline Public Company Method under Market approach. The significant unobservable inputs are price-to-sales multiple of 29.6x, 30.0x and 43.45x.

As at 31 December 2021, two unlisted equity investments are with the carrying amount of USD16,157,000. The valuation technique adopted is the market approach (i.e. comparable company approach) which was determined based on the valuation conducted by an independent professional valuer not connected to the Group. The valuation method used was the Guideline Public Company Method under Market approach with Option-Pricing Method ("OPM") to allocate the enterprise value among different classes of shares. The significant unobservable inputs are, price-to-sales multiple of 19.5x and price-to-book multiple of 6.69x, risk-free rate of 0.823% and 0.76%, expected volatility of 45.523% and 80.066%, expected initial public offering probability of 95% and 95%, expected redemption probability of 5% and 0%, and expected liquidation probability of 0% and 5%, respectively.

During the year ended 31 December 2021, an increase in fair value of unlisted equity investments of USD4,087,000 was recognised in profit or loss (2020: nil).

During the year ended 31 December 2021, approximately 8%, 3%, 2% and 2% of the shares of four subsidiaries of the Group, of which each subsidiary held one of the unlisted equity investments were subscribed by the Group's employees and independent third parties at considerations of USD640,000, USD200,000, USD200,000 and USD90,000, respectively. The considerations were determined based on the fair value at acquisition and they have been received during the year ended 31 December 2021.

(h) During the year ended 31 December 2021, the Group acquired two convertible notes issued by independent third parties with the carrying amount of USD8,681,000 and USD17,800,000, respectively.

One of the convertible notes with the carrying amount of USD8,681,000 issued by an independent third party, which engaged in the business of information technology, in a principal amount of USD7,390,000 with the maturity date on 23 September 2022. The convertible notes carry interest at 4% per annum from the issuance date of the convertible notes through and including the maturity date and shall be payable quarterly. The convertible notes will be converted if there is an automatic conversion triggering event or upon the Group's election to convert all or part of the outstanding amount into shares of the issuer by, among other things, applying the applicable discount rate at 85% on the outstanding principal and interest accrued. The significant unobservable inputs used in the fair value measurement are equity value of the note issuer, risk-free rate of 0.298%, expected volatility of 40%, expected dividend yield of 0%, remaining option life of 0.73 years, and discount rate of 18%.

During the year ended 31 December 2021, approximately 2% of the shares of the Group's subsidiary which held the convertible notes was subscribed by Group's employees and independent third parties at a consideration of USD180,000. The consideration was determined based on the fair value at acquisition and it has been received during the year ended 31 December 2021. The convertible notes were subsequently converted in January 2022 at a fair value close to the year ended 31 December 2021.

17. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTISED COST/FINANCIAL ASSETS AT FVTPL/INVESTMENTS IN PERPETUAL NOTES AT FVTPL (continued)

Notes: (continued)

(h) (continued)

One of the convertible notes with the carrying amount of USD17,800,000 issued by another independent third party, which engaged in the business of manufacturing and development of an electric motor system utilising advanced cloud software, smart technologies furthering the Internet of things, and switched reluctance technology, in a principal amount of USD17,000,000 with the maturity date on 30 April 2023. The convertible notes carry interest at 1.0% per annum from the issue date of the convertible notes through and including the first anniversary of the 30 April 2021 ("Closing"); 7.0% per annum from but not including the first anniversary of the Closing and through and including the date 18 months after the Closing; and 8.0% per annum from but not including the date 18 months after the date of the Closing and through and including the maturity date. The convertible notes will be converted if there is an automatic conversion triggering event or upon the Group's election to convert all or part of the outstanding amount into shares of the issuer by, among other things, applying the applicable discount rate ranging from 75% to 85% on the outstanding principal and interest accrued. The significant unobservable inputs used in the fair value measurement are equity value of the note issuer, risk-free rate of 0.514%, expected volatility of 80%, expected dividend yield of 0%, remaining option life of 1.33 years, and discount rate of 16%.

During the year ended 31 December 2021, the Group disposed of approximately 7% of the shares of its subsidiary which held the convertible notes to the Group's employees and independent third parties at a consideration of USD1,200,000. The consideration was determined based on the fair value at acquisition and it has been received during the year ended 2021.

The fair value of the two convertible notes is determined and arrived using at a valuation conducted by an independent professional valuer not connected to the Group, using Monte Carlo simulations.

During the year ended 31 December 2021, increase in fair values of the two convertible notes of USD2,091,000 (2020: nil) were recognised in the profit or loss.

(i) The fair value is determined based on the closing price per share quoted on the relevant stock exchanges and quoted market bid price as at the end of the respective reporting periods apart from the shares which the listing of shares had been cancelled by the Stock Exchange, the management considered that the fair value remained as nil.

18. ACCOUNTS AND OTHER RECEIVABLES AND DEPOSITS

	2021 USD'000	2020 USD'000
Accounts receivables from the business of dealing in securities:		
Clients (note b)	**15,651**	15,884
Clearing house and brokers	**2,832**	4,660
Accounts receivables from the business of dealing in futures contracts:		
Clearing house and brokers	**593**	759
Accounts receivables (note a)	**19,076**	21,303
Other receivables and deposits (note d)	**1,618**	4,014
Less: Impairment allowance (note c)	**(155)**	(18)
	20,539	25,299
Less: Other receivables and deposits classified as non-current assets	**(834)**	(796)
Accounts and other receivables classified as current assets	**19,705**	24,503

18. ACCOUNTS AND OTHER RECEIVABLES AND DEPOSITS (continued)

Notes:

(a) Accounts receivables from clearing house and certain clients from the business of dealing in securities is repayable on the settlement date, which is two business days after trade date, except for the remaining accounts receivables from the business of dealing in securities and futures contracts are repayable on demand. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the nature of these businesses.

(b) The majority of the accounts receivables from clients are secured by clients' securities as collaterals with fair value of USD164,241,000 (2020: USD108,700,000). A significant portion of the collaterals are listed equity securities in Hong Kong. These receivables are mainly repayable on demand subsequent to settlement date and carry interest typically at 3% to 15% (2020: 3% to 13%) per annum as at 31 December 2021. The collateral held can be sold at the Group's discretion to settle any outstanding amount owed by customers. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the nature of the business.

(c) Impairment assessment on accounts and other receivables with ECL model

As part of the Group's credit risk management, the Group applied internal credit rating for its customers and considers the fair value of its collateral. The Group assessed the ECL for accounts receivables form clients individually.

