Power Financial Group Limited
權威金融集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock code:397)

2021
Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Choi Chun Chung, Danny
(Chairman and Chief Executive Officer)
Mr. Tau Sai Kit, Terry
Mr. Li Wing Cheong

Independent Non-executive Directors
Ms. Chan Lai Ping
Ms. Tam Mei Chu
Mr. Ho Yuen Tung

AUDIT COMMITTEE

Ms. Chan Lai Ping *(Chairperson)*
Ms. Tam Mei Chu
Mr. Ho Yuen Tung

REMUNERATION COMMITTEE

Ms. Chan Lai Ping *(Chairperson)*
Mr. Choi Chun Chung, Danny
Ms. Tam Mei Chu
Mr. Ho Yuen Tung

NOMINATION COMMITTEE

Mr. Choi Chun Chung, Danny *(Chairman)*
Ms. Chan Lai Ping
Ms. Tam Mei Chu
Mr. Ho Yuen Tung

COMPANY SECRETARY

Ms. Tsang Kai Yi

AUTHORIZED REPRESENTATIVES

Mr. Choi Chun Chung, Danny
Ms. Tsang Kai Yi

AUDITOR

CCTH CPA Limited
Registered Public Interest Entity Auditors
Unit 1510–1517, 15/F.
Tower 2, Kowloon Commerce Centre
No. 51 Kwai Cheong Road, Kwai Chung
New Territories, Hong Kong

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 102, 1/F., Energy Plaza
No. 92 Granville Road
Tsimshatsui East
Kowloon, Hong Kong

PRINCIPAL BANKERS

Dah Sing Bank Limited
Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.powerfinancial.com.hk

STOCK CODE

397

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Power Financial Group Limited (the "Company") and its subsidiaries (together the "Group"), I present to you the Company's annual report for the year ended 31 December 2021 (the "Year").

2021 was another challenging year fraught with uncertainty. While parts of the global economy gradually began to revive from the shock of COVID-19, the year drew to a close with two shadows still looming over economic prospects – the threat from the Covid variants and the rising global inflationary pressures. Adding to these woes, serious disruptions in various sectors across mainland China including e-commerce, property and tutoring, caused the Hong Kong stock market to drop 14.1%, marking its worst yearly performance since 2011.

WITHSTANDING A CHALLENGING LANDSCAPE

Like every other enterprise in our sector, the Group has experienced the negative economic impacts of today's external operating environment. Despite this, our business model performance demonstrated a strong degree of resilience. During the Year, the Group reported a net profit attributable to owners of the Company of approximately HK$153,759,000, a 247.9% year-on-year increase as compared to 2020.

Thanks to our swift actions in reallocating resources to our major revenue drivers, our money lending segment brought in sustainable interest income of approximately HK$68.1 million for the Year (2020: HK$55.3 million).

Despite the weak performance of the Hong Kong stock market, our financial services business stood strong during the Year and recorded a total turnover of HK$21.4 million (2020: HK$16.4 million), an increase of approximately 30.6%.

Entering the second year of fighting the pandemic, as the production capacities of hygiene product supply gradually picked up, alongside the drop of hygiene measures requirements in some of western countries, the significant level of excess demand of hygiene products last year was fairly even up. In view of the drop in profitability and intense price competition due to the relative low barriers to entry, supply the Group had swiftly downscaled its trading operation during the year, resulting in a 88.1% drop in revenue from the segment this year. Yet, in view of the fact that the healthcare industry continues to grow as the population swells and the rise in health consciousness, the Group will continuously look into investment opportunities in health care sector to bring return to the Group in a sustainable manner.

During the Year, the Group successfully achieved a turnaround from loss to profit from its asset investment business, mainly driven by the gains arising from listed equity securities investments. At the meanwhile, the Group had downsized its bond investments portfolio in view of worsening market sentiment. Yet, with an eye on the trend of financial technology era, on 16 July 2021, the Group completed its acquisition of approximately 1.05% of the issued share capital of TNG FinTech Group Inc. ("TNG FinTech"), with an aim of bringing greater synergy into our existing business portfolio. TNG FinTech is principally focused on e-Wallet and digital banking services, development of digital remittance infrastructure and the provision of digital remittance platform services in Southeast Asia. They also manage real-time gross settlement systems as well as a currency exchange and remittance network that supports blockchain and digital asset technology.

CHAIRMAN'S STATEMENT

GOING FORWARD AMID UNCERTAINTY

Looking ahead in 2022, with the waves of Covid-19 variant infections remains as an extant threat in Hong Kong, we took a cautious view that market conditions will be similar to last year with certain degree of social distancing measures be in place from time to time throughout the year.

Nevertheless, we believes that in the midst of every crisis, lies great opportunity. Our management will keep a keen eye on the ongoing macro and geopolitical uncertainty and its impact on the Hong Kong economy while also taking prudent action to secure any potential opportunity that successfully broadens our revenue stream and maximises returns for our shareholders.

Lastly, I wish to express my sincere gratitude to our shareholders and fellow Board members for their continued support and trust of the Group. I also want to extend my sincere gratitude to our staff at all levels for their dedication and tireless efforts in serving our clients and the Group. I am confident that, together, we can overcome our current challenges while building a strong foundation for the future.

Choi Chun Chung, Danny
Chairman and Chief Executive Officer
25 March 2022

FINANCIAL REVIEW

For the year ended 31 December 2021 (the "Year"), Power Financial Group Limited (the "Company") and its subsidiaries (together referred to as the "Group") recorded revenues of approximately HK$95.7 million (2020: HK$101.7 million). The slight decline in overall revenue was principally due to (i) a drop in revenue from healthcare-related products business to approximately HK$1.8 million for the Year (2020: HK$14.8 million) as the management strategically downscaled the segment in view of the intense market competition during the Year; and (ii) a drop in interest income generated from as a result of a downsizing of the Group's bond investments to approximately HK$4.4 million for the Year (2020: HK$15.1 million). With the management's effort to reallocate the Group's resources between business segments, the Group was able to achieve an overall improvement in gross profit to approximately HK$84.7 million (2020: HK$80.0 million) during the Year, which was driven by the growth in revenue and gross profit derived from the Group's two major business segments, namely, money lending business and financial services business segments, respectively.

The net profit attributable to owners of the Company increased, reaching approximately HK$153.7 million compared to a net profit of approximately HK$44.2 million in 2020. This sharp increase was mainly resulted from the Group's overall gross profit growth and gains on fair value changes of financial assets at fair value through profit or loss of approximately HK$147.1 million from the Group's investment in equity securities listed in Hong Kong.

The Group's cash position remained strong during the Year, with bank balances and cash totaling approximately HK$153.0 million as at 31 December 2021 (2020: HK$204.5 million).

BUSINESS REVIEW

Following a strong rebound in the first half of 2021, the global economy recently has been facing new challenges arising from the rapid spread of the Covid-19 variants since the fourth quarter of 2021. This coupled with the lingering effects of Sino-US tensions and rising inflationary pressures, has forced the International Monetary Fund to dramatically downgrade its global growth outlook from 5.9% in 2021 to 4.4% this year.

On the domestic front, the Hang Seng Index was one of the world's worst-performing major markets in 2021, dropping 14.1%, mainly due to the regulatory crackdown on large-cap mainland China technology stocks and real estate stocks.

Against this challenging backdrop, the Group continued to exercise financial prudence while keeping its action plans on course to deliver sustainable and profitable outcomes.

Financial Services

According to Hong Kong Exchange and Clearing Limited market data statistics, the Hong Kong average daily securities turnover in 2021 was HK$166.73 billion, an increase of 28.8% compared with HK$129.48 billion in 2020. Despite a year-on-year decline of 36.4% in the number of new listed companies, total funds raised (including IPOs) in 2021 hit HK$770.7 billion, an increase of 3.2% compared with HK$746.9 billion in 2020.

The Group's financial services business is mainly operated by Power Securities Company Limited ("Power Securities"), a wholly-owned subsidiary of the Company, which is licensed to operate Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The scope of Power Securities activities includes providing margin financing, securities brokerage services, and equity capital market ("ECM") services such as placings. Power Securities' financial services segment closely adheres to the compliance and risk-based measures detailed in its operation manual and will continue to source additional revenue and broaden the customer base for its margin financing operations. Bolstered by sufficient cash reserves, the Group may seek to leverage business connections to obtain additional referrals of margin financing clients. During the Year, financial services segment generated revenue of approximately HK$21.4 million (2020: HK$16.4 million), recording a dramatic increase of approximately 30.6%. There was also an increase in both the number of outstanding margin loan clients as well as the amount of margin loan receivables. Interest income from clients (comprising margin clients and cash clients) amounted to approximately HK$18.3 million in 2021 compared with approximately HK$12.7 million in 2020.

Through the Group's continuous effort in recruiting financial service talents to expand the client base, the Group is poised to expand in the years to come. The Group expects to revamp its ECM business in applying corporate finance analytical techniques to source and review profitable ECM deals. The Group anticipates that ECM business will become a solid source of revenue to complement other business sectors of the Group.

Money Lending

The money lending operations of the Group are managed through our wholly-owned subsidiaries, E Finance Limited ("E Finance") and E Cash Fintech Limited ("E Cash"), with money lenders licenses issued under the Money Lenders Ordnance (Chapter 163 of the Laws of Hong Kong). The Group's money lending business is broadly classified into four loan categories, including: (i) property mortgage loans; (ii) other secured loans; (iii) guaranteed loans; and (iv) unsecured loans. Following the integration of the E Cash's business, the Group recorded an increase in revenue from money lending business as a result of the growing demand for corporate and individual financing whereas E Finance continued to focus on property mortgage loans and other secured loans. The Group plans to explore further potential money lending business opportunities, including for project-based financing, subject to the prevailing market conditions and the Group's assessment of achieving reasonable risk and returns. The Group is also keen on striking a successful balance in its business operations and risk management by adhering to its comprehensive credit policies in order to control the quality of its loan portfolio. The management remains alert and will prudently maintain effective controls and procedures for loan approvals, credit monitoring as well as recovery and compliance matters applicable to all aspects of the money lending business.

Given today's challenging business environment for money lending operations, the Group has established strict credit policies and controls to reduce all associated credit risks. Various approval criteria are carefully considered during the credit assessment stage, including verification of identity, repayment ability, and relevant investigative results after carrying out due diligence during the application procedure. The Group's credit committee are responsible for assessing and approving loans within predetermined credit limits. They also regularly oversee the Group's credit policies and credit quality of the Group's loan portfolio. Increasing effort has also been put in the recovery procedures for loans receivables. Legal actions were taken on a case-by-case basis, having considered the normal market practice as well as the actual circumstances during the Group's credit collection processes and negotiations with relevant customers in order to minimise any possible credit losses.

The TransUnion Q4 2021 Industry Insights Report showed the continued recovery of the Hong Kong consumer credit market at the end of 2021, mirroring wider improvements in macro-economic indicators over the same period. Since the onset of the pandemic, unsecured revolving lines had experienced significantly lower levels of activity, with consumers and lenders taking a cautious approach to the category. However, from Q2 2021 onwards, this trend has reversed. Unsecured revolving line origination growth has been supported by both banks and money lenders. Unsecured personal loans recorded strong originations growth over the period, as did mortgages and loan on card. While the marketplace is increasingly competitive, there is still uncertainty ahead in the short term due to the spread of Omicron locally. Employing insight-led strategies to understand the evolving needs of customers is going to be key to business growth for banks and lenders.

During the Year, the Group's money lending segment generated revenue of approximately HK$68.1 million, accounting for approximately 71.1% of overall revenue. Money lending business, remained as the major segment in support of the Group's comprehensive performance. Interest income from the Group's money lending business during the Year amounted to approximately HK$68.1 million from approximately HK$55.3 million in 2020. Operating profit from this business segment amounted to approximately HK$18.7 million, representing a decrease of approximately 51.7% compared to that of last year.

The composition of our loan portfolio mainly includes individual and corporate customers. As at 31 December 2021, we had 69 active loan accounts, among which approximately 45.28% were individual customers and 54.72% were corporate customers. The average loan amount of these loan accounts was approximately HK$10.5 million. As at 31 December 2021, the percentage of the amount of loans and interest receivables from the five largest customers and the largest customer to the total loans and interest receivables are both less than 30% respectively.

In general, collaterals and/or guarantees are provided to secure a property mortgage loan, other secured loans and guaranteed loans among different loan categories. Property mortgage loans refer to first and subordinated mortgages, which are secured by landed properties in Hong Kong. The collaterals for other secured loans mainly include equity shares and/or securities of certain listed and unlisted companies. A guaranteed loan is one secured by personal and/or corporate guarantor(s). A wide range of effective interest rates were matched and charged to customers of differing risk levels, ranging from 4% to 36% per annum as at 31 December 2021 (2020: 9% per annum to 36% per annum). For further details of the major terms of loans granted include loans receivables, interest rate, maturity date and security pledged (if any), please refer to Note 18 under section "Notes to the Consolidated Financial Statements.