The Group held collateral of listed equity securities with a fair value of USD164,241,000 (2020: USD108,700,000) at the end of the reporting period in respect of accounts receivables from clients. No impairment allowance has been made for accounts receivables from clients with an aggregate outstanding balance of USD15,001,000 (2020: USD15,545,000) based on the Group's impairment assessment with ECL model. The details of the impairment assessment on accounts receivables with ECL model is disclosed in note 30(b).

(d) Included in other receivables and deposits are interest receivables and sundry deposits amounting to USD229,000 and USD1,001,000 (2020: USD2,630,000 and USD962,000), respectively. The details of the impairment assessment on other receivables with ECL model is disclosed in note 30(b).

19. INTANGIBLE ASSETS

	Trading rights USD'000
COST	
At 1 January 2020	2,263
Exchange realignments	2
At 31 December 2020 and 1 January 2021	2,265
Exchange realignments	(3)
At 31 December 2021	2,262
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 January 2020	517
Exchange realignments	2
At 31 December 2020 and 1 January 2021	519
Exchange realignments	(3)
At 31 December 2021	516
CARRYING VALUES	
At 31 December 2021	1,746
At 31 December 2020	1,746

19. INTANGIBLE ASSETS (continued)

Trading rights confer a right to the Group to trade securities, options contracts and futures contracts on or through the Stock Exchange and the Hong Kong Futures Exchange Limited such that the Group can conduct the business of brokerage of securities and futures contracts, placing and underwriting services, margin financing, advisory, assets management and money lending.

Trading rights are considered by the directors of the Company as having indefinite useful life because there is no foreseeable limit on the period over which the trading right is expected to generate cash flows to the Group. Trading rights are not amortised until its useful life is determined to be finite. Instead, it is tested for impairment annually and whenever there is an indication that they may be impaired. For such purposes, trading right is allocated to two cash generating units ("CGU"s). The businesses of CGU 1 are brokerage of securities and futures contract, placing and underwriting services, margin financing. The businesses of CGU 2 are brokerage of securities and futures contract, placing and underwriting services, margin financing, asset management and money lending.

For the purposes of impairment testing, trading rights with indefinite useful lives have been allocated to the CGU 1 and CGU 2. The cost of trading rights as at 31 December 2021 allocated to CGU 1 and CGU 2 are USD516,000 and USD1,746,000 (2020: USD519,000 and USD1,746,000) respectively. For CGU 1, the cost of trading rights was fully impaired in the year ended 31 December 2018.

The recoverable amount of the CGUs has been determined based on a value in use (2020: value in use) calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and discount rate of 12.2% (2020: 11.6%) for CGU 2. The cash flows beyond the five-year period are extrapolated using a steady 2.7% (2020: 3%) growth rate for CGU 2. This growth rate is based on past performance and the management's expectations for the market development. Other key assumptions for the value in use (2020: value in use) calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and such estimation is based on the unit's past performance and the management's expectations for the market development. The cash flow projections, growth rates and discount rate have been reassessed as at 31 December 2021 taking into consideration higher degree of estimation uncertainties in the current year due to how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the Group's financial services business.

Further details of the impairment testing on intangible assets with indefinite useful lives in CGU 2 are disclosed in note 20.

20. GOODWILL

	CGU 3 USD'000	CGU 2 USD'000	Total USD'000
COST			
At 1 January 2020	1,475	17,972	19,447
Exchange realignments	7	—	7
At 31 December 2020 and 1 January 2021	1,482	17,972	19,454
Exchange realignments	(9)	—	(9)
At 31 December 2021	1,473	17,972	19,445
ACCUMULATED IMPAIRMENT			
At 1 January 2020	1,475	—	1,475
Exchange realignments	7	—	7
At 31 December 2020 and 1 January 2021	1,482	—	1,482
Exchange realignments	(9)	—	(9)
At 31 December 2021	1,473	—	1,473
CARRYING VALUES			
At 31 December 2021	—	17,972	17,972
At 31 December 2020	—	17,972	17,972

For the purposes of impairment testing, goodwill has been allocated to CGU 2 and CGU 3. The business of CGU 3 is brokerage of securities and futures contracts, placing and underwriting services, margin financing, advisory, asset management and money lending and the business of CGU 2 is disclosed in note 19.

For the purposes of impairment testing, the basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

The recoverable amounts of the CGUs have been determined based on a value in use (2020: value in use) calculation. The recoverable amounts were determined with the assistance of an independent professional qualified valuer not connected with the Group. That calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and discount rate of 12.2% (2020: 11.6%) for CGU. The cash flows beyond the five-year period are extrapolated using a steady 2.7% (2020: 3%) growth rate. This growth rate is based on past performance and the management's expectations for the market development. Other key assumptions for the value in use (2020: value in use) calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and such estimation is based on the unit's past performance and management's expectations for the market development including the fluctuation in the current economic environment. The cash flow projections, growth rates and discount rate have been reassessed as at 31 December 2021 taking into consideration higher degree of estimation uncertainties in the current year due to how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the Group's financial services business.

During the years ended 31 December 2021 and 2020, the management assessed the carrying amount of CGU 2 approximate to its recoverable amount. No impairment loss for goodwill or intangible assets with indefinite useful lives of CGU 2 was recognised in profit or loss.

Judgment is required in the area of impairment. If there is a significant adverse change in the key assumptions, it may be necessary to have an impairment charge to the consolidated statement of profit or loss. With all other variables held constant, if the margin finance income for initial public offering is 10% less than management's expectation throughout the operating period, the recoverable amount would be lower by USD4.0 million, though no impairment loss on goodwill of CGU 2 is required.

For CGU 3, the goodwill was fully impaired in the year ended 31 December 2018.

21. LOANS RECEIVABLE

	2020 USD'000
Fixed-rate loans receivable, current	903
Less: Expected credit losses	—
	903

As at 31 December 2020, the effective interest rate (which are fixed rates, also equal to contractual interest rates) on the Group's loans receivable was 10.5% per annum. The contractual maturity date of the loans receivable was one year and is denominated in HKD.

As at 31 December 2020, the carrying amount of loans receivable amounting to USD903,000 was secured and pledged with a collateral of a residential property in Hong Kong. The Group was not permitted to sell or repledge the collateral in the absence of default by the borrower. There had not been any significant changes in the quality of the collateral held for the loans receivable. The Group had not recognised a loss allowance for loans receivable as a result of the collateral.

The Group had provided for no impairment loss for such loans receivables as at 31 December 2020 based on the ECL model under 12m ECL as there was no significant change in credit risk. The balance of loans receivable has been received during the year ended 31 December 2021. The details of the impairment assessment on loans receivable with ECL model are disclosed in note 30(b).

22. BANK TRUST ACCOUNTS BALANCES

The Group maintains segregated trust accounts with licensed financial institutions to hold clients' monies arising from the business of dealing in securities and futures contracts. The Group has classified the clients' monies as cash held on behalf of customers under the current assets of the consolidated statement of financial position and recognised the corresponding accounts payables to respective clients on grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

23. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from 0.001% to 0.64% (2020: 0.001% to 2.6%) per annum.

Pledged bank deposits carried fixed interest rate 0.02% to 2.74% per annum during the year ended 31 December 2020 and represented deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits were released up on the settlement relevant bank borrowings. There is no pledged bank deposit as at 31 December 2021.

For the year ended 31 December 2020, the Group obtained short-term borrowings by pledges of bank deposits which had a maturity period of 1 month or less with a quick turnover. The relevant gross amounts of placements and withdrawals of pledged bank deposits, and drawdowns and repayments of bank borrowings were presented on a net basis on the preparation of consolidated statements of cash flows.

24. LEASE LIABILITIES

	2021 USD'000	2020 USD'000
Lease liabilities payable:		
Within one year	**112**	54
Within a period of more than one year but not more than two years	**27**	—
	139	54
Less: Amount due for settlement within 12 months shown under current liabilities	**(112)**	(54)
Amount due for settlement after 12 months shown under non-current liabilities	**27**	—

25. ACCOUNTS AND OTHER PAYABLES

	2021 USD'000	2020 USD'000
Accounts payables from the business of dealing in securities:		
Clients	**39,746**	45,159
Brokers	**554**	1,011
Accounts payables from the business of dealing in futures contracts:		
Clients	**995**	1,423
Accounts payables (note a)	**41,295**	47,593
Other payables (note b)	**11,317**	12,091
	52,612	59,684

Notes:

(a) Accounts payables to clients mainly include money held in banks, brokers and clearing house on behalf of customers from the business of dealing in securities and futures contracts. The majority of the accounts payables from the business of dealing in securities and futures contracts are repayable on demand except for certain accounts payables from the business of dealing in securities are repayable on settlement date, which is two business days after trade date. No ageing analysis is disclosed for the accounts payables from the business of dealing in securities and futures contracts as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

(b) As at 31 December 2021, included in other payables are USD9,839,000 (2020: USD9,839,000) relating to the liabilities arising from the disposal of mining business during the year ended 31 December 2016.

26. DEFERRED TAX LIABILITIES

The following is the major deferred tax liabilities recognised and movements thereon during the current year and prior year:

	Fair value adjustment on intangible assets USD'000
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	288

At the end of the reporting period, the Group has unused tax losses of USD117,644,000 (2020: USD111,644,000) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax losses due to the unpredictability of future profits streams. The tax losses may be carried forward indefinitely.

27. SHARE CAPITAL

	Number of shares	Value USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	60,000,000,000	76,923
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2020, 31 December 2020, and 1 January 2021	27,048,844,786	34,871
Consolidation of shares and cancellation of paid-up capital (Note a)	(26,598,030,707)	(34,273)
At 31 December 2021	450,814,079	598

Note:

(a) Capital reorganisation

Pursuant to the annual general meeting of the Company passed on 24 June 2021 and the approval granted by the Listing Committee of the Stock Exchange, the capital reorganisation set out below became effective on 28 June 2021:

(i) every sixty (60) issued and unissued shares of the Company of par value of HKD0.01 each were consolidated into one (1) consolidated share of par value of HKD0.6 each and any fractional consolidated share in the issued share capital was cancelled; and

(ii) the par value of each issued consolidated share was reduced from HKD0.6 to HKD0.01 by cancelling the paid-up capital to the extent of HKD0.59 on each issued consolidated share.

28. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a share option scheme pursuant to a resolution passed by shareholders on 18 June 2014 (the "2014 Scheme") for the purpose of providing incentives or rewards to directors, employees, customers, suppliers, providers of research, development or technical support, shareholders and holders of securities of the Group and its invested entities, in which the Group holds not less than 10% equity interest ("Eligible Participants"). Under the 2014 Scheme, the Board of Directors may grant options to Eligible Participants to subscribe for shares in the Company. The Company revised the general scheme limit allowing the Company to issue options representing no more than 22,540,703 shares under the 2014 Scheme for the option incentive purpose of the Group and made certain amendments in relation to the scheme limit which have been approved at the annual general meeting of the Company held on 15 June 2018 ("Amendments to the 2014 Scheme").

Upon the Amendments to the 2014 Scheme, the maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under 2014 Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 15% of its issued share capital from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the 2014 Scheme and any other share option scheme of the Group must not in aggregate exceed 5% of the shares in issue unless it is approved by shareholders in a general meeting of the Company. The maximum number of shares issuable under the options to each eligible participant in any twelve-month period is limited to 0.5% of the shares in issue unless it is approved by shareholders in a general meeting of the Company. Any grant of options under the 2014 Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Any share options granted to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HKD5,000,000 (approximately USD641,000), in any 12-month period, are subject to shareholders' approval in a general meeting of the Company.

No option was granted or outstanding during the years ended 31 December 2021 and 2020.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

Certain subsidiaries of the Company are licensed with Securities and Futures Commission of Hong Kong ("SFC"). The Group's licensed subsidiaries are subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("SF(FR)R") (Chapter 571N of the Laws of Hong Kong) adopted by the SFC. The management closely monitors, on a daily basis, the liquid capital level of those licensed subsidiaries to ensure compliance with the minimum liquid capital requirements under the SF(FR)R.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, share buy-backs or raising of new debt.

30. FINANCIAL INSTRUMENTS

30a. Categories of financial instruments

	2021 USD'000	2020 USD'000
Financial assets		
Amortised cost	**1,019,610**	1,133,492
Financial assets at FVTPL	**556,178**	381,530
Financial liabilities		
Amortised cost	**52,352**	58,611

30b. Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, investments in debt instruments measured at amortised cost, investments in perpetual notes at FVTPL, accounts and other receivables and deposits, loans receivable, bank trust accounts balances, bank balances and cash, accounts and other payables and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate Senior Notes and lease liabilities and cash flow interest rate risk in relation to bank balances and variable-rate Senior Notes.

The interest income is derived from the Group's current and fixed deposits that carry interest at the respective banking deposit rate of the banks located in Hong Kong. The Group's bank deposits (set out in note 23) carried interest at prevailing market rates.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and variable-rate Senior Notes. The analysis is prepared assuming the financial instruments outstanding at the end of the period were outstanding for the whole year. A 50 basis points (2020: 50 basis points) increase or decrease is used for bank balances and variable-rate Senior Notes, and when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates respectively.