For the year ended 31 December 2021, the Group recorded an impairment loss on loans and interest receivable of approximately HK$27.9 million (2020: HK$2.5 million), such increase was mainly due to the increase in amount of loan receivables and the increased uncertainty of recoverability of certain past due loans. Despite securing by collaterals or/and guarantees provided, a number of loans were regarded as impaired after consideration and assessment of the repayment ability of each customer, the respective collateral values and the status of legal proceedings. The Group was aware that the prevailing adverse financial and economic circumstances caused by the COVID-19 pandemic has had negative impact on the financial position and repayment ability of the Group's customers. According to the TransUnion Q4 2021 Industry Insights Report, over 60% of survey respondents said that their household incomes are currently or have previously decreased since the pandemic. As recently the COVID-19 and its variants have reached historical high and the social distancing measures have further been tightened, there are still many uncertainties in the short term. During the Group's loan performance review throughout the Year, the recoverability and repayment period of certain loans were likely affected. The Group continuously monitors and carries out targeted negotiations and other due processes in its loan collection process. The Group's impairment losses relate primarily to the expected credit loss ("ECL") allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances and/or those collectively using a provision matrix with appropriate groupings. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

Trading

During 2020, the Group established its trading business – Power Global Trading Company Limited, it was intended to capture the opportunities and momentum arising from the enormous demand for health care related products. However, as the general market supply of gradually picked up, the excess demand of healthcare related products during COVID-19 Pandemic was gradually normalized as existing and new suppliers building production capacity and pricing competitively. In view of the intense market competition, the management took a prudent approach to downscale its trading of healthcare related products business segment in response to the significant drop in demand and profitability. The Group's revenue from this segment amounted to approximately HK$1.8 million (2020: HK$14.8 million), incurring a segment loss of approximately HK$0.8 million for the Year. The Group will continue to explore different forms of business potentials and investment opportunities in health care sector as well as taking into account of the momentum in market demand arising from the COVID-19 variants and the economy downturn globally.

Assets investment

The Group's assets investment business aims at spreading investments across a variety of asset classes includes a portfolio of bonds, funds, and equity investments. During the Year, the Group strategically adjusted the portfolio size of its assets investment business segment so that it can reserve or reallocate more resources and funding to other better performing activities, including margin financing and money lending operations. For the Year, the Group achieved a turnaround from loss to profit for this segment, which was driven by the gains on changes of financial assets at fair value through profit or loss, especially arising from listed equity securities investments and stable interest income from bond investments.

For bond investments, the Group maintains a certain number of listed bonds in order to generate stable and fixed interest income. However, the management has made a move to downsize bond investments due to worsening market sentiment, bond price adjustments and past default occurrences of certain bonds during the Year. The fair value of the Group's bond portfolio amounted to approximately HK$15.3 million as at 31 December 2021. During the Year, interest income from bond investments amounted to approximately HK$4.4 million, representing a decrease of approximately 70.7% compared to that of last year.

In addition, the Group has interests in four unlisted close-ended funds, which it will continue to hold until their respective maturity dates or until the early redemption of such funds. The Group's designated investment team regularly monitors the underlying performance of the fund investments via updates from the fund administrators and discussions with fund managers or general partners of the funds.

To manage and diversify investment risks from other asset classes, the Group also maintained an investment portfolio in a certain number of Hong Kong listed equities. The Group's securities investments portfolio are closely monitored and overseen on a timely manner by the Group's designated investment team. The investment mix and investment strategies are reviewed regularly and adjusted depending on market conditions or the performance and business prospects associated with such listed companies.

Financial technology ("fintech") is used to describe new technology and innovation that seeks to improve and automate the delivery and use of financial services, as compared with traditional financial methods. The management is aware of the trend that fintech has become a major disruptor within the financial industry. Apart from the effort to explore and adopt fintech features in the Group's money lending business, the Group has also taken the opportunity to strengthen its foothold in today's fintech era by acquiring TNG FinTech Group Inc. ("TNG FinTech") in July 2021.

TNG FinTech primarily engages in e-wallet and digital banking services, the development of digital remittance infrastructure, and provision of digital remittance platform services in Southeast Asia. Moreover, TNG FinTech manages a real-time gross settlement system, as well as a currency exchange and remittance network to support blockchain and digital asset technology.

On 16 July 2021, Moonscope Limited (the "Purchaser"), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("Sale and Purchase Agreement") with Kong King Ong Alexander (the "Vendor"), pursuant to which (i) the Purchaser agreed to buy and the Vendor agreed to sell an aggregate of 609,000 shares in approximately 1.05% of the issued share capital of TNG FinTech at the consideration of USD4,200,000 (equivalent to approximately HK$32,760,000) (the "Acquisition"). Moreover, the Vendor granted a call option to the Purchaser which it may exercise at any time within nine months from the date of the completion of the Acquisition to require the Vendor to sell an aggregate of 260,000 shares in, representing approximately 0.45% of, the issued share capital of TNG TinFech, to the Purchaser at the call option price (being USD1,793,103 (equivalent to approximately HK$13,986,203)) (the "Call Option"). The Purchaser was granted a put option (the "Put Option") that, in the event that the disposal of 40% equity investment in a subsidiary of TNG FinTech by the minority shareholders of that subsidiary ("Ripple Acquisition") is not materialised, the Purchaser is entitled to require the Vendor to purchase back the sale shares at the put option price. The completion of the Acquisition took place on 16 July 2021. Further details of the Acquisition are disclosed in the announcement of the Company dated 16 July 2021 and supplemental announcement of the Company dated 9 March 2022. On 21 December 2021, the Purchaser was informed that the Ripple Acquisition was completed on 6 December 2021. Accordingly, the right to exercise the Put Option did not materialise and the Put Option has lapsed accordingly. The details of the lapse of put option was disclosed in the announcement of the Company dated 22 December 2021.

As at 31 December 2021, the Group's financial assets at fair value through profit or loss amounted to approximately HK$585.8 million (2020: HK$249.9 million), including (a) equity securities totalling approximately HK$455.2 million (2020: HK$227.8 million); (b) unlisted investment funds of approximately HK$98.4 million (2020: HK$67.1 million); and (c) unlisted equity investment of approximately HK$32.2 million (2020: HK$ Nil).

As at 31 December 2021, the Group's portfolio of financial assets at fair value through profit or loss comprised (a) 25 equity securities listed in Hong Kong; and (b) 4 unlisted investment funds. 24 listed equity securities, accounted for approximately 8.87% of the Group's audited consolidated total assets as at 31 December 2021, while the remaining 1 accounted for approximately 19.08% of the Group's audited consolidated total assets as at 31 December 2021. Each of the 4 unlisted investment funds accounted for approximately 0.23% to 3.38% of the Group's audited consolidated total assets as at 31 December 2021.

As at 31 December 2021, as a result of aforementioned downsizing, the Group's financial assets at fair value through other comprehensive income amounted to approximately HK$15.3 million (2020: HK$102.3 million), all of which comprised listed bond investments.

As at 31 December 2021, the Group's portfolio of financial assets at fair value through other comprehensive income comprised 2 bond investments listed in Hong Kong, each of which accounted for approximately 0.21% to 0.73% of the Group's audited consolidated total assets as at 31 December 2021.

Financial assets at fair value through profit or loss

Description of investments	Brief description of the business	Fair value of investments as at 31 December 2021 (HK$'000)	Fair value of investments as at 31 December 2020 (HK$'000)	Number of shares held as at 31 December 2021 ('000)	Number of shares held as at 31 December 2020 ('000)	Approximate percentage of shareholding in the investee as at 31 December 2021	Approximate percentage of shareholding in the investee as at 31 December 2020	Approximate percentage of the Group's audited consolidated net assets as at 31 December 2021	Approximate percentage of the Group's audited consolidated net assets as at 31 December 2020	Dividends received during the Year (HK$'000)	Realised gain during the Year (HK$'000)	Unrealised gain/(loss) during the Year (HK$'000)
Significant investments												
Listed securities investments in Hong Kong												
Town Health International Medical Group Limited ("Town Health") (stock code: 3886)	Provision of medical and dental services in Hong Kong; managing healthcare networks and provision of third party medical network administrator services in Hong Kong; provision of medical and dental services in the People's Republic of China ("PRC"), provision of hospital management services and related services; provision of miscellaneous healthcare related services and leasing of properties	**310,790**	174,089	**706,742**	674,762	**9.39%**	8.97%	**19.60%**	12.24%	–	–	121,746
Other investments												
Other listed securities investments*		144,443	53,670							218	5,184	20,167
Unlisted investment funds#		98,405	67,144							–	–	26,297
Unlisted equity investment^		32,167	–							–	–	(593)
Grand total for the financial assets at fair value through profit or loss		585,805	294,903							218	5,184	167,617

* Other listed securities investments mainly comprise the Group's investments in 24 companies whose shares are listed on the Main Board and GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Each of the investments has a carrying amount that accounted for not more than 5% of the Group's audited consolidated total assets as at 31 December 2021.

The unlisted investment funds comprise 4 different private funds. The business/investment sector of the unlisted investment funds mainly relates to various industries including, but not limited to, companies in consumer goods, retail, medical and health services, and internet-related and mobile-application-related industries. Each of the unlisted investment funds has a carrying amount that accounted for not more than 5% of the Group's audited consolidated total assets as at 31 December 2021.

^ The unlisted equity investment represents the investment in TNG.

Financial assets at fair value through other comprehensive income

Description of investments	Fair value of investments as at 31 December 2021 (HK$'000)	31 December 2020 (HK$'000)	Interest income during the Year (HK$'000)	Dividends received during the Year (HK$'000)	Loss on disposal during the Year (HK$'000)	Fair value changes recognised through other comprehensive income during the Year (HK$'000)	Impairment loss recognised during the Year (HK$'000)
Listed bond investments*	15,325	102,304	4,430	–	(4,470)	6,569	(12,223)
Grand total for the financial assets at fair value through other comprehensive income	15,325	102,304	4,430	–	(4,470)	6,569	(12,223)

* The bond investments comprise 2 different bonds listed in Hong Kong. The business/investment sector of the bonds investments mainly relates to various industries including, but not limited to property development and investment in Hong Kong and the PRC. Each of the bond investments has a carrying amount that accounted for not more than 5% of the Group's audited consolidated total assets as at 31 December 2021.

Significant Investment

Performance and future prospects of significant investment under financial assets at fair value through profit or loss

The Group held a significant investment with a carrying amount accounting for 5% or more of the Group's audited consolidated total assets as at 31 December 2021 as follows:

As at 31 December 2021, the Group held 706,342,000 shares of Town Health, with investment cost of HK$866.8 million, which represented approximately 9.39% of the issued shares of Town Health as at 31 December 2021. The fair value of such investment was approximately HK$310.8 million, representing approximately 19.08% of the Group's audited consolidated total assets as at 31 December 2021 and approximately 19.64% of the Group's audited consolidated net assets as at 31 December 2021.

Along with the successfully resumption of trading of its shares on the Stock Exchange starting March 2021 since its suspension in 2017, the Group recorded a fair value gain of approximately HK$121.7 million for its investment in Town Health during the Year. No dividend was received by the Group from Town Health during the Year.

Details of the performance, material factors underlying the results and financial position, significant events and the future prospects of Town Health are disclosed in the Town Health's final result announcement for the year ended 31 December 2021 published on 22 March 2022.

As disclosed in the final result announcement of Town Health as published in the website of the Stock Exchange, Town Health Group also recorded turnaround from loss for the year of approximately HK$258.5 million for the year ended 31 December 2020 to profit for the year of approximately HK$75.1 million for the year ended 31 December 2021. Such turnaround was mainly attributable, among others, the increase of revenue from approximately HK$1,069.0 million in 2020 to approximately HK$1,483.9 million in 2021 which was mainly contributed by the increase in demand for (a) medical services; (b) hospital management and related services in the PRC; and (c) COVID-19 testing services in 2021. According to the inside information announcement of Town Health dated 23 December 2021 regarding the adoption of revised dividend policy, in normal circumstances, the annual dividend to be distributed by Town Health to the shareholders of Town Health shall not be less than 30% of the Town Health Group's consolidated net profit attributable to shareholders of Town Health in any particular year. According to the Town Health Annual Results Announcement, the board of directors of Town Health recommended the payment of a final dividend of Hong Kong 0.15 cent per Town Health Share for the year ended 31 December 2021.

The Directors holds positive views towards the future prospect of the principal businesses of Town Health and expects its significant investment in Town Health will continue to enhance investment return for the Group.

CAPITAL REORGANISATION

On 11 May 2021, the Board put forward for approval by the shareholders of the Company (the "Shareholders') a proposal for capital reorganisation to cancel the entire amount standing to the credit of the share premium account to nil with the credit arising therefrom to be transferred to the contributed surplus account ("Proposed Share Premium Cancellation") and to authorise the Board to apply such amount in such manner as permitted under the laws of Bermuda and all relevant bye-laws. The Proposed Share Premium Cancellation and subsequent transfer of the credit arising therefrom to the contributed surplus account will increase the distributable reserves of the Company. This will, in turn, provide greater flexibility when making distributions to Shareholders out of the contributed surplus account in the future as the Board deems appropriate. Subject to approval by Shareholders concerning the Proposed Share Premium Cancellation, the amount standing to the credit of the contributed surplus account may be used to offset the accumulated losses of the Company that may arise from time to time. Details of the Proposed Share Premium Cancellation are disclosed in the announcement of the Company dated 11 May 2021 and the circular of the Company dated 21 May 2021.

The Proposed Share Premium Cancellation was duly passed as a special resolution by the Shareholders at the special general meeting of the Company held on 18 June 2021 and took effect on 21 June 2021. As a result, the amount standing to the credit of the share premium account of approximately HK$3,800,250,000 was transferred to the contributed surplus account, and the subsequent accumulated contributed surplus account of approximately HK$4,295,157,000 was offset against the accumulated losses of the Company.

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Save as disclosed in Note 40 to the consolidated financial statements, no important events affecting the Company occurred since 31 December 2021 and up to the date of this annual report.

BUSINESS OUTLOOK

Now over two years into the pandemic, the general business environment remains highly uncertain and the progress of economic recovery is closely tied to the effectiveness of the pandemic's control. The recent surge in Omicron infections coupled with the further tightening of social measures has added downward pressure on Hong Kong's economic growth in 2022.

In addition, financial tensions between China and the US continue to deepen as both countries close their doors to Chinese firms' US listings. This ultimately may be good news from a local perspective as more mainland companies consider switching their listings to Hong Kong, bringing more capital into the city. However, it is expected that market volatility will continue to persist amid the recent Ukraine-Russia crisis.