If interest rates had been 50 basis points (2020: 50 basis points) for variable-rate bank balances and Senior Notes higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would increase/decrease by USD4,504,000 and USD83,000 (2020: increase/decrease by USD4,823,000 and USD124,000), respectively. This is mainly attributable to the Group's exposure to interest rates on its bank balances and variable-rate Senior Notes.

30. FINANCIAL INSTRUMENTS (continued)

30b. Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Other price risk

The Group is exposed to equity price changes arising from investments in perpetual notes at FVTPL (note 17(d)) and unlisted investments (including unlisted investment funds (note 17(f)), unlisted equity investments (note 17(g)) and unlisted convertible notes (note 17(h))) and listed equity investments (note 17(i)) at FVTPL.

The Group's listed equity price risk is mainly concentrated in equity instruments quoted on the stock exchanges for which quoted market bid price is available except for the shares which were delisted from trading, as at 31 December 2019, the fair value was estimated based on the latest public available financial information of the issuer including the unaudited net asset values of the investee group and applied asset-based approach determined by valuation conducted by an independent valuer. The independent valuer conducted researches and estimated the liquidation value of the investee group, taking into account the prolonged duration of the suspension from trading of shares.

The Group maintains an investment portfolio which comprises listed and unlisted equities. Investments are chosen to enhance creation of capital value for trading purpose as well as for long term potential growth.

Equity investments are subject to asset allocation limits to control appropriate risks. The portfolio size is regularly reviewed and the price movements are closely monitored by the investment committee and the directors of the Group, who will take appropriate actions when required.

As at 31 December 2020, the fair value of the unlisted securities shares is derived from a quoted price from a signed sales and purchased agreement of its underlying investments.

Sensitivity analysis

As at 31 December 2021, it is estimated that an increase/decrease of 5% (2020: 5%) in the fair value of the Group's investments in perpetual notes at FVTPL, unlisted investments and listed equity investments at FVTPL, with all other variables held constant, would have increased/decreased the Group's post-tax profit by USD27,565,000 (2020: USD18,830,000).

(iii) Currency risk

Most of the Group's financial assets and liabilities are denominated in USD and HKD which are the same as the functional currency of the respective Group entities. In addition, the Group has certain financial assets and financial liabilities denominated in Australian Dollar ("AUD"), Chinese Yuan Renminbi ("CNY"), Pound sterling ("GBP"), and Swedish Kronor ("SEK").

In the opinion of the directors of the Company, USD are stable with HKD under the Linked Exchange Rate System, and accordingly, the Group does not have any significant foreign exchange risk in respect of transactions or balances as denominated in HKD. Accordingly, no sensitivity analysis is performed on HKD.

30. FINANCIAL INSTRUMENTS (continued)

30b. Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) *Currency risk* (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2021 USD'000	2020 USD'000
Assets		
AUD	**2,239**	1,150
CNY	**18,019**	1,028
GBP	**495**	777
SEK	**11,738**	—
Liabilities		
AUD	**2,134**	1,082
CNY	**110**	272
GBP	**428**	715

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

Sensitivity analysis

The Group's foreign currency risk is mainly concentrated on the fluctuation among AUD, CNY, GBP and SEK against USD. The following table details the Group's sensitivity to a 7% (2020: 7%) increase and decrease in the USD against the foreign currencies. 7% (2020: 7%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. As at 31 December 2021, a positive/(negative) number indicates and increase/decrease in profit before taxation for the year where the USD strengthens against the relevant foreign currencies. For a 7% (2020: 7%) weakening of the USD against the relevant foreign currencies, there would be an equal and opposite impact on profit before taxation.

	Profit before taxation	
	2021 USD'000	2020 USD'000
AUD	**(7)**	(5)
CNY	**(1,254)**	(53)
GBP	**(5)**	(4)
SEK	**(822)**	—
	(2,088)	(62)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to discharge their obligations in relation to each class of recognised financial assets excluding equity investments are the amounts stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has determined credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

30. FINANCIAL INSTRUMENTS (continued)

30b. Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group has concentrations of credit risk comprising deposits placed at a financial institution for the Group's bank balances of USD271,557,000 (2020: USD420,010,000), which represents approximately 30% (2020: 44%) of the Group's total bank balances and cash. Management considered the credit risk on such balances held at the financial institution and the credit risk are limited because the financial institution is with high credit rating.

Impairment assessment under ECL model

As at 31 December 2020 and 2021, except for the credit risks associated with accounts receivables from clients from the business of dealing in securities, which are mitigated by the security over equity securities, the Group does not hold any collateral or other credit enhancements to cover the credit risks associated with other financial assets. Those carrying amounts are the best represent the Group's maximum exposure to credit risk. In the event of failure of the counterparties to discharge their obligation, the Group's maximum exposure to credit risk will be the financial loss of the carrying amount of the respective financial assets recognised in the consolidated statement of financial position.

The Group's current credit risk grading framework comprises the following categories under the general approach:

Internal credit rating	Description	Loans receivable and investments in debt instruments at amortised cost
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Watch list	A borrower frequently repays after due dates but usually settle after due date or extension of loan mutually agreed by the Group and borrower	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the borrower is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Accounts receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. Before accepting any new client, the Group assesses the potential customer's credit quality and defines its credit limit. Credit limits attributed to client are reviewed regularly. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on accounts balances individually.

The management performs periodic evaluations on clients to ensure the Group's exposure to bad debts is not significant. The experience in collection of accounts receivables from clients from the business of dealing in securities falls within the expectation of the directors. The management has continued to adopt business initiatives to enlarge the customer base of business of dealing in securities in order to reduce and also mitigate concentrations of credit risk.

30. FINANCIAL INSTRUMENTS (continued)

30b. Financial risk management objectives and policies (continued)

Impairment assessment under ECL model (continued)

Accounts receivables (continued)

The accounts receivables from clients from the business of dealing in securities have been reviewed by the management to assess impairment allowances which based on evaluation of collectability and on management's judgment, including the current creditworthiness and the past collection statistics of individual account and collateral held by the Group. ECL on accounts receivables amounting to USD155,000 (2020: USD18,000) was recognised as at 31 December 2021.

The credit risk for accounts receivables from clearing houses and brokers is considered as not material taking into account the good market reputations and high credit ratings of the counterparties.

Other receivables and deposits

In determining the ECL for other receivables and deposits, the management of the Group has taken into account the historical default experience, for example, the Group has considered the consistently low historical default rate in connection with payments as adjusted by forward-looking information, and concluded that credit risk inherent in the group's outstanding other receivables and deposits is insignificant.