In response to a potential overflow of listings at the beginning of 2022, the Stock Exchange launched revised listing rules for overseas companies that wish to undertake dual-primary or secondary listings in Hong Kong. In addition, the bourse introduced a special purpose acquisition company ("SPAC") listing regime. This type of enhanced listing regime aims to ensure the city's competitiveness by providing greater flexibility to facilitate more listings by mainland and Southeast Asian companies. PricewaterhouseCoopers expects Hong Kong to welcome 120 IPOs in 2022 while raising about HK$350 to 400 billion. This will enable Hong Kong to regain its position among the world's top 3 IPO markets.

In an effort to optimise this market momentum, the Group will continue to source additional revenues and broaden the customer base for its margin financing business through the broad social networks of the Group's experienced staff and new hires in order to build more in-depth as well as new business relationships, which will bring sustainable and steady growth to the segment.

As for its money lending business, the Group will continue to expand into corporate and individual loans through E Cash and allow E Finance to focus on property mortgage loans and other secured loans. Under today's challenging and unpredictable economic environment, the Group expects to face lending risks which may affect loan demands from borrowers. The Group will continue to carefully evaluate its risk management strategies and ensure a proper balance between returns and risks over the long run. To help ensure a sound loan portfolio, the Group will continue to adopt prudent and cautious approaches throughout the credit assessment and approval processes. The Group will also keep a close eye on the repayment performance of its loan portfolio while evaluating the affordability of borrowers. The Group will continue to cautiously monitor the general business environment and market conditions while also seeking potential investment and business opportunities for further development of its various business segments, expanding the business scope and creating a new dynamic for revenue growth.

While the impact of COVID-19 and its variants still lingers worldwide, the Group will continue to fulfill its financial intermediary role and respond to client needs for funding support while proactively adjusting financial management strategies toward a forward-looking perspective in order to maximise value for its shareholders.

In view of the drop in profitability and intense price competition due to the relative low barriers to entry, the Group had swiftly downscaled its trading operation during the year. Yet, in view of the fact that the healthcare industry continues to grow as the population swells and the rise in health consciousness. The Group will continuously look into investment opportunities in health care sector to bring return to the Group in a sustainable manner.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, the Group held bank balances and cash of approximately HK$153.0 million (2020: HK$204.5 million). Net current assets amounted to approximately HK$1,428.9 million (2020: HK$1,245.9 million). Current ratio (defined as total current assets divided by total current liabilities) was approximately 31.81 times (2020: 41.14 times). The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 2.85% (2020: 2.33%).

As at 31 December 2021, the Group had no outstanding borrowings (2020: Nil). As the Group's bank balances and cash and borrowings were mainly denominated in Hong Kong dollars and United States dollars, there is no material risk in exchange rate fluctuation and there was no related hedges.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2021, no asset of the Group was charged to any parties (2020: Nil).

CAPITAL COMMITMENT

The Group had the following significant capital commitment contracted but not provided for in the consolidated financial statements:

	2021 **HK$'000**	2020 HK$'000
Commitment contracted for but not provided for in respect of investment in an unlisted investment fund which will be recognised as financial asset at FVTPL	**3,711**	4,211

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group employed 27 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

EXECUTIVE DIRECTORS

Mr. Choi Chun Chung, Danny, aged 60, appointed as the chairman of the Board, a non-executive Director, the chairman of the nomination committee of the Board ("Nomination Committee") and a member of the remuneration committee of the Board ("Remuneration Committee") on 3 November 2017. Mr. Choi has been re-designated as an executive Director and appointed as the chief executive officer of the Company with effect from 2 January 2019 and continues to act as the chairman of the Board, the chairman of Nomination Committee and a member of Remuneration Committee. He is also a director of various subsidiaries of the Company.

Mr. Choi is currently a Chinese People's Political Consultative Conference member of the Guangxi Zhuang Autonomous Region, PRC, the executive vice president of Guangxi Hong Kong Chamber of Commerce, the permanent chairman of the Federation of HK Guangxi Qinzhou Organizations Limited, the vice-chairman of the Federation of HK Guangxi Community Organizations, the officer of Hong Kong Guangxi Hong Kong East Service Centre, the honorary chairman of Hong Kong Sanshui Association, the honorary chairman of the Yuen Long Sports Association and an Unofficial Member of District Fight Crime Committee (Eastern District).

Mr. Choi has extensive experience in the wholesaling of diamonds and jewellery. He was employed by Wing Hang Company from 1979 to 1990. Wing Hang Company was principally engaged in wholesaling of diamonds and jewellery in Hong Kong. Since 1991, he has been a director of Diamond Outline Limited whose business includes wholesaling of diamonds and jewellery products worldwide.

Mr. Tau Sai Kit, Terry, aged 42, has been appointed as an executive Director, the Authorized Representative under the Companies Ordinance ("CO Authorized Representative") and the Authorized Representative under the Listing Rules ("Exchange Authorized Representative") with effect from 21 June 2021. With effect from 1 August 2021, Mr. Tau promoted to the chief strategic officer of the Company, and resigned as CO Authorized Representative and Exchange Authorized Representative. He is also a director of various subsidiaries of the Company.

Mr. Tau graduated from the University of Wisconsin – Madison with the degree of Bachelor of Science in Natural Sciences in Biochemistry and the degree of Bachelor of Science in International Agriculture and Natural Resources in Food Science in May 2002. He was awarded the degree of Master of Science in Biological Systems Engineering by the University of Wisconsin – Madison in May 2006.

Mr. Tau has over 14 years of working experience in financial product design, overseas business development, wealth management, fintech system development, and sales and marketing. He joined the Group in April 2020 as a business development and project manager of the Company and is a director of a number of subsidiaries of the Company. He is currently a licensed representative for Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) of Power Securities Company Limited ("Power Securities"), an indirect wholly-owned subsidiary of the Company. Mr. Tau was a senior management of a marketing firm for the period from September 2016 to August 2020, a licensed representative of several financial firms for various different periods from August 2008 to June 2016 and a project manager of a pharmaceutical firm for the period from February 2007 to May 2008.

Mr. Li Wing Cheong (former name: Li Wing Cheong Leonard), aged 56, has been appointed as an executive Director with effect from 31 January 2022. He is also a director of various subsidiaries of the Company.

Mr. Li holds a master degree of Master of Arts in Professional Accounting and Information Systems from the City University of Hong Kong in Hong Kong and a degree of Bachelor of Administrative Studies from York University in Canada.

Mr. Li has over 25 years of work experience in the area of accounting, auditing and loan financing. He joined the Group in June 2021 and served as the vice president of the Company's subsidiaries. He was appointed as an executive Director with effect from 31 January 2022. Before his appointment as an executive Director, he worked in various local securities firms and loan financing companies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chan Lai Ping, aged 38, has been appointed as an independent non-executive Director, the chairperson of the audit committee of the Board ("Audit Committee"), and a member of the Remuneration Committee and a member of the Nomination Committee, all with effect from 30 September 2021. Ms. Chan has been re-designated as the chairperson of the Remuneration Committee with effect from 31 December 2021.

Ms. Chan holds a degree of Bachelor of Business Administration (Honours) (Major in Accounting) from Lingnan University in Hong Kong. She is a registered member of Hong Kong Institute of Certified Public Accountants.

Ms. Chan is the financial controller and company secretary of China Demeter Financial Investments Limited (whose shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Stock Code: 8120) ("China Demeter") since 18 November 2015. Before she joined China Demeter in August 2014, she worked in various local and international audit firms for around eight years.

Ms. Tam Mei Chu, aged 34, has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee, all with effect from 1 March 2022.

Ms. Tam holds a Bachelor of Business Administration (Honours) in Accounting from the Hong Kong Metropolitan University (formerly known as the Open University of Hong Kong) in Hong Kong. She is a member of the Hong Kong Institute of Certified Public Accountants and has over 9 years of experience in auditing and company secretarial services.

Ms. Tam is the company secretary of Link-Asia International MedTech Group Limited (whose shares are listed on the Stock Exchange, Stock Code: 1143) since 31 August 2021 and the company secretary of Bortex Global Limited (whose shares are listed on the GEM of the Stock Exchange, Stock Code: 8118) since 1 September 2021.

Mr. Ho Yuen Tung, aged 42, has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee, all with effect from 11 March 2022.

Mr. Ho holds a Bachelor of Business Administration in Accounting from the Hong Kong Baptist University. He is a fellow of the Association of Chartered Certified Accountants and has over 16 years of experience in auditing, accounting and financial management in international audit firms and listed company.

Currently, Mr. Ho is a Vice President, Finance of Apex Ace Holding Company Limited (whose shares are listed on the Stock Exchange, Stock Code: 6036).

SENIOR MANAGEMENT

Mr. Chu Chuang Chieh, aged 55, currently a director of Power Securities and Power Asset Management Company Limited, both being subsidiaries of the Company. He is also the Head of Sales & Marketing of Power Securities. He joined the Group in August 2017. He is currently licensed with Securities Futures Commission as a responsible officer of Power Securities for Type 1 regulated activities (dealing in securities) and Type 9 regulated activities (asset management). He graduated from Lung Cheung Government Secondary School. Mr. Chu has over 29 years of experience in the financial services industry. His experience covers areas of business development, front office dealing, internal control, risk management and ensure the business activities are under the regulations and requirements of Securities Futures Commission.

Mr. Tang Chu Fung, aged 38, currently a director of E Finance Limited and E Cash Fintech Limited, both being subsidiaries of the Company. He joined the Group in September 2021. Mr. Tang has over 10 years of experience in the accounting and finance field. Mr. Tang obtained a bachelor degree of Business Administration (with honours) from De Monfort University, UK.

Mr. Ho Sancho Shang Da, aged 37, currently a director of E Cash Fintech Limited, a subsidiary of the Company. He joined the Group in November 2021. He was licensed with Securities and Futures Commission as a responsible officer for Type 6 regulated activities (advising on corporate finance). Mr. Ho has over 10 years of corporate finance experience. Mr. Ho obtained a bachelor degree of Commerce (Major in Finance) from University of Queensland, Australia and a Juris Doctor degree from The Chinese University of Hong Kong.

The directors (the "Directors") of Power Financial Group Limited (the "Company") present their report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 (the "Year").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in Note 36 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's performance by principal activities and geographical locations of operations for the Year is set out in Note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 81 of this annual report. The financial positions of the Company and of the Group as at 31 December 2021 are set out in the Note 39(a) to the consolidated financial statements and on pages 82 and 83 of this annual report respectively.

The Directors do not recommend the payment of a dividend for the Year (2020: Nil).

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for the last five financial years is set out on page 176 of this annual report.

DONATIONS

There was no charitable donations made by the Group during the Year (2020: HK$ Nil).

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2021 are set out in Note 36 to the consolidated financial statement.

BUSINESS REVIEW

A review of the Group's business during the Year are set out in "Management Discussion and Analysis" on pages 5 to 15 of this annual report.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company is scheduled to be held on Friday, 17 June 2022. A notice conveying the AGM will be published and dispatched to the shareholders of the Company (the "Shareholders") in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022 (both days inclusive) (Hong Kong time), during which period no transfer of shares of the Company (the "Shares") can be registered. In order to be eligible for attending and voting at the AGM, all duly completed share transfer documents, together with the relevant share certificates, must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Monday, 13 June 2022.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

The Group is committed to supporting the environmental sustainability. It enhances the business sustainability by doing well for our customers and to provide them with security and reliable services. It also operates the business with the highest standard of corporate governance, caring the staff and protecting the environment. In recent years, the Group has implemented several policies to encourage employees for saving energy and paper. All these policies aim at reducing resources and saving costs which are beneficial to the environment and meet the commercial goals of the Group. During the Year, there was no incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group as far as the Board is aware. The Company understands that employees, customers and suppliers are key elements to the success of the Group's business. The Group provides competitive remuneration package to motivate and retain quality staff and the Group is committed to maintaining a safe and healthy workplace for our staff. The Group has established good relationship with customers and suppliers which will enable the Group to achieve its business goals.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in Note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

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

During the Year, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of any listed securities of the Company.

RESERVES

Details of movements in the reserves of the Group during the Year are set out on pages 84 and 85 of this annual report.

Details of movements in the reserves of the Company during the Year are set out in Note 39(b) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company had no reserves available for distribution calculated in accordance with the Companies Act 1981 of Bermuda (as amended). The contributed surplus may only be distributable in certain circumstances.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the five largest customers in aggregate accounted for approximately 18.6% of the turnover of the Group. The largest customer accounted for approximately 6.1% of the turnover of the Group.

For the principal activities of the Group, including financial services business, money lending business and assets investment, there is no major supplier due to the nature of such businesses. For the trading business, there was only one supplier which accounted for 100% of total purchases during the Year.

As far as the Directors are aware, none of the Directors, their close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest at any time during the Year in any of the Group's five largest suppliers and customers.

BORROWINGS

There was no borrowing of the Group as at 31 December 2021.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2021 are set out in Note 38 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the Year and up to the date of this report are:

Executive Directors

Mr. Choi Chun Chung, Danny *(Chairman and Chief Executive Officer)*	
Mr. Tau Sai Kit, Terry	(appointed with effect from 21 June 2021)
Mr. Li Wing Cheong	(appointed with effect from 31 January 2022)
Ms. Sin Pui Ying	(appointed with effect from 15 April 2021 and resigned with effect from 31 January 2022)
Mr. Siu Kam Chau	(resigned with effect from 21 June 2021)

Independent Non-executive Directors

Ms. Chan Lai Ping	(appointed with effect from 30 September 2021)
Ms. Tam Mei Chu	(appointed with effect from 1 March 2022)
Mr. Ho Yuen Tung	(appointed with effect from 11 March 2022)
Ms. Leung Mabel	(appointed with effect from 21 June 2021 and resigned with effect from 7 March 2022)
Mr. Chiu Ka Wai, Ellis	(resigned with effect from 31 December 2021)
Mr. Kwok Sze Kong	(resigned with effect from 30 September 2021)
Ms. Chan Kar Yin, Polly	(resigned with effect from 31 March 2021)

In accordance with bye-law 99 of the bye-laws of the Company and to comply with the requirements of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Mr. Choi Chun Chung, Danny will retire by rotation at the AGM and, being eligible, offer himself for re-election at the AGM.