Loans receivable

The Group has a policy for assessing the impairment on loans receivable on an individual basis. The ECL rates are estimated based on historical observed default rates and the credit quality classification and are adjusted for forward-looking information, including but not limited to the historical settlement patterns and financial status of each borrower.

In order to minimise the credit risk, the management of the Group has delegated a team to develop and maintain the Group's internal credit risk grading to categories exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its borrowers.

In determining the ECL of the loans receivable, the Group will consider the change in the credit quality of the loans receivable, if any, from the date the loans initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as past experience of financial difficulties or default in payments, and current market conditions. The Group will make specific provision for loans receivable balances which cannot be recovered. The credit risk is significantly reduced.

Investments in debt instruments at amortised cost

The Group assesses the credit risk of the investments in debt securities at the end of each reporting period. The Group's debt instruments at amortised cost mainly comprise listed bonds that are graded by credit rating agencies as per globally understood definitions and some bonds without external credit rating are assessed by internal credit analysis.

The Group assessed the ECL for debt instruments at amortised cost by reference to credit rating of the bond investment by rating agencies, corporate historical default and loss rate and exposure of default of each bond investment. The Group also considered macroeconomic factors and recent forward-looking information affecting the respective region and industry for each issuer in the assessment.

The Group's investments in debt instruments at amortised cost mainly comprise instruments that have a low risk of default or the issuers have a strong capacity to repay (e.g. financial instruments that are of investment grade or issuer with good credit history and capacity to repay etc). As at 31 December 2021, two of the Senior Notes carrying a gross amount of USD1,014,000 with original maturity dates in February 2023 and July 2023 occurred a provision of lifetime ECL of USD371,000. During the year ended 31 December 2021, ECL on investments in debt instruments at amortised cost increased by USD2,064,000 (2020: increased by USD967,000).

30. FINANCIAL INSTRUMENTS (continued)

30b. Financial risk management objectives and policies (continued)

Impairment assessment under ECL model (continued)

Bank balances and bank trust accounts balances

The management of the Group considers the bank balances and bank trust accounts balances that are deposited with the financial institutions with high credit rating to be low credit risk financial assets. The management of the Group considers the probability of default is negligible on the basis of high credit rating issuers, accordingly, no loss allowance was recognised.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	ECL Model	**Gross carrying amount 2021 USD'000**	**Loss allowance 2021 USD'000**	Gross carrying amount 2020 USD'000	Loss allowance 2020 USD'000
Financial assets at amortised cost						
Investments in debt instruments measured at amortised cost	17	12m ECL	**61,153**	**2,781**	99,810	214
Investments in debt instruments measured at amortised cost	17	Lifetime ECL	**1,014**	**371**	1,168	874
Loans receivable	21	12m ECL	**—**	**—**	903	—
Accounts receivables	18	12m ECL	**19,076**	**155**	21,303	18
Other receivables and deposits	18	12m ECL	**1,398**	**—**	3,659	—
Bank trust accounts balances	22	12m ECL	**39,430**	**—**	43,090	—
Bank balances and cash	23	12m ECL	**900,845**	**—**	964,665	—

The following table shows reconciliation of loss allowances that have been recognised for investments in debt instruments measured at amortised cost and accounts receivables.

	Investments in debt instruments measured at amortised cost		Accounts Receivables	Total
	12m ECL USD'000	Lifetime ECL USD'000	12m ECL USD'000	USD'000
At 1 January 2020	121	—	18	139
Impairment allowance recognised	95	872	—	967
Transferred from 12m ECL to Lifetime ECL	(2)	2	—	—
At 31 December 2020 and 1 January 2021	214	874	18	1,106
Impairment allowance recognised	2,584	1,605	137	4,326
Transferred from 12m ECL to Lifetime ECL	(17)	17	—	—
Write-offs	—	(2,125)	—	(2,125)
At 31 December 2021	2,781	371	155	3,307

During the year ended 31 December 2021 and 2020, there is no impairment allowance for other receivables, loans receivable, bank trust accounts balances and bank balances. As at 31 December 2021, impairment allowances of USD3,152,000 and USD155,000 (2020: USD1,088,000 and USD18,000) were made for investments in debt instruments at amortised cost and accounts receivables, respectively.

30. FINANCIAL INSTRUMENTS (continued)

30b. Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the operations of the Group and to maintain a balance between continuity of funding and flexibility through the use of borrowings.

The following tables detail the remaining contractual maturity for the non-derivative financial liabilities. 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 interest and principal cash flows.

Liquidity tables

	Weighted average effective interest rate	On demand or less than 1 month USD'000	1 – 3 months USD'000	3 months to 1 year USD'000	More than 1 year USD'000	Total undiscounted cash flow USD'000	Carrying amount USD'000
At 31 December 2021							
Non-derivative financial liabilities							
Accounts and other payables	—	52,213	—	—	—	52,213	52,213
Lease liabilities	5%	9	18	81	36	144	139
		52,222	18	81	36	52,357	52,352
At 31 December 2020							
Non-derivative financial liabilities							
Accounts and other payables	—	58,557	—	—	—	58,557	58,557
Lease liabilities	5.125%	11	23	20	—	54	54
		58,568	23	20	—	58,611	58,611

30c. Fair value measurements of financial instruments

The fair value of financial assets are measured at fair value on a recurring basis:

- the fair value is determined based on the closing price per share quoted on the relevant stock exchanges and quoted market bid price as at the end of the respective reporting periods apart from the shares which the listing of shares had been cancelled by the Stock Exchange, the management considered that the fair value remained as nil, more details are stated in note 17;

- the fair value of variable rate Perpetual Notes is determined based on the quoted price provided by the financial institution supported by observable inputs; and

- the fair value of unlisted investments is based on fair value of quoted prices in the open market or observable prices or using valuation techniques, more details are stated in note 17.

30. FINANCIAL INSTRUMENTS (continued)

30c. Fair value measurements of financial instruments (continued)

Fair value of Group's financial assets that are measured at fair value on a recurring basis

The Company has closely monitored the appropriate valuation techniques and inputs for fair value measurements.