In accordance with bye-law 102(B) of the bye-laws of the Company and to comply with the requirements of the Listing Rules, Mr. Tau Sai Kit, Terry, Mr. Li Wing Cheong, Ms. Chan Lai Ping, Ms. Tam Mei Chu and Mr. Ho Yuen Tung will retire at the AGM and, being eligible, offer themselves for re-election at the AGM.

The biographical details of the Directors as at the date of this annual report are set out in "Profiles of Directors and Senior Management" on pages 16 to 18 of this annual report.

EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID INDIVIDUALS

Details of emoluments of Directors and Chief executive are set out in Note 11 to the consolidated financial statements. The Directors' remuneration package is determined by the remuneration committee of the board of Directors (the "Board") with reference to their responsibilities, the Company's remuneration policy and the prevailing market conditions.

Details of emoluments of five highest paid individuals of the Group are set out in Note 12 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 35 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

During the Year, the related party transactions in relation to the compensation of key management personnel who are Directors of the Company in the Year as disclosed in Note 35 to the consolidated financial statements fell under the definition of "connected transaction" or "continuing connected transaction" but are fully exempted in Chapter 14A of the Listing Rules.

Save as disclosed above, there were no other transactions which constituted connected transaction(s) or continuing connected transaction(s) of the Company under Chapter 14A of the Listing Rules during the Year and it is confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors nor their respective close associates had an interest in a business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business during the Year that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares of the Company

Name of Directors	Capacity	Number of shares of the Company	Number of share options	Total Interests	Approximate % of the issued share capital of the Company as at 31 December 2021 (Note 1)
Mr. Choi Chun Chung, Danny ("Mr. Choi") (Note 2)	Interest of controlled corporation	28,000,000	–	28,000,000	1.01%

Save as disclosed above, as at 31 December 2021, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares 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 required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Notes:

(1) The percentage of the issued share capital of the Company is calculated with reference to the Company's number of shares in issue as at 31 December 2021.

(2) Mr. Choi was interested in, through, Galaxy Journey Limited, a corporation controlled by him, 28,000,000 Shares.

SHARE OPTION SCHEME

The existing share option scheme was approved and adopted by the Shareholders at the annual general meeting of the company held on 4 June 2013 (the "2013 Share Option Scheme"), for the primary purpose of providing incentives to Directors and employees. Under the 2013 Share Option Scheme, the Company may grant options to eligible participant(s) (as defined under the 2013 Share Option Scheme), including but not limited to Directors and directors of the subsidiaries of the Company, to subscribe for the shares of the Company. As at the date of this report, the total number of share options available for issue was 206,511,273 shares (representing approximately 7.42% of the issued shares of the Company as at 25 March 2022, being the date of this report).

Particulars of the 2013 Share Option Scheme and details of movements of share options during the Year are set out in Note 29 to the consolidated financial statements.

EQUITY-LINKED AGREEMENT

Save for the share option schemes of the Group as set out under the section headed "Share Option Scheme" of this report, no equity-linked agreements were entered into by the Group, or existed during the Year.

PERMITTED INDEMNITY PROVISION

The bye-laws of the Company provide that the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty. The relevant bye-law was in force during the Year and as at the date of this report. The Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the directors and officers of the Company and its subsidiaries.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies, a party to any arrangement to enable the Directors or chief executive of the Company or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS

So far as is known to any Director or chief executive of the Company, as at 31 December 2021, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in the shares of the Company

Name of shareholders	Capacity	Number of shares of the Company	Approximate % of the issued share capital of the Company as at 31 December 2021 (Note 1)
China Mobile Games and Entertainment Group LTD.	Beneficial owner	176,994,000 (Note 2)	6.36%

Save as disclosed above, as at 31 December 2021, there was no other person (other than the Directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Notes:

(1) The percentage of the issued share capital of the Company is calculated with reference to the Company's number of shares in issue as at 31 December 2021.

(2) The number of shares held by the shareholder have been adjusted as a result of the capital reorganisation (the "Capital Reorganisation") approved by the shareholders of the Company at the special general meeting of the Company held on 5 April 2016 which involved, among other steps, (i) the share consolidation of 10 pre-consolidated shares into 1 share of HK$0.10 and (ii) the reduction of the share capital of the Company whereby the par value of each of the then issued consolidated shares of HK$0.10 each was reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital of the Company to the extent of HK$0.09 on each of the then issued consolidated share and thereby creating the shares and the Capital Reorganisation became effective on 6 April 2016.

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the corporate governance report on pages 27 to 43 of this annual report.

AUDITOR

On 20 December 2017, BDO Limited ("BDO") had been appointed as auditor of the Company to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu.

The consolidated financial statements for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 were audited by BDO.

On 20 November 2020, CCTH CPA Limited ("CCTH") had been appointed as auditor of the Company to fill the casual vacancy following the resignation of BDO, who will retire at the AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of CCTH as the auditor of the Company is to be proposed at the AGM.

The consolidated financial statements for the year ended 31 December 2020 and 31 December 2021 were audited by CCTH.

Save as disclosed above, there has been no other change in the auditor of the Company in any of the preceding three years.

On behalf of the Board

Choi Chun Chung, Danny
Chairman and Chief Executive Officer
25 March 2022

The board of directors (the "Directors") of Power Financial Group Limited (the "Company") is committed to maintaining a good corporate governance standard. The board of Directors (the "Board") believes that a good corporate governance standard will provide a framework for the Company and its subsidiaries (the "Group") to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders (the "Shareholders") and creditors of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company endeavours in maintaining good corporate governance for the enhancement of shareholder's value.

The new Corporate Governance Code (the "New CG Code") as set out in existing Appendix 14 to the Listing Rules has come into effect on 1 January 2022, their requirements are applicable to the financial year commencing on 1 January 2022. On 25 March 2022, the Board resolved to adopt the code provisions contained in the New CG Code as the Company's corporate governance code with immediate effect to the intent that the code provisions contained in New CG Code shall apply to regulate the Company's corporate governance matters retrospectively with effect from 1 January 2022.

Throughout the year ended 31 December 2021 (the "Year"), the Directors are of the opinion that the Company had complied with the principles and the applicable code provisions set out in Corporate Governance Code and Corporate Governance Report (the "Previous CG Code") as set out in the previous Appendix 14 to the Listing Rules before the New CG Code came into effect (the requirements under which are applicable to the year ended 31 December 2021) save for the deviation from code provision A.2.1 of the Previous CG Code while such deviation is explained in the relevant paragraph below of this report.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

As at the date of this annual report, the Board is comprised of six Directors including three executive Directors and three independent non-executive Directors. During the Year and as at the date of this annual report, the composition of the Board as below:

Executive Directors
Mr. Choi Chun Chung, Danny *(Chairman and Chief Executive Officer)*
Mr. Tau Sai Kit, Terry *(appointed with effect from 21 June 2021)*
Mr. Li Wing Cheong *(appointed with effect from 31 January 2022)*
Ms. Sin Pui Ying *(appointed with effect from 15 April 2021 and resigned with effect from 31 January 2022)*
Mr. Siu Kam Chau *(resigned with effect from 21 June 2021)*

Independent Non-executive Directors
Ms. Chan Lai Ping *(appointed with effect from 30 September 2021)*
Ms. Tam Mei Chu *(appointed with effect from 1 March 2022)*
Mr. Ho Yuen Tung *(appointed with effect from 11 March 2022)*
Mr. Chiu Ka Wai, Ellis *(resigned with effect from 31 December 2021)*
Mr. Kwok Sze Kong *(resigned with effect from 30 September 2021)*
Ms. Chan Kar Yin, Polly *(resigned with effect from 31 March 2021)*
Ms. Leung Mabel *(appointed with effect from 21 June 2021 and resigned with effect from 7 March 2022)*

The biographical details of the Directors are set out in "Profiles of Directors and Senior Management" on pages 16 to 18 of this annual report.

The Board held seven meetings during the Year. The Board is responsible for the formulation of the Group's business strategies and overall policies, and monitoring the performance of the management. The executive Directors are delegated with the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The independent non-executive Directors provide their professional advices to the Group whenever necessary. The management, under the leadership of the Board, will be empowered to implement the Group's strategies and business objectives.

Composition of the Board, including names of the independent non-executive Directors, is disclosed in all corporate communications to Shareholders. An updated list of Board members identifying their roles and functions is maintained on the websites of the Stock Exchange and the Company, respectively.

All the Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice in appropriate circumstances, at the expense of the Company. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company. The Company has arranged appropriate insurance cover for the Directors.

The attendance of each Director at the Board meetings, the annual general meeting and the special general meeting of the Company during the Year are set out below:

Name of Directors	Number of meetings attended/eligible to attend: Board Meeting	Annual General Meeting	Special General Meeting
Executive Directors			
Mr. Choi Chun Chung, Danny *(Chairman and Chief Executive Officer)*	7/7	1/1	1/1
Mr. Tau Sai Kit, Terry *(appointed with effect from 21 June 2021)*	4/4	N/A	N/A
Mr. Li Wing Cheong *(appointed with effect from 31 January 2022)*	N/A	N/A	N/A
Ms. Sin Pui Ying *(appointed with effect from 15 April 2021 and resigned with effect from 31 January 2022)*	5/5	1/1	1/1
Mr. Siu Kam Chau *(resigned with effect from 21 June 2021)*	2/2	1/1	1/1
Independent Non-executive Directors			
Ms. Chan Lai Ping *(appointed with effect from 30 September 2021)*	1/1	N/A	N/A
Ms. Tam Mei Chu *(appointed with effect from 1 March 2022)*	N/A	N/A	N/A
Mr. Ho Yuen Tung *(appointed with effect from 11 March 2022)*	N/A	N/A	N/A
Mr. Chiu Ka Wai, Ellis *(resigned with effect from 31 December 2021)*	7/7	1/1	1/1
Mr. Kwok Sze Kong *(resigned with effect from 30 September 2021)*	6/6	1/1	1/1
Ms. Chan Kar Yin, Polly *(resigned with effect from 31 March 2021)*	1/1	N/A	N/A
Ms. Leung Mabel *(appointed with effect from 21 June 2021 and resigned with effect from 7 March 2022)*	4/4	N/A	N/A

CONTINUOUS PROFESSIONAL DEVELOPMENT

Summary of training received by all the Directors during the year ended 31 December 2021 according to the records provided by all the Directors is as follows:

Name of Directors	Reading written training materials, newspapers/ updating relating to the Listing Rules, general business or other relevant topics/attending webinar or seminar
Executive Directors	
Mr. Choi Chun Chung, Danny *(Chairman and Chief Executive Officer)*	✔
Mr. Tau Sai Kit, Terry *(appointed with effect from 21 June 2021)*	✔
Mr. Li Wing Cheong *(appointed with effect from 31 January 2022)*	N/A
Ms. Sin Pui Ying *(appointed with effect from 15 April 2021 and resigned with effect from 31 January 2022)*	✔
Mr. Siu Kam Chau *(resigned with effect from 21 June 2021)*	✔
Independent Non-executive Directors	
Ms. Chan Lai Ping *(appointed with effect from 30 September 2021)*	✔
Ms. Tam Mei Chu *(appointed with effect from 1 March 2022)*	N/A
Mr. Ho Yuen Tung *(appointed with effect from 11 March 2022)*	N/A
Mr. Chiu Ka Wai, Ellis *(resigned with effect from 31 December 2021)*	✔
Mr. Kwok Sze Kong *(resigned with effect from 30 September 2021)*	✔
Ms. Chan Kar Yin, Polly *(resigned with effect from 31 March 2021)*	✔
Ms. Leung Mabel *(appointed with effect from 21 June 2021 and resigned with effect from 7 March 2022)*	✔

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the Previous CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Year, Mr. Choi Chun Chung, Danny ("Mr. Choi") assumed the roles of both chairman of the Board (the "Chairman") and chief executive officer of the Company (the "Chief Executive Officer").

Although Mr. Choi's acting as the Chairman and the Chief Executive Officer concurrently deviates from the code provision A.2.1 of the Previous CG Code, the Board believes that, after evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Choi, (i) it is appropriate and in the interests of the Company at the present stage for Mr. Choi to hold both positions as the Chairman and the Chief Executive Officer as it helps to maintain the continuity of the policies and the stability of the operations of the Company; and (ii) such practice will not impair the balance of power and authority under the present arrangement and will be adequately ensured by the current Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received one annual written confirmation of independence from Ms. Chan Lai Ping and two independence confirmation letters from Ms. Tam Mei Chu and Mr. Ho Yuen Tung on 1 March 2022 and 11 March 2022, respectively (which are their respective dates of appointment), pursuant to the independence guidelines set out in rule 3.13 of the Listing Rules. The Company considers that Ms. Chan Lai Ping, Ms. Tam Mei Chu and Mr. Ho Yuen Tung are independent from their respective date of appointment to the date of this annual report.

As at the date of the annual report, each of the independent non-executive Directors was appointed for a specific term of one year and is subject to retirement by rotation at least once every three years. Retiring Directors are eligible for re-election at the annual general meetings of the Company.

Rule 3.10(1) of the Listing Rules requires that every board of directors of a listed issuer must including at least three independent non-executive directors.

Ms. Chan Kar Yin, Polly resigned as an independent non-executive Director with effect from 31 March 2021. Following her resignation, the Board comprised less than three independent non-executive Directors, which was below the minimum requirement prescribed under Rule 3.10(1) of the Listing Rules.

Ms. Leung Mabel was appointed as an independent non-executive Director with effect from 21 June 2021. With her appointment, the Company has fully complied with the minimum number requirement under Rule 3.10(1) of the Listing Rules.

Mr. Chiu Ka Wai, Ellis resigned as an independent non-executive Director with effect from 31 December 2021. Following his resignation, the Board comprised less than three independent non-executive Directors, which was below the minimum requirement prescribed under Rule 3.10(1) of the Listing Rules.

Ms. Tam Mei Chu was appointed as an independent non-executive Director with effect from 1 March 2022. With her appointment, the Company has fully complied with the minimum number requirement under Rule 3.10(1) of the Listing Rules.

Ms. Leung Mabel resigned as an independent non-executive Director with effect from 7 March 2022. Following her resignation, the Board comprised less than three independent non-executive Directors, which was below the minimum requirement prescribed under Rule 3.10(1) of the Listing Rules.

Mr. Ho Yuen Tung was appointed as an independent non-executive Director with effect from 11 March 2022. With his appointment, the Company has fully complied with the minimum number requirement under Rule 3.10(1) the Listing Rules.

As at the date of this annual report, the Board met the requirements of Rule 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with at least one of them having appropriate professional qualifications or accounting or related financial management expertise.

REMUNERATION COMMITTEE

The Board has established a remuneration committee (the "Remuneration Committee") with specific written terms of reference in accordance with the provisions set out in the Previous CG Code. On 25 March 2022, the terms of reference of Remuneration Committee have been amended and the Board resolved to adopted as the prevailing terms of reference of the Remuneration Committee with immediate effect. The principal duties of the Remuneration Committee are, taking into consideration of the company's operation results, individual performance and comparable market statistics to formulate the Company's remuneration policy and recommend remuneration packages for the Directors and senior management of the Company to the Board for approval. The Company's remuneration policy is to provide a competitive level of remuneration in accordance with current market conditions to attract and motivate the Directors and staff for their contribution.

As at the date of this annual report, the Remuneration Committee comprises one executive Director, Mr. Choi Chun Chung, Danny and three independent non-executive Directors, namely Ms. Chan Lai Ping (the Chairperson of the Remuneration Committee), Ms. Tam Mei Chu and Mr. Ho Yuen Tung. During the Year and as at the date of this annual report, the composition of the Remuneration Committee as below:

Ms. Chan Lai Ping *(Chairperson of the Remuneration Committee)*
(appointed with effect from 30 September 2021 and re-designated as Chairperson of the Remuneration Committee on 31 December 2021)
Mr. Choi Chun Chung, Danny
Ms. Tam Mei Chu *(appointed with effect from 1 March 2022)*
Mr. Ho Yuen Tung *(appointed with effect from 11 March 2022)*
Mr. Chiu Ka Wai, Ellis *(Chairman of the Remuneration Committee) (resigned with effect from 31 December 2021)*
Mr. Kwok Sze Kong *(resigned with effect from 30 September 2021)*
Ms. Chan Kar Yin, Polly *(resigned with effect from 31 March 2021)*
Ms. Leung Mabel *(appointed with effect from 21 June 2021 and resigned with effect from 7 March 2022)*

The Remuneration Committee held three meetings during the Year. During the Year, the Remuneration Committee (i) recommended the remuneration packages of the newly appointed Directors the Board; and (ii) reviewed the remuneration policy of the Company, assessed the performance of the executive Directors and senior management of the Group and recommended remuneration packages of the Directors and senior management of the Company to the Board.

The attendance of each member of the Remuneration Committee at the meetings during the Year is set out below:

Committee members	Number of meeting attended/eligible to attend
Ms. Chan Lai Ping *(Chairperson of the Remuneration Committee)* *(appointed with effect from 30 September 2021 and re-designated as Chairperson of the Remuneration Committee on 31 December 2021)*	1/1
Mr. Choi Chun Chung, Danny	3/3
Ms. Tam Mei Chu *(appointed with effect from 1 March 2022)*	N/A
Mr. Ho Yuen Tung *(appointed with effect from 11 March 2022)*	N/A
Mr. Chiu Ka Wai, Ellis *(Chairman of the Remuneration Committee)* *(resigned with effect from 31 December 2021)*	3/3
Mr. Kwok Sze Kong *(resigned with effect from 30 September 2021)*	2/2
Ms. Chan Kar Yin, Polly *(resigned with effect from 31 March 2021)*	N/A
Ms. Leung Mabel *(appointed with effect from 21 June 2021and resigned with effect from 7 March 2022)*	1/1

Remuneration of senior management of the Company by band

Pursuant to code provision B.1.5 of the Previous CG Code, the remuneration of senior management of the Company by band for the Year is set out below:

Remuneration band (in HK$)	Number of individuals
HK$Nil – HK$1,000,000	3

Further particulars regarding Directors' emoluments and five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Notes 11 and 12 to the consolidated financial statements, respectively.

NOMINATION COMMITTEE

The Board has established a nomination committee (the "Nomination Committee") with specific written terms of reference in accordance with the provisions set out in the Previous CG Code. On 25 March 2022, the terms of reference of Nomination Committee have been amended and the Board resolved to adopted as the prevailing terms of reference of the Nomination Committee with immediate effect. The principal duties of the Nomination Committee are to review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, to make recommendation on proposed changes to the Board, and to assess the independence of the independent non-executive Directors, as well as reviewing the board diversity policy and the nomination policy.

In August 2013, the Board adopted a board diversity policy of the Company (the "Board Diversity Policy"). On 25 March 2022, the Board Diversity Policy has been revised and the Board resolved to adopted as the prevailing Board Diversity Policy with immediate effect. The Nomination Committee is responsible for reviewing and assessing the Board's composition. In reviewing the Board's composition, the Nomination Committee will consider a number of aspects of the Board diversity, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

On 31 December 2018, the Board adopted a nomination policy of the Company (the "Nomination Policy"). The Nomination Policy sets out the criteria for and process and procedures of nomination of Directors. In accordance with the Nomination Policy, in evaluation and selecting a candidate for acting as a Director, the criteria to be considered include:

1. gender, age, cultural, ethnicity, skills, knowledge, experience, expertise, professional and educational background and other personal qualities of the candidate;

2. effect on the board's composition and diversity;

3. commitment of the candidate to devote sufficient time to effectively carry out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;

4. potential/actual conflicts of interest that may arise if the candidate is selected;

5. independence of the candidate, where appropriate;

6. in the case of a proposed re-appointment of an independent non-executive director, the number of years he/she has already served; and

7. other factors considered to be relevant by the Nomination Committee on a case by case basis.

The nomination policy also sets out the nomination process and procedures, including but not limited to:

1. the Committee identifies or selects candidates recommended to the Board, with or without assistance from external agencies or the Company, pursuant to the criteria set out above;

2. the Committee may use any process it deems appropriate to evaluate the candidates, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references;

3. the Committee will hold a physical meeting to consider the matter and avoid the making of decisions by written resolutions unless it is impractical that a physical meeting be held;

4. the Committee provides to the Board with all the information required including information set out in Rule 13.51(2) of the Rules Governing the Listing of Securities on the Listing Rules in relation to the candidates;

5. the Committee makes recommendation to the Board including the terms and conditions of the appointment;

6. the Board deliberates and decides on the appointment based upon the recommendation of the Committee. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting;

7. all appointments of Director should be confirmed by letter of appointment setting out the key terms and conditions of the appointment of the Directors, which should be approved by the Committee; and

8. pursuant to Rule 13.74 of the Listing Rules, where shareholders are required to vote on electing or re-electing a director, the circular accompanying the notice of the relevant general meeting should contain all the information of the candidates required under Rule 13.51(2) of the Listing Rules.

As at the date of this annual report, the Nomination Committee comprises one executive Director, Mr. Choi Chun Chung, Danny (the Chairman of the Nomination Committee) and three independent non-executive Directors, namely Ms. Chan Lai Ping, Ms. Tam Mei Chu and Mr. Ho Yuen Tung. During the Year and as at the date of this annual report, the composition of the Nomination Committee as below:

Mr. Choi Chun Chung, Danny *(Chairman of the Nomination Committee)*
Ms. Chan Lai Ping *(appointed with effect from 30 September 2021)*
Ms. Tam Mei Chu *(appointed with effect from 1 March 2022)*
Mr. Ho Yuen Tung *(appointed with effect from 11 March 2022)*
Mr. Chiu Ka Wai, Ellis *(resigned with effect from 31 December 2021)*
Mr. Kwok Sze Kong *(resigned with effect from 30 September 2021)*
Ms. Chan Kar Yin, Polly *(resigned with effect from 31 March 2021)*
Ms. Leung Mabel *(appointed with effect from 21 June 2021 and resigned with effect from 7 March 2022)*

Throughout the Year, the Company had met the code provision A.5.1 of the Previous CG Code of having a majority of the committee members being independent non-executive Directors and having the committee chaired by the chairman of the Board.

The Nomination Committee held three meetings during the Year. During the Year, the Nomination Committee reviewed the structure, size, composition and diversity of the Board, recommended to the Board on the appointment of Directors and the re-election of all retiring Directors at the annual general meeting of the Company held on 18 June 2021.

The attendance of each member of the Nomination Committee at the meetings during the Year is set out below:

Committee members	Number of meeting attended/eligible to attend
Mr. Choi Chun Chung, Danny *(Chairman of the Nomination Committee)*	3/3
Ms. Chan Lai Ping *(appointed with effect from 30 September 2021)*	N/A
Ms. Tam Mei Chu *(appointed with effect from 1 March 2022)*	N/A
Mr. Ho Yuen Tung *(appointed with effect from 11 March 2022)*	N/A
Mr. Chiu Ka Wai, Ellis *(resigned with effect from 31 December 2021)*	3/3
Mr. Kwok Sze Kong *(resigned with effect from 30 September 2021)*	2/2
Ms. Chan Kar Yin, Polly *(resigned with effect from 31 March 2021)*	1/1
Ms. Leung Mabel *(appointed with effect from 21 June 2021 and resigned with effect from 7 March 2022)*	N/A

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") with specific written terms of reference in accordance with the provisions set out in the Previous CG Code. On 25 March 2022, the terms of reference of Audit Committee have been amended and the Board resolved to adopted as the prevailing terms of reference of the Audit Committee with immediate effect. The principal duties of the Audit Committee is to consider the appointment and remuneration of the external auditors, to monitor the integrity of the Group's financial statements with focus on the changes in accounting policies and practices, major judgmental areas, significant audit adjustments, going concern assumptions, and compliance with accounting standards, the Listing Rules and other applicable legal requirements, and to review the Group's financial reporting system, risk management and internal control procedures.

During the Year and up to the date of this annual report, the following Directors, who had been appointed as members of the Audit Committee, had resigned as an independent Non-executive Directors, and therefore ceased to act as members of the Audit Committee:

Ms. Chan Kar Yin, Polly *(appointed on 29 April 2020 and resigned on 31 March 2021)*
Mr. Kwok Sze Kong *(appointed on 12 May 2020 and resigned on 30 September 2021)*
Mr. Chiu Ka Wai, Ellis *(appointed on 29 April 2020 and resigned on 31 December 2021)*
Ms. Leung Mabel *(appointed on 21 June 2021 and resigned on 7 March 2022)*

Subsequently, the following Directors had been appointed as independent Non-executive Directors and, inter alia, as members of the Audit Committee:

Ms. Chan Lai Ping *(appointed on 30 September 2021)*
Ms. Tam Mei Chu *(appointed on 1 March 2022)*
Mr. Ho Yuen Tung *(appointed on 11 March 2022)*

Pursuant to Rule 3.21 of the Listing Rules, the audit committee of a listed issuer must comprise a minimum of three members. Upon the resignations of Ms. Chan Kar Yin, Polly, Mr. Chiu Ka Wai, Ellis and Ms. Leung Mabel with effect from 31 March 2021, 31 December 2021 and 7 March 2022, respectively, the number of members of the Audit Committee reduces to two, which is below the minimum requirement prescribed under Rule 3.21 of the Listing Rules. Subsequent to the appointments of Ms. Leung Mabel, Ms. Tam Mei Chu and Mr. Ho Yuen Tung on 21 June 2021, 1 March 2022 and 11 March 2022, respectively, the Company has fully complied with the composition requirement of the audit committee under Rule 3.21 of the Listing Rules.

As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Ms. Chan Lai Ping (the Chairperson of the Audit Committee), Ms. Tam Mei Chu and Mr. Ho Yuen Tung.

The Audit Committee held two meetings during the Year. During the Year, the Audit Committee reviewed the Group's audited consolidated financial statements for the year ended 31 December 2020 and the unaudited consolidated financial information for the six months ended 30 June 2021 respectively, discussed audit scope and findings with the Company's independent auditor, reviewed the Group's financial reporting system, risk management and internal control system and the effectiveness of internal audit function, and made recommendation to the Board regarding appointment and remuneration of the external auditor, discuss with the external auditor regarding audit planning. In the meeting of the Audit Committee of March 2022, the Audit Committee reviewed the Group's audited consolidated financial statements for the Year prior to recommending them to the Board for approval and discussed the internal audit report and other supporting document for the review of risk management and internal control systems and the effectiveness of internal audit function.