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

		Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
At 31 December 2021					
Financial assets					
Unlisted investments (classified as financial assets at FVTPL)	(Note a)	**—**	**—**	**469,177**	**469,177**
Listed equity securities (classified as financial assets at FVTPL)	(Note b)	**57,968**	**—**	**—**	**57,968**
Variable rate Perpetual Notes (classified as financial assets at FVTPL)	(Note c)	**—**	**29,033**	**—**	**29,033**
		57,968	**29,033**	**469,177**	**556,178**
At 31 December 2020					
Financial assets					
Unlisted investments (classified as financial assets at FVTPL)	(Note a)	—	93,790	190,377	284,167
Listed equity securities (classified as financial assets at FVTPL)	(Note b)	38,220	—	—	38,220
Variable rate Perpetual Notes (classified as financial assets at FVTPL)	(Note c)	—	59,143	—	59,143
		38,220	152,933	190,377	381,530

30. FINANCIAL INSTRUMENTS (continued)

30c. Fair value measurements of financial instruments (continued)

Fair value of Group's financial assets that are measured at fair value on a recurring basis (continued)

Notes:

(a) As at 31 December 2021, the fair value of unlisted investment funds classified as financial assets at FVTPL include unlisted private equity funds, unlisted hedge funds, unlisted equity investments, convertible notes and unlisted security shares.

In accounting for the fair value measurement of the investment in unlisted private equity funds, the management of the Group has determined that the reported net asset values of unlisted private equity funds provided by the general partners represent the fair value of the unlisted private equity funds. The general partners used methodology based on relevant comparable data whether possible to quantify the adjustment from cost or latest financing price when adjustment if necessary, or to determine the closing price per share quoted on the relevant stock exchanges, or to justify that cost or latest financing price is still a proper approximately of fair value of the underlying investments held by the unlisted private equity funds in determining the net asset values. The factors to be considered in general partners' assessment may require the exercise of the judgment. The underlying investments of USD327,389,000 (2020: USD190,377,000) held by the private equity funds were valued using cost or latest finance price without adjustment, except for one (2020: two) of the underlying investments of approximately USD12.9 million (2020: USD25 million) was valued under market approach (i.e. comparable companies approach) by the general partners.

For the underlying investments valued using cost or latest financing price without adjustment or latest financing price without adjustment, there is no significant unobservable input. The higher the reported net asset values of the unlisted private equity funds are, the higher the fair value of the unlisted private equity funds is.

As at 31 December 2021, for the one (2020: two) underlying investment of the unlisted private equity funds using the market approach, the general partner adopts methodologies with judgment in considering assumptions those marketplace participants would utilise in their estimate of fair value. The significant unobservable inputs involved in the valuation of the two underlying investments of the unlisted investment funds using the market approach are the revenue multiples and discount of lack of marketability. The one (2020: two) underlying investment of the unlisted private equity fund adopted the revenue multiples of 2.2x (2020: 2.8x and 19.3x) and discount of lack of marketability of 22% (2020:18% and 39%), respectively. The higher the revenue multiples and the lower the discount of lack of marketability are, the higher the fair value of the unlisted private equity funds is. The sensitivity analysis has been determined based on the exposure to significant unobservable inputs of revenue multiples and discount of lack of marketability. If the revenue multiples has been 1% higher/lower, the fair value would increase/decrease by approximately USD122,000 (2020: USD238,000); if the discount of lack of marketability has been 100 basis points higher/lower, the fair value would decrease/increase by approximately USD157,000 (2020: USD336,000).

In accounting for the fair value measurement of the investment in unlisted hedge funds, the management of the Group has determined that the reported net asset values of the unlisted hedge funds provided by the by financial institutions represented the fair value of the unlisted hedge funds. The factors to be considered in financial institutions' assessment may require the exercise of judgment. The higher the reported net assets values of the unlisted hedge funds are, the higher the fair value of the unlisted hedge funds is.

The fair value measurement of the investment in five unlisted equity investments was determined by market approach with a combination of observable and unobservable inputs and arrived at a valuation conducted by an independent professional valuer not connected to the Group. For the two unlisted equity investment with carrying value of approximately USD16,157,000 measured under Guideline Public Company Method under Market Approach and the OPM. If the price-to-sales multiple and price-to book multiple, respectively, has been 100 basis point higher/lower, holding other inputs as constant, the fair value would increase/decrease by approximately USD1,613,000 (2020: nil). If the expected volatility has been 300 basis point higher/lower, holding other inputs as constant, the fair value would increase/decrease by approximately USD5,000 (2020: nil). If the expected initial public offering probability has been 100 basis points higher/lower and it would result in decrease/increase in the same 100 basis points in expected liquidation probability, holding other inputs as constant, the fair value would increase/decrease by approximately USD33,000 (2020: nil).

30. FINANCIAL INSTRUMENTS (continued)

30c. Fair value measurements of financial instruments (continued)

Fair value of Group's financial assets that are measured at fair value on a recurring basis (continued)

Notes: (continued)

(a) (continued)

For the remaining three unlisted equity investments with carrying value of approximately USD23,025,000 measured under Guideline Public Company Method under Market Approach. If the price-to-sales multiple has been 100 basis points higher/lower, the fair value would increase/decrease by approximately USD708,000 (2020: nil).

The fair value measurement of convertible notes of USD8,681,000 is determined and arrived at a valuation performed by an independent professional valuer not connected to the Group, using Monte Carlo simulations. The higher the equity value of the underlying investment or the lower the discount rate is, the higher the fair value of the convertible notes is. The sensitivity analysis has been determined based on the exposure to significant unobservable inputs of equity value of the underlying investment and discount rate. If the equity value of the underlying investment has been 5% higher/lower, the fair value would increase or decrease by approximately USD5,000 or USD4,000, respectively.

The fair value of unlisted convertible notes of USD17,800,000 is determined and arrived at a valuation performed by an independent professional valuer not connected to the Group, using Monte Carlo simulations. The higher the equity value of the underlying investment or the lower the discount rate is, the higher the fair value of the convertible notes is. The sensitivity analysis has been determined based on the exposure to significant unobservable inputs of equity value of the underlying investment and discount rate. If the equity value of the underlying investment has been 1% higher/lower, the fair value would increase or decrease by approximately USD143,000 or USD52,000, respectively; if the discount rate has been 100 basis points higher or lower, the fair value would decrease/increase by approximately USD48,000 or USD223,000, respectively.

As at 31 December 2020, the unlisted security shares of USD93,790,000 are valued and categorised into Level 2 under the fair value hierarchy, and its fair value is derived from a quoted price from a signed sale and purchase agreement of its underlying investments. The higher the quoted transaction price is, the higher the fair value is.

The other details of the unlisted investments are set out in note 17 to the consolidated financial statements.

(b) The fair value of listed equity investments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; except for the shares which the listing of the shares had been cancelled by the Stock Exchange, the management considered that the fair value was remained as nil.

(c) The fair value of variable rate Perpetual Notes included in investments in perpetual notes at FVTPL is determined based on the quoted price from the financial institutions supported by observable inputs.