The attendance of each member of the Audit Committee at the meetings during the Year is set out below:

Committee members	**Number of meeting attended/eligible to attend**
Ms. Chan Lai Ping *(Chairperson of the Audit Committee) (appointed with effect from 30 September 2021)*	N/A
Ms. Tam Mei Chu *(appointed with effect from 1 March 2022)*	N/A
Mr. Ho Yuen Tung *(appointed with effect from 11 March 2022)*	N/A
Mr. Chiu Ka Wai, Ellis *(resigned with effect from 31 December 2021)*	2/2
Mr. Kwok Sze Kong *(Chairman of the Audit Committee) (resigned with effect from 30 September 2021)*	2/2
Ms. Chan Kar Yin, Polly *(resigned with effect from 31 March 2021)*	1/1
Ms. Leung Mabel *(appointed with effect from 21 June 2021 and resigned with effect from 7 March 2022)*	1/1

CORPORATE GOVERNANCE FUNCTION

The Board is collectively responsible for performing the corporate governance duties with written terms of reference which include the applicable code provisions as set out in the Previous CG Code. During the Year, the Board reviewed and monitored the training and continuous professional development of the Directors and senior management of the Group, the Company's compliance with the Previous CG Code and disclosure in this Corporate Governance Report and the policy on compliance with legal and regulatory requirements.

AUDITOR'S REMUNERATION

The remuneration paid or payable to the Company's auditor, CCTH CPA Limited, for their audit services and non-audit services for the Year are set out as follows:

	Fees paid/ payable HK$'000
Audit services	
Audit for the Year	900
Non-audit services	
Review of interim financial information	88
Total	988

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of the profit and cash flows for the Year. The Directors have prepared the consolidated financial statements of the Group on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to the relevant statutory requirements.

The auditor's responsibilities are set out in the Independent Auditor's Report on pages 78 to 80 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

During the Year, the Group appointed BT Corporate Governance Limited ("BTCG") to:

– assist in identifying and assessing the risks of the Group through interviews; and

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

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

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 13 of the Listing Rules as well as Part XIVA of the Securities and Futures Ordinance. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures, and staff training arrangements, etc. The Group aims at maintaining a transparent culture towards internal controls and compliance matters. A whistleblowing policy has been adopted which allows all staff and other members of the Group to raise concerns about possible improprieties in a responsible and effective manner.

Enterprise Risk Management Framework

The Group has established its enterprise risk management framework since 2017. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritized and allocated treatments. The risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee that oversights risk management and internal audit functions.

Risk Control Mechanism

The Group adopts a "three lines of defence" corporate governance structure with operational management and controls performed by operations management, coupled with risk management and internal control monitoring carried out by the finance and compliance team and independent internal audit outsourced to and conducted by BTCG. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management's action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk owners have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

The risk management activities are performed by management on an ongoing process. The effectiveness of the risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

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

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. The Board believes that such function is considered adequate in view of the assistance of the internal control monitoring performed by compliance team. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function and maintain oversight to ensure the performance of the function is adequate.

COMMUNICATION WITH SHAREHOLDERS

The Company provides information in relation to the Group to the Shareholders in a timely manner through a number of formal channels, including interim and annual reports, announcements and circulars. Such published documents together with the corporate information of the Group are also available on the Company's website. On 25 March 2022, the Board resolved to adopted as a shareholders communication policy setting out the framework in place to promote effective communication with the shareholders of the Company with immediate effect.

During the Year, separate resolutions were proposed at the general meetings of the Company for each substantial issue, including the re-election of Directors.

The chairman of the general meetings of the Company explained the procedures for conducting a poll at the beginning of each general meeting of the Company held during the Year. The results of the poll were published on the websites of the Stock Exchange and the Company respectively.

During the Year, there were no amendments made to the constitutional documents of the Company. The latest version of Memorandum of Association and New Bye-laws of the Company is available on the websites of the Stock Exchange and the Company respectively.

COMPANY SECRETARY

Mr. Siu Kam Chau resigned as the company secretary of the Company (the "Company Secretary") with effect from 1 August 2021. Ms. Tsang Kai Yi ("Ms. Tsang") was appointed as the Company Secretary with effect from 1 August 2021. Ms Tsang is a Professional Company Secretary Consultant of Fortune Season Limited, a professional services provider specializing in company secretarial services.

All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters. Mr. Tau Sai Kit, Terry, an executive Director, had been designated as the primary contact person at the Company which would work and communicate with Ms. Tsang on the Company's corporate governance and secretarial and administrative matters.

Ms. Tsang confirmed that she has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Year.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene a general meeting

1. The Shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times may by written requisition deposit at the Company's head office at Room 102, 1/F., Energy Plaza, No. 92 Granville Road, Tsimshatsui East, Kowloon, Hong Kong, for the attention to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

2. The written requisition must state the purposes of the meeting, and must be signed by the Shareholders concerned and may consist of several documents in like form, each signed by one or more of those Shareholders.

3. The signatures and the requisition will be verified by the Company's Hong Kong branch share registrar and transfer office. The Board will proceed to convene a special general meeting for the transaction of any business specified in the requisition within twenty-one (21) days from the date of deposit of such requisition.

4. If the Board does not within twenty-one (21) days from the date of the deposit of a valid requisition, proceed duly to convene such 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. In addition, such meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

Shareholders' Enquiries

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited.

Shareholders may send written enquiries to the Company, for the attention of the Board or the Company Secretary, by email: contact@powerfinancial.com.hk, fax: (852) 2270 6611, or mail to Room 102, 1/F., Energy Plaza, No. 92 Granville Road, Tsimshatsui East, Kowloon, Hong Kong. Shareholders may call the Company at (852) 2270 6600 for any assistance.

Procedures for Shareholders to put forward proposals

1. The Shareholders holding not less than one-twentieth (1/20) of the total voting rights of those Shareholders having the right to vote at such meeting or not less than one hundred (100) Shareholders, at the expenses of the Shareholders concerned, can submit a written requisition to move a resolution at a general meeting.

2. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution, signed by all the Shareholders concerned and may consist of several documents in like form (which between them contain the signatures of all the Shareholders concerned).

3. The written requisition must be deposited at Room 102, 1/F., Energy Plaza, No. 92 Granville Road, Tsimshatsui East, Kowloon, Hong Kong, the head office of the Company, for the attention of the Board or the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution and not less than one week in the case of any other requisition.

4. The signatures and the requisition will be verified by the Company's Hong Kong branch share registrar and transfer office. Upon verification that the request is valid, the Company Secretary will ask the Board to (i) include the resolution in the agenda for the annual general meeting; or (i) convene a special general meeting by serving sufficient notice in accordance with the statutory requirements to all the Shareholders, provided that the Shareholders concerned have deposited a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

DIVIDEND POLICY

The Board has adopted a dividend policy of the Company ("Dividend Policy"). The Dividend Policy aims to allow the Shareholders to participate in the Company's profits by provision of dividends whilst preserving the Company's liquidity to capture future growth opportunities. The Company may declare and pay dividends to the Shareholders depending on, amongst other factors, the Company's operation and financial performance, liquidity conditions, capital requirements, future funding needs, contractual restrictions, availability of reserves and prevailing economic climate. The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. The Board will review this policy from time to time and may adopt changes as appropriate at the relevant time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Power Financial Group Limited (the "Company") (Stock Code: 0397) is a comprehensive wealth management service provider in Hong Kong mainly engaged in the financial services business, money lending business, trading business and assets investment. The Company and its subsidiaries (collectively referred as the "Group") acknowledge the significance of effective environmental, social and governance ("ESG") initiatives at operation level. The direction of the Group's ESG practices is governed by the board of the directors of the Company (the "Board"), ensuring that the ESG strategy reflects the Company's core value. We had a designated working group, which comprised of employees from various departments, to gather relevant information and data for the preparation of such report. This report describes the ESG initiatives of the Group for the financial year ended 31 December 2021 (the "Year" or "Reporting Period"). The contents of this report provide its stakeholders with an overview of the Group's efforts regarding ESG impacts arising from its daily operations.

This report describes the ESG initiatives of the Group for the financial year ended 31 December 2021 (the "Year" or "Reporting Period"). The contents of this report provide its stakeholders with an overview of the Group's efforts regarding ESG impacts arising from its daily operations.

REPORTING PRINCIPLES

This report was prepared for an overview of the performance of the Group on environmental, social and governance ("ESG Report"). This ESG Report has been published in accordance with Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

This report is one of the communication channels through which we connect with our stakeholders. We believe that ESG information that is meaningful and important to their decision-making should be disclosed. In this regard, the compilation process of this ESG Report follows the reporting principles suggested by the ESG Reporting Guide, which include:

Materiality	After collecting the opinions of stakeholders through internal and external stakeholder engagements, we review and determine material ESG aspects to the Group and guide the focus of this ESG Report.
Balance	To provide an unbiased picture of the Group, the Group not only disclose the progress in sustainable development management, but also discusses the Group's sustainable development challenges and future action plans, and explains the undisclosed information.
Quantitative	All departments and business lines used standardized tools to continuously record the Group's economic, environmental and social indicators, and monitor the progress and results of the targets' implementation.
Consistency	Unless otherwise stated, this ESG Report adopted consistent methodologies to allow for a fair comparison of our performance from time to time.

This ESG Report also complies with the mandatory disclosure requirements and "comply or explain" provisions of the ESG Reporting Guide. It is recommended that this ESG Report is read in conjunction with the Group's Annual Report 2021, in particular the Corporate Governance Report and Director's Report.

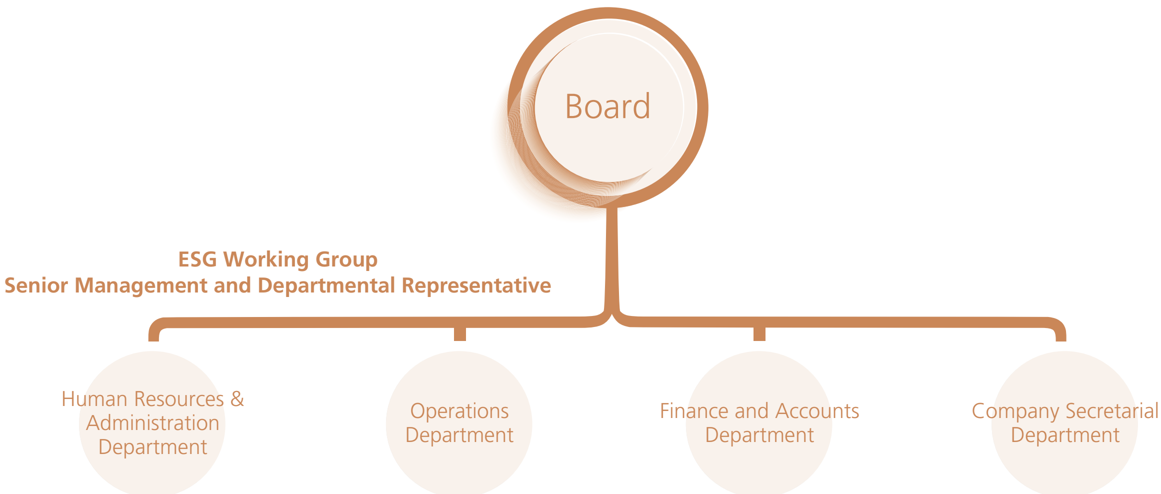
SCOPE AND BOUNDARY

Unless otherwise specified, this report covers the Group's ESG accomplishments and challenges during the 2021 financial year, from 1 January 2021 to 31 December 2021 (the "Year" or "Reporting Period").

To provide a comprehensive review of our impact and performance, this ESG report includes data from all business units where we have operational control. As a financial services provider, this ESG Report focuses on the Group's financial services, money lending and asset investment business during the Reporting Period. Due to the fact that the scale of our trading business is considered minimal and insignificant to the Group, the reporting scope of this ESG Report will limit to our financial services related segment. The content of this ESG Report will also focus on material sustainability areas based on our most significant economic, environmental and social impacts, and the area of greatest interests of our stakeholders. As there were no changes to the business scope, our ESG management approach, initiatives and strategy remained unchanged.

STATEMENT OF THE BOARD OF DIRECTORS

Our management approach is to run our business in an ethically, socially and environmentally responsible manner, supporting and connecting the communities we serve. We must do this while maintaining service excellence and financial returns.



The Board has the overall responsibility for the Group's ESG strategies and reporting, as well as overseeing and managing our ESG-related risks. The Board regularly reviews our systems and guidelines across our operations to maintain high level of transparency and accountability.

We identify, evaluate and prioritise ESG issues through regular internal and external stakeholder engagements. ESG Working Group is authorized by the Board to carry out ESG-related tasks once the ESG related issue is identified. While the ESG Working Group implements and communicates the day-to-day management of ESG issues, the Board is responsible for the oversight of the overall management and decisions relating to sustainability governance of the Group. Through the Board's oversight, we are now able to assess ESG risks and provide strategic long-term guidance on sustainability performance, goals, and priorities. We have also implemented new ESG-related policies and guidelines. The new developments are embedded into how we conduct our business as we create long-term sustainable value for our shareholders, employees, customers, suppliers and the communities where we operate.

Looking forward to the future, the Board will also timely review the Group's own ESG strategic planning and performance based on macro policy environment and our business development direction, considering the matters that the stakeholders concern about. The Board also sets out ESG goals and targets on relevant KPIs and make comparisons on yearly review. We aim to make full use of our ESG data and reduce carbon footprint by raising employees' ESG awareness, ultimately driving the change of behavior towards incorporating ESG initiatives into our operational strategy. We strive to provide a supportive working environment to our employees, while minimizing any environmental impact caused by our operational activities.

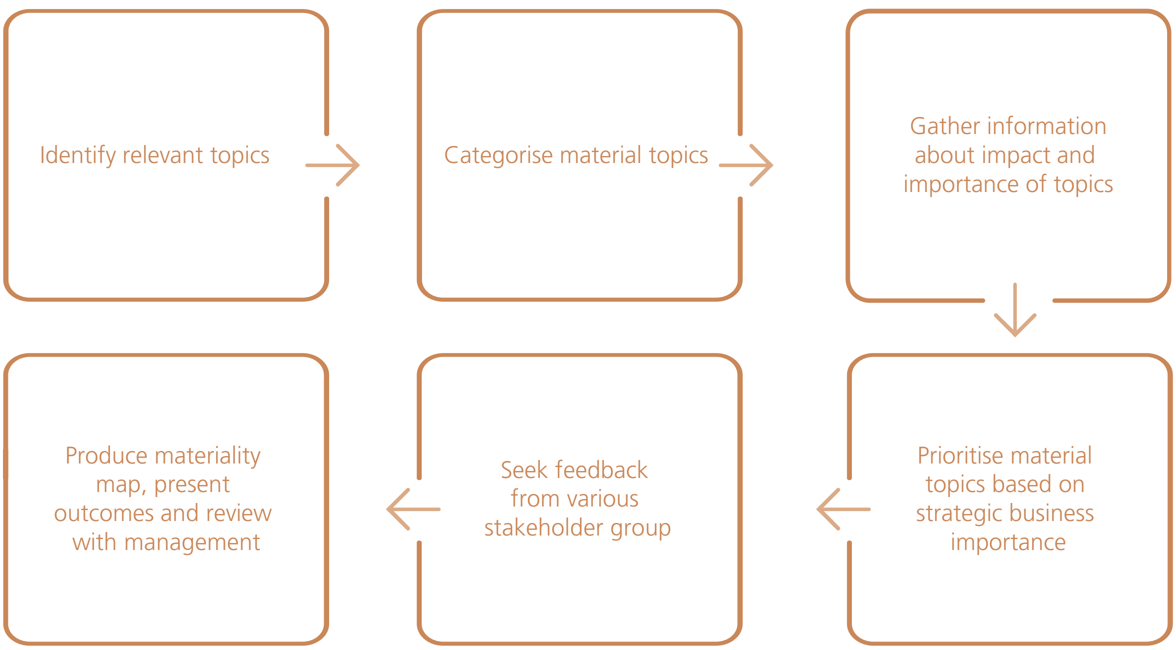
This ESG Report has been reviewed by the ESG Working Group and approved by the Board of the Company. Available in both Chinese and English, this ESG Report can be accessed at Company's website (https://www.powerfinancial.com.hk) and the Stock Exchange of Hong Kong Limited's ("HKEX") website (https://www.hkexnews.hk).

MATERIALITY ASSESSMENT

Assessment Process

A materiality assessment is the process of identifying, refining, and assessing the potential ESG related issues that could affect a business and/or its stakeholders. The process involved both employees of different levels and external stakeholders. They were identified based on their expertise and working relationship with the Group.

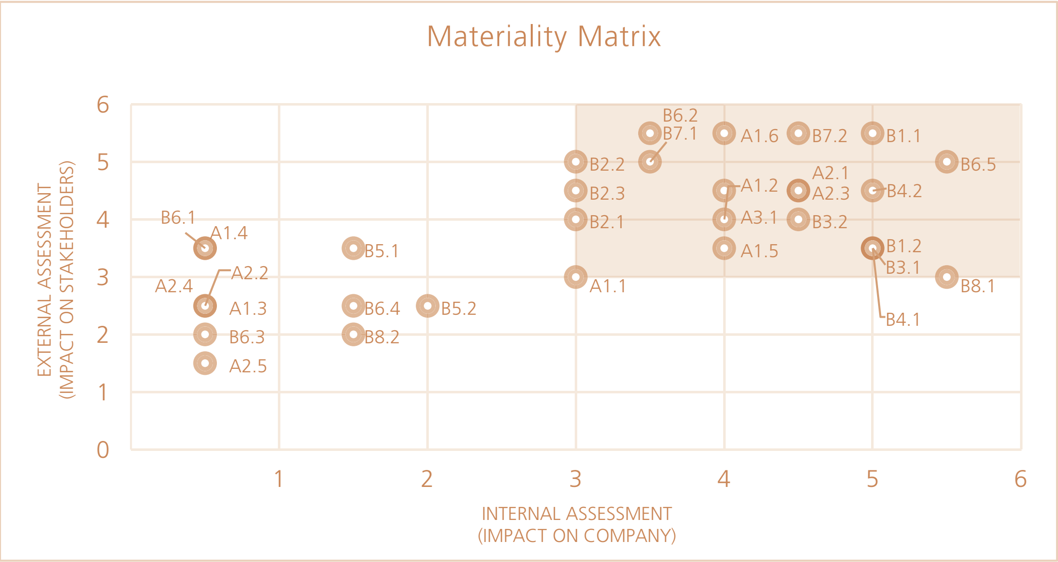
The materiality assessment processed by the Group consists of the following sequential steps:



Materiality Matrix

As identified by the materiality assessment, the ESG Report covers the overall performance, risks, strategies, measures and commitments of the Group in four areas, namely, working environment quality, environmental protection, operating practices and community investment for the Group's principal business operations. Once we identify the most material issues, we continue to manage the impact of these issues on the Group and our stakeholders. We also dedicate our reporting efforts on our top material issues through the disclosure of relevant Key Performance Indictors ("KPIs"), targets and initiatives which will be described in subsequent sections of this ESG Report.

The following matrix shows the materiality assessment result of the Group.



Area of Focus	Material Issues
Environmental protection	Use of resources Waste management Waste reduction and recycling
Workplace quality	Employment Development and training Diversity and equal opportunity Health and safety
Operating practices	Service quality Customer privacy protection Anti-money laundering Anti-corruption
Community investments	Community investment Employee volunteering

STAKEHOLDERS' ENGAGEMENT

We understand that stakeholders' engagement plays a pivotal role to our continuous effort in improving our ESG standard. Therefore, we maintain open communication channels with our stakeholders through ongoing dialogue conducted via regularly scheduled meetings and briefings. We endeavor to provide our stakeholders with clear information about our business operations and ESG issues. These engagements also ensure that the implementation of our sustainability strategy remains consistent across our operations and that our measures effectively address stakeholders' feedback.

During the Reporting Period, the group engaged with our stakeholders' through multiple communication channels, summarized as follows:

Employees	Customers	Business partners & Suppliers
Communications through daily operations, meetings to address business operational needs. Performance review and trainings are conducted to communicate with employees about job expectations, and we retain talents with our appraisal system.	KYC onboarding procedures and client profile review, face to face business meetings, marketing materials, and email correspondences to engage with our customers.	For business partners, business meetings, conferences are arranged to identify their needs. Whereas for suppliers, the Group assesses suppliers' capability and performance with multiple rounds of selection prior to engagement.
Shareholders	**Regulators**	**Community**
Annual general meetings, announcements and circulars, annual reports and interim reports, other disclosure documents and press releases to engage with shareholders.	Communications achieved via both written and electronic means.	Participation in community services, donation to charitable organizations.

For more information on our stakeholders' engagement process, please refer to the Materiality Assessment section of this ESG Report.

1. OUR ENVIRONMENT

The Group is committed to fulfilling sustainable development and environmental responsibility by preservation of resources. With our business as a provider of financial services, although we impose a relatively minimal impact to the environment, the Group still strives to minimize our indirect impact of business operations on the environment. We operate our business in an environmentally conscious manner and advocate for good practices in our relationship with stakeholders. The Group has made reference to relevant environmental rules and low-carbon measures suggested by relevant government departments and organizations, and from time to time requires employees to follow these practices to promote environmental stewardship throughout its business. These measures are discussed in the section "Use of resources" of this ESG Report.

During the Reporting Period, we confirmed that there was no incident of non-compliance with local relevant environmental laws and regulations relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group. Therefore, no penalty was imposed on the Group during the Reporting Period.

As a financial institution and asset management company, although we have not formulated specific guidelines on ESG consideration for our investments, we have an indirect approach towards better sustainability and governance. We seek to invest and work with top-tier fund managers, which we believe would have incorporated fundamental ESG considerations into their investment decisions. In the process of our due diligence procedure, we also conduct new searches in relation to funds, and will take into consideration for any negative news, especially ESG related issues prior to making investment decisions.

Emission

Exhaust Gas and Greenhouse Gas ("GHG") Emission

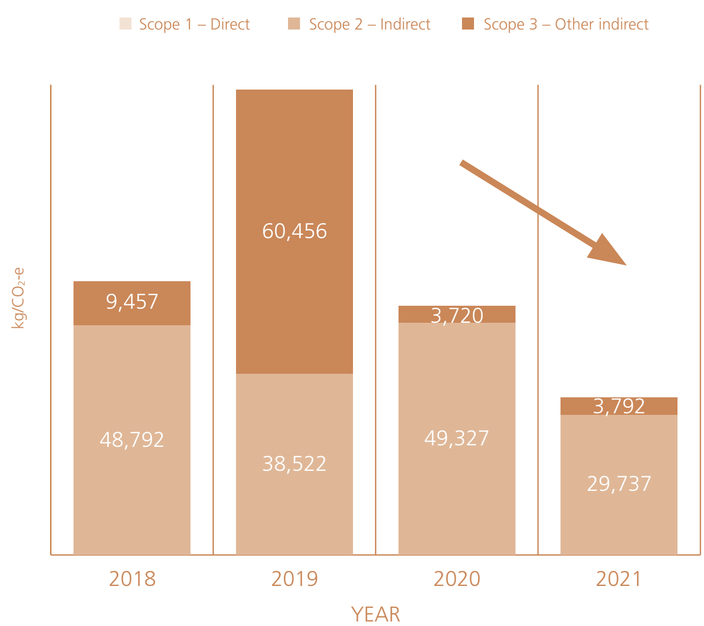
With the Group's primary business in financial services, money lending business and asset investment, the majority of our operations are conducted in an office environment and limited environmental impact is caused directly by our business operations. The carbon footprint arising from our day-to-day operations is mainly from the emissions generated from our business travel of our directors and employees and the electricity that we used for our daily operations. Although GHG emissions are not identified as material to the Group, we strive to minimize resource consumption and encourage our employees to adopt environmental best practices across every business segment, so as to limit indirect emissions of GHG. During the year, we have relocated our office, the decrease in GHG emissions was driven by increased carbon emission efficiency.

Scope 1
Direct
N/A
Same as
Previous period

Scope 2
Indirect
29,727
﹀ **40%**
Previous period

Scope 3
Other indirect
3,792
︿ **2%**
Previous period

GHG EMISSIONS



Greenhouse gas emission intensity (By floor area, kg CO_2-e/square foot)	4.51

Note:

Scope 1 emissions come from direct GHG emissions from combustion of fuels in stationary or mobile sources (excluding electrical equipment) to generate electricity, heat or steam, which is not applicable to our business due to the fact that we do not involve in direct production.

Scope 2 emissions come from indirect GHG emissions from the generation of purchased electricity.

Scope 3 emission include other indirect GHG emissions that occur outside the Company such as emissions from business travel of employees and paper waste disposed at landfills.

* Emissions for Nitrogen oxides (NOx), Sulphur oxides (SOx), and Respirable suspended particulates (RSP) are not disclosed as the amount is insignificant due to the fact that no gaseous fuel consumption and business travel was recorded during the Reporting Period.

Waste Management

Hazardous waste

Due to the business nature, the Group's operations do not directly generate hazardous wastes from its daily operations.

Non-hazardous waste

During the Reporting Period, non-hazardous wastes generated by the Group mainly come from office wastes and other domestic waste such as waste paper. Due to our business nature, a relatively large amount of waste is attributed by paper consumed for printing. These non-hazardous waste were recycled and disposed of properly.

We are also committed to maintain a high standard for waste reduction and educating employee on the importance of waste reduction. As a result, employees' waste management awareness has greatly improved.

SUMMARY OF KPI DISCLOSURE OF ASPECT A1: EMISSION

Aspects, General Disclosures and KPIs		
KPI A1.1	The types of emissions and respective emissions data.	Our principal business operations do not involve activities that directly emit greenhouse gases or other air pollutants. The types of emissions and respective emissions data are set out above.
KP1 A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Due to our business nature, no direct (Scope 1) emission data is applicable, whereas emission of indirect (Scope 2 & 3) greenhouse gases are as set out above.

KP1 A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our principal business operations do not involve activities that produce hazardous wastes; whilst non-hazardous wastes produced from our daily operations include only office wastes and domestic refuse.
KP1 A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	There is no applicable data of non-hazardous wastes produced from our operations, as waste is collected and handled by designated service provider hired by the property management company of the commercial building where our office is located.
KP1 A1.5	Description of emission target(s) set and steps taken to achieve them.	Emission target and steps taken to minimize emissions can be referred to in the Use of Resources section.
KP1 A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Description of how hazardous and non-hazardous wastes are handled, reduction targets can be referred to in the Use of Resources section below.

Use of Resources

With challenges brought about by severe climate change globally, we are aware that optimizing the use of resources, including energy, water and other materials is critical to reduce carbon footprint. We strive to implement various environmentally friendly office measures and instil a green culture within our business operations. We have also adopted a "green office" policy, pursuant to which we have implemented various measures to continually improve our energy efficiency and water/waste management.

Target

The board has set forth a target to reduce emission and waste by 5% in the coming year, the following steps are undertaken to achieve these objectives. Comparison will be made across years forming the basis of future policies and initiatives to achieve target emission reduction.