(d) For the year ended 31 December 2021, there is no transfer among level 1,2 and 3. For the year ended 31 December 2020, there was a transfer of the unlisted security shares of USD93,790,000 from level 3 to level 2.

30. FINANCIAL INSTRUMENTS (continued)

30c. Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial asset

Unlisted investments (classified as financial assets at FVTPL)

	USD'000
At 1 January 2020	223,135
Purchases	37,222
Return on capital	(10,428)
Transferred to level 2	(93,790)
Gain recognised in profit or loss	34,238
At 31 December 2020 and 1 January 2021	190,377
Purchases	219,032
Return on capital	(4,132)
Gain recognised in profit or loss	63,900
At 31 December 2021	469,177

The fair value of financial assets and financial liabilities are not measured at fair value on a recurring basis:

- the fair value of other financial assets and financial liabilities (excluding financial assets at FVTPL) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

30d. Financial assets and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the Group's consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC") and brokers, the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC and the Group intends to settle these balances on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with its same retail customers in the Group's brokerage business ("brokerage clients") that are due to be settled on the same date with reference to the settlement method set by the HKSCC and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to HKSCC, brokers and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group and deposits placed with HKSCC and brokers do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

30. FINANCIAL INSTRUMENTS (continued)

30d. Financial assets and financial liabilities offsetting (continued)

	Gross amounts of recognised financial assets after impairment USD'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position USD'000	Net amounts of financial assets presented in the consolidated statement of financial position USD'000	Related amounts not offset in the consolidated statement of financial position		Net amount USD'000
				Financial instruments USD'000	Collateral received USD'000	
As at 31 December 2021						
Accounts receivable from the business of dealing in securities	**19,580**	**(1,252)**	**18,328**	**—**	**(15,497)**	**2,831**
As at 31 December 2020						
Accounts receivable from the business of dealing in securities	23,032	(2,506)	20,526	—	(15,866)	4,660

	Gross amounts of recognised financial liabilities USD'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position USD'000	Net amounts of financial liabilities presented in the consolidated statement of financial position USD'000	Related amounts not offset in the consolidated statement of financial position		Net amount USD'000
				Financial instruments USD'000	Collateral received USD'000	
As at 31 December 2021						
Accounts payable from the business of dealing in securities	**41,552**	**(1,252)**	**40,300**	**—**	**—**	**40,300**
As at 31 December 2020						
Accounts payable from the business of dealing in securities	48,676	(2,506)	46,170	—	—	46,170

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, both of which have been disclosed in the above tables, are measured as accounts receivable from, or payable to brokerage clients and clearing house and brokers at amortised cost.

31. OPERATING LEASES

The Group as a lessor

Undiscounted lease payments receivable on leases are as follows:

	2021 USD'000	2020 USD'000
Not later than one year	**1,303**	1,223
Later than one year and not later than five years	**2,505**	—
	3,808	1,223

32. OTHER COMMITMENTS

At the end of the reporting period, the Group had the following other commitments:

	2021 USD'000	2020 USD'000
Other commitments contracted for but not provided for in the consolidated financial statements in respect of capital contribution in unlisted investments which will be recognised as financial assets at FVTPL	**113,948**	81,485

33. RELATED PARTY DISCLOSURES

Emoluments to directors (being the key management personnel compensation) are disclosed in note 11(a). They do not fall within the definition of connected transaction or continuing connected transaction in Chapter 14A of the Listing Rules

34. RETIREMENT BENEFITS SCHEMES

The Group participates in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance, for all its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Under the rules of MPF Scheme, the employer and its employees are each required to make contributions to MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contributions are available to reduce the contributions payable in future years.

During the year ended 31 December 2021, the total amount contributed by the Group to the MPF Scheme charged to the consolidated statement of profit or loss was USD137,000 (2020: USD125,000).

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Other payables USD'000	Lease liabilities USD'000	Total USD'000
At 1 January 2020	—	254	254
Financing cash outflows	(360)	(207)	(567)
Interest expenses	360	6	366
Exchange realignments	—	1	1
At 31 December 2020 and 1 January 2021	—	54	54
Addition	—	206	206
Financing cash outflows	—	(126)	(126)
Interest expenses	—	6	6
Exchange realignments	—	(1)	(1)
At 31 December 2021	—	139	139

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2021 USD'000	2020 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment		**11**	6
Investments in subsidiaries		**—**	—
		11	6
CURRENT ASSETS			
Other receivables		**250**	240
Amounts due from subsidiaries		**1,312,793**	1,264,832
Bank balances and cash		**175,393**	122,735
		1,488,436	1,387,807
CURRENT LIABILITIES			
Other payables		**431**	848
Amounts due to subsidiaries		**84,616**	10,116
		85,047	10,964
NET CURRENT ASSETS		**1,403,389**	1,376,843
		1,403,400	1,376,849
CAPITAL AND RESERVES			
Share capital	27	**598**	34,871
Reserves	a	**1,402,802**	1,341,978
Total equity		**1,403,400**	1,376,849

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 30 March 2022 and is signed on its behalf by:

Leung Oi Kin
Director

Leung Wai Yiu, Malcoln
Director

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

(a) Reserves

	Share premium USD'000	Capital redemption reserve USD'000	Contribution surplus USD'000	Exchange reserve USD'000	Retained earnings USD'000	Total USD'000
At 1 January 2020	1,023,183	212	23,618	(4,170)	269,271	1,312,114
Profit for the year	—	—	—	—	23,961	23,961
Exchange realignment	—	—	—	5,903	—	5,903
Total comprehensive income for the year	—	—	—	5,903	23,961	29,864
At 31 December 2020 and 1 January 2021	1,023,183	212	23,618	1,733	293,232	1,341,978
Profit for the year	—	—	—	—	34,515	34,515
Exchange realignment	—	—	—	(7,964)	—	(7,964)
Total comprehensive (expense)/income for the year	—	—	—	(7,964)	34,515	26,551
Capital reorganisation (note 27(a))	—	—	34,273	—	—	34,273
At 31 December 2021	1,023,183	212	57,891	(6,231)	327,747	1,402,802

The contributed surplus of the Company includes (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1994; (ii) the surplus arising from the group reorganisation in 1998; and (iii) the surplus arising from capital reorganisations in June 2009 and in June 2021.

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

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

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

The reserve available for distribution to shareholders at 31 December 2021 is USD385,638,000 (2020: USD316,850,000).

37. PRINCIPAL SUBSIDIARIES

General information of subsidiaries

Particulars of the principal subsidiaries at 31 December 2021 and 31 December 2020 are as follows:

Name of subsidiaries	Place of incorporation/ operation	Class of shares	Paid up issued/ registered capital	Proportion of ownership interests held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				31.12.2021 %	31.12.2020 %	31.12.2021 %	31.12.2020 %	31.12.2021 %	31.12.2020 %	31.12.2021 %	31.12.2020 %	
Abner Holdings Limited	British Virgin Islands ("BVI")/ Hong Kong ("HK")	Ordinary	USD1	–	–	100	100	–	–	100	100	Real property
Abundant Idea Limited	BVI/HK	Ordinary	USD1	–	–	100	100	–	–	100	100	Real property
Ace Emperor Limited	BVI/HK	Ordinary	USD1	–	–	100	100	–	–	100	100	Real property
Alpha Trend International Limited	BVI	Ordinary	USD7,390	–	–	97.6	–	–	–	97.6	–	Investment
Charming Ocean Investments Limited	BVI	Ordinary	USD6,700	–	–	100	–	–	–	100	–	Investment
Classic Idea Investments Limited	BVI	Ordinary	USD1	–	–	100	100	–	–	100	100	Fund investment
Data Giant International Limited	BVI	Ordinary	USD1	–	–	100	–	–	–	100	–	Fund investment
Diamond Fortune Global Limited	BVI	Ordinary	USD6,375	–	–	96.9	100	–	–	96.9	100	Investment
Enhanced Finance Limited	HK	Ordinary	HKD19,300,000	–	–	100	100	–	–	100	100	Money lending
Enhanced Investment Management Limited	HK	Ordinary	HKD739,170	–	–	100	100	–	–	100	100	Asset management and advising on securities
Enhanced Securities Limited	HK	Ordinary	HKD450,000,000	–	–	100	100	–	–	100	100	Dealing in securities and futures contracts, provision of securities margin financing and advising on corporate finance
Fabulous Stage Limited	BVI	Ordinary	USD8,200	–	–	97.6	–	–	–	97.6	–	Investment
Funderstone Asset Management (HK) Limited	HK	Ordinary	HKD400,000	–	–	100	100	–	–	100	100	Asset management
Funderstone Finance Limited	HK	Ordinary	HKD5,000,000	–	–	100	100	–	–	100	100	Money lending
Funderstone Futures Limited	HK	Ordinary	USD2,000,000	–	–	100	100	–	–	100	100	Dealing in futures contracts, advising on futures contracts and asset management
Funderstone Securities Limited	HK	Ordinary	HKD500,000,000	–	–	100	100	–	–	100	100	Dealing in securities, provision of securities margin financing and advising on securities and corporate finance, and asset management
Funderstone Securities (Nominees) Limited	HK	Ordinary	HK10,000	–	–	100	100	–	–	100	100	Provision of trust and company services
GC HCM (BVI) Limited	BVI	Ordinary	USD2,000	–	–	92.0	–	–	–	92.0	–	Investment
Global Access Development Limited	HK	Ordinary	HKD1	–	–	100	100	–	–	100	100	Money lending
Great Heart Holdings Limited	BVI	Ordinary	USD1	–	–	100	–	–	–	100	–	Fund investment

37. PRINCIPAL SUBSIDIARIES (continued)

General information of subsidiaries (continued)

Name of subsidiaries	Place of incorporation/ operation	Class of shares	Paid up issued/ registered capital	Proportion of ownership interests held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				31.12.2021 %	31.12.2020 %	31.12.2021 %	31.12.2020 %	31.12.2021 %	31.12.2020 %	31.12.2021 %	31.12.2020 %	
Maximum Gains Group Limited	BVI	Ordinary	USD1	–	–	100	–	–	–	100	–	Fund investment
Prime Classic Holdings Limited	BVI	Ordinary	USD1	–	–	100	100	–	–	100	100	Securities investment
Ravi Global Limited	BVI/HK	Ordinary	USD1	–	–	100	100	–	–	100	100	Securities investment
Royal Glorious Limited	HK	Ordinary	HKD1	100	100	–	–	100	100	–	–	Treasury management
Smart Blend Limited	BVI	Ordinary	USD1	–	–	100	100	–	–	100	100	Fund investment
Smart Blooming Limited	BVI	Ordinary	USD1	–	–	100	100	–	–	100	100	Fund investment
Starry View Global Limited	BVI/HK	Ordinary	USD1	–	–	100	100	–	–	100	100	Securities investment
Summer Chance Limited	BVI	Ordinary	USD1,700	–	–	92.9	–	–	–	92.9	–	Investment
Sunshine Hero Global Limited	BVI/HK	Ordinary	USD1	–	–	100	–	–	–	100	–	Securities investment
Top Concept Global Limited	BVI	Ordinary	USD1	–	–	100	100	–	–	100	100	Fund investment
Trade Champion Enterprises Limited	BVI	Ordinary	USD5,000	–	–	98.2	–	–	–	98.2	–	Investment
Well Advantage Global Limited	BVI	Ordinary	USD1	–	–	100	100	–	–	100	100	Fund investment
Win Genius Investments Limited	HK	Ordinary	HKD1	–	–	100	100	–	–	100	100	Securities investment

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries of the Group had any debt securities outstanding at the end of the reporting period or at any time during the year.

FIVE-YEAR FINANCIAL SUMMARY

(A) RESULTS

For the year ended 31 December

	2017 USD'000	2018 USD'000	2019 USD'000	2020 USD'000	**2021** **USD'000**
Revenue	30,123	34,273	27,110	54,215	**63,165**
Profit before taxation	32,536	48,375	43,492	73,167	**69,917**
Taxation	(374)	(46)	6	(4)	**4**
Profit for the year	32,162	48,329	43,498	73,163	**69,921**
Profit for the year attributable to:					
Owners of the Company	31,249	48,208	43,566	73,163	**69,878**
Non-controlling interests	913	121	(68)	—	**43**
	32,162	48,329	43,498	73,163	**69,921**

(B) ASSETS AND LIABILITIES

As at 31 December

	2017 USD'000	2018 USD'000	2019 USD'000	2020 USD'000	**2021** **USD'000**
Total assets	1,405,591	1,503,558	1,551,417	1,631,361	**1,690,826**
Total liabilities	(15,933)	(58,372)	(57,745)	(60,052)	**(53,039)**
	1,389,658	1,445,186	1,493,672	1,571,309	**1,637,787**
Equity attributable to owners of the Company	1,383,618	1,440,931	1,493,672	1,571,309	**1,635,234**
Non-controlling interests	6,040	4,255	—	—	**2,553**
	1,389,658	1,445,186	1,493,672	1,571,309	**1,637,787**

G-Resources Group Limited
(Incorporated in Bermuda with limited liability)
Stock Code: 1051

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