Initiatives

Major practices adopted in our office are as follows:

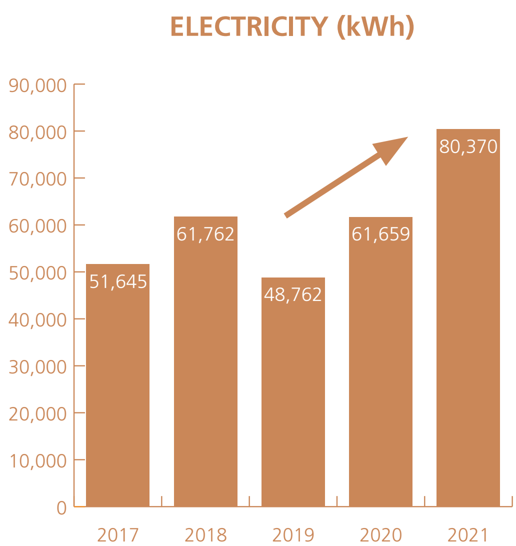
Aspects	Major practices
Energy Consumption	• Set indoor temperature at 24 ˚C • Turn off lights during off-hours • Require employees to switch off their computers (including screens) after work • Switch off all electrical appliances and office equipments when they are not in use • Procure equipments with "Grade 1" energy labels issued by the EMSD • Utilise day-time natural lighting in offices • Install LED lighting systems with better energy efficiency
Water Conservation	• Put up water conservation signs in pantry to raise the awareness on water conservation • Maintain all water facilities regularly to avoid water leakage • Repair pipes and drainage immediately when there is dripping
Use of Paper	• Reuse and recycle paper, and promote double-sided printing • Encourage the use of electronic mailing and electronic filing system • Encourage clients to opt for e-Statement, paperless communication, and marketing materials • Use eFax system to reduce waste paper
Waste Reduction	• Reuse other stationery and reduce the use of disposable tableware • Recycle ink cartridges and copier toner containers • Focus on software improvisation and purchase computer hardware only when necessary to reduce electronic waste • Sign up for Computer Recycling Programme with the Environmental Protection Department in Hong Kong or engage private recyclers for collection of disposed computer and peripherals • Set up of recycling stations in prominent areas and install signage to remind co-workers on importance of correct procedures of recycling • Minimize packaging materials for corporate gifts and souvenirs, choose green souvenirs • When promotional material is inevitable, environmental consideration has to be taken into account, for example, consider using recycled materials, SoyInk or FSC-certified paper (Forest Stewardship Council™, FSC) etc.

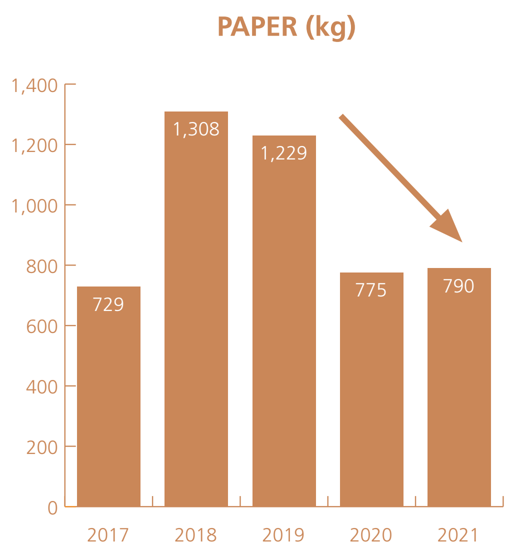
Use of Paper

Financial services provider has traditionally been a paper-intensive industry. Paper accounts for the majority of our non-hazardous waste. Thus, we have made determined efforts to promote digitalization.

The Group has invested in and adopted paperless processes. In our workplace, we heavily encourage our employees to achieve paperless working (i.e., replaced paper-based reports with electronic copies and widely adopted e-forms and e-fax in our business for administrative document sharing and transfer) and reduce storage space. We continue to upgrade our online trading platforms to enhance paperless experience for our customers. In line with market practices, we have established a fee for hardcopy statements to encourage customers to opt for e-statements. In addition, our marketing information is distributed via electronic channels, such as email and SMS, instead of the traditional printed mails.

Since the implementation of the digitalization of our documents storage system, our consumption of paper has notably decreased. Compared to the corresponding period last year, although the yearly target of reduction has not been met, we managed to keep the approximate level of paper use. The reduction of respective emission represented a significant decrease when compared to the level prior to the launch of our "go paperless" program. Due to the change of business location and business expansion, our consumption of energy has been increased at a reasonable level. The Group will continue to review its internal environmental policies regularly and take necessary measure to improve its efficiency of resources use.





Consumption data comparison	2020	2021	% change	Target
Electricity (kWh)	61,659	80,370	30%	Room for improvement. Due to relocation of office and expansion of business.

Consumption data comparison	2020	2021	% change	Target
Emission from Use of electricity (tonnes CO_2-e)	49,327	29,737	–40%	Met. Reduction in emission due to emission efficiency factor improved for office relocation.
Paper (kg)	775	790	2%	Room for improvement
Emission from use of paper (tonnes CO_2-e)	3,720	3,792	2%	Room for improvement

SUMMARY OF KPI DISCLOSURE OF ASPECT A2: USE OF RESOURCES

Aspects, General Disclosures and KPIs		
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Details of energy consumption is as illustrated in the above diagrams. Our business relies only on electricity as the only source of energy for its business operations.
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	There is no applicable data of water consumption because it is not feasible to obtain water withdrawal and discharge data as an individual occupant of leased office premises in Hong Kong where water supply and discharge are not billed to us separately by the respective building management.
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Description of energy use, efficiency targets and steps taken to achieve them can be referred to in the above paragraphs.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	There is no issue in sourcing water that is fit for purpose whereas the Group considers its water consumption level is reasonable. Target for water efficiency is not presented as data gathering is not applicable. Steps taken to reduce water usage can be referred to in the above paragraphs.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	There is no applicable data of packaging material as we do not involve the use of any packaging material for our finance related business segments.

Environment and Natural Resources

The Group's commitment to corporate and environmental responsibility has remained unwavering. The usage of paper in our business by far contributed the most impact to the environment. Therefore, by implementing the "go paperless" initiative by stages, we have reduced significantly our paper use. The Company strongly encourages shareholder communications by electronic means through email and online forms. We aim to reduce the printout of corporate communications gradually, if cost and benefit concern being justified, the Group may consider disseminating information to shareholders electronically in the future.

In order to help promoting environmental awareness among our employees, we often put up various notices to remind them of our environmental protection measures and provide updates and information about environmental issues and the Group's latest environmental initiatives. We also have designated staff to ensure effective implementation of the above initiatives. Constant review of our policies and practices are conducted for improvement of our environmental approaches and identifying relevant risks.

SUMMARY OF KPI DISCLOSURE OF ASPECT A3:
ENVIRONMENT AND NATURAL RESOURCES

Aspects, General Disclosures and KPIs		
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them can be referred to the above paragraphs.

Climate Change

Global warming has been one of the utmost concerned issues in recent years. It is expected that potential extreme weather condition, sustained high temperature, change in environmental-related regulations will eventually change the behaviour of mankind. Although the Group does not foresee that much impact would be driven by our business operation due to our business nature, we strive our best to play a part in reducing carbon footprint to the society.

Much of the world's waste goes to landfill sites and produce methane, which is a significant contributor to climate change. Discarded electronic waste is, in particular, toxic to the environment as e-waste such as computers and other electronic appliances which contain a long list of hazardous substances, including PVC, BFRs and phthalates. Therefore, we strive to reduce electronic solid waste produced from our operations. With respect to enhancement of our IT infrastructure, we place our focus on software improvisation and purchase computer hardware only when necessary to reduce electronic waste. Computers and peripherals are recycled to reduce environmental impact.

In order to help promoting environmental awareness among our employees, we often put up various notices to educate our employees on such. We also encourage our employees to take part in campaigns like "The Earth Hour" to raise their awareness on climate change. We will continue to monitor the climate related risks and implement relevant measures to minimize the potential impact.

SUMMARY OF KPI DISCLOSURE OF ASPECT A4: CLIMATE CHANGE

Aspects, General Disclosures and KPIs		
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Description of the significant climate-related issues which may impact the Company and actions taken to manage them can be referred to the above paragraphs.

2. OUR PEOPLE

Our People

As a financial service provider, we are committed to offer opportunities to local talents. We focus on developing, engaging, and helping them to grow professionally and personally during their time with us.

Employment

We believe people are our most valuable asset of the Group and our employees represents our core competitive advantage. As their employer, we are committed to establish a close and caring relationship with our people. This includes not only offering employees fair wages and benefits, but also enriching their lives through training and leisure activities and keeping them safe at work.

Recruitment and Remuneration Policies

As at 31 December 2021, we had a total workforce of 27. Empowering and inspiring our colleagues is key to attracting and retaining the people that ensure competitiveness. We provide a fair and safe workplace, promote diversity to our staff, and provide competitive remuneration, benefits and career development opportunities based on their merits and performance.

To ensure compliance with all applicable legal and regulatory requirements, our Human Resources ("HR") Team closely monitors the updates in employment-related laws and regulations, develops corresponding policies, and establishes proper internal controls in employment processes to ensure compliance. During the Reporting Period, we did not identify material non-compliance against employment-related laws and regulations in Hong Kong, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong), Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and Mandatory Provident Fund Scheme Ordinance (Cap. 485 of the Laws of Hong Kong). Our staff handbook sets our provisions on business conduct, work ethics, trainings and regulations, and required responsibilities of employees. The staff handbook is distributed to each employees upon onboarding.

To attract and retain the best candidates, we have developed a comprehensive remuneration, reward, and performance evaluation framework. The Group provides its talents with a competitive remuneration and benefits packages, which includes basic salary, share options schemes, Mandatory Provident Fund, comprehensive medical insurance coverage. Employee's paid leave entitlement includes but not limited to annual leave, maternity leave, paternity leave, birthday leave, compensation leave, marriage leave and sick leave.

Corresponding remuneration and benefits adjustments will be reviewed and determined based on market information, individual performance, the Group's overall performance and other market conditions.

Equal Opportunities, Diversity and Inclusion

The Group is committed to create and maintain an inclusive and collaborative workplace. We are committed to provide equal opportunities of employment and development and do not tolerate any acts of discrimination and harassment. The Group conducts personal evaluation based on the employees' experience and competence to actively promote the concept of equality. In addition, our recruitment policy stipulates that we recruit candidate based on their experience and expertise, and do not discriminate on grounds of gender, disability, pregnancy, marital and family status, racial background, religious belief, age or sexual orientation. These policies are documented in the Employee Handbook, and are strictly complied with relevant local laws and regulations, including but not limited to the Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong), the Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong), the Family Status Discrimination Ordinance (Cap. 527 of the Laws of the Hong Kong), and the Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong). Any employees violating the Equal Employment Opportunity Policy and the Non-discrimination and Anti-harassment Policy will be subjected to disciplinary actions up to termination of employment contract. As part of the ESG plan to review and refine current policies on ESG related matters, the Group is going to include policies and guidelines to address diversity, prohibition of child and forced labour in its employment policy.

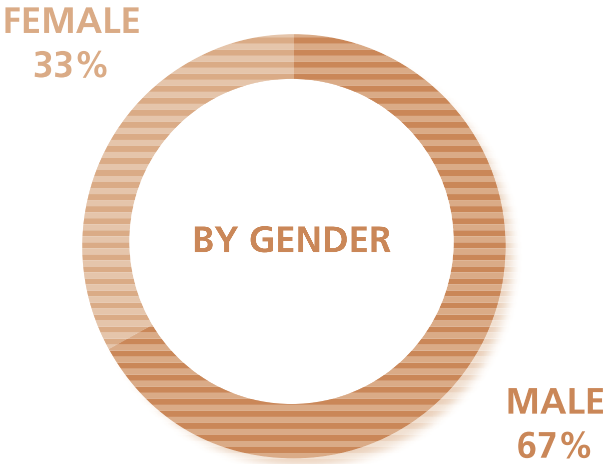
Dismissal Policies

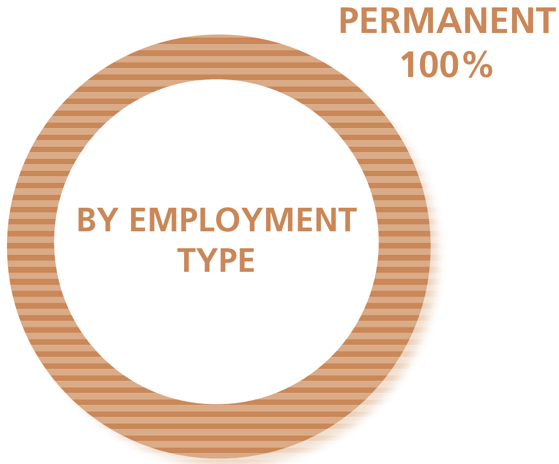
Our staff handbook includes guidelines and policies for compensation and dismissals. In situations where an employee violates the Group's regulations or consistently performs their duties below an acceptable level, our human resources department has in place a range of procedures for employee dismissal at management's disposal. Terms and conditions relating to dismissal are properly documented in employment contracts and are in full compliance with relevant laws and regulations. A set of grievance procedures is also in place, to provide staff with a channel of escalating their complaints and concern to the human resources department.

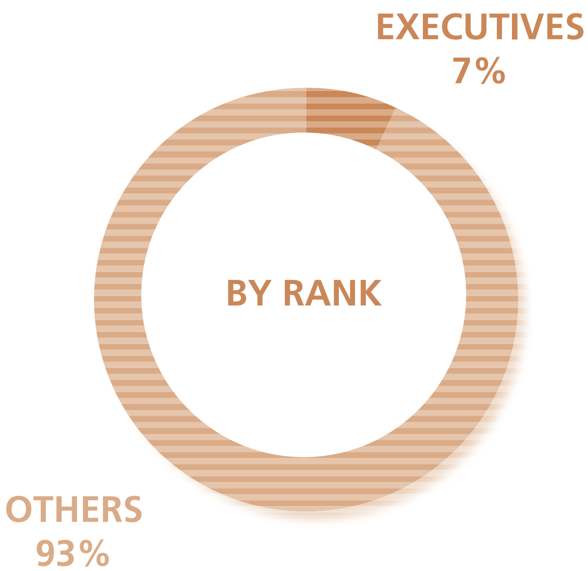
Employee Communication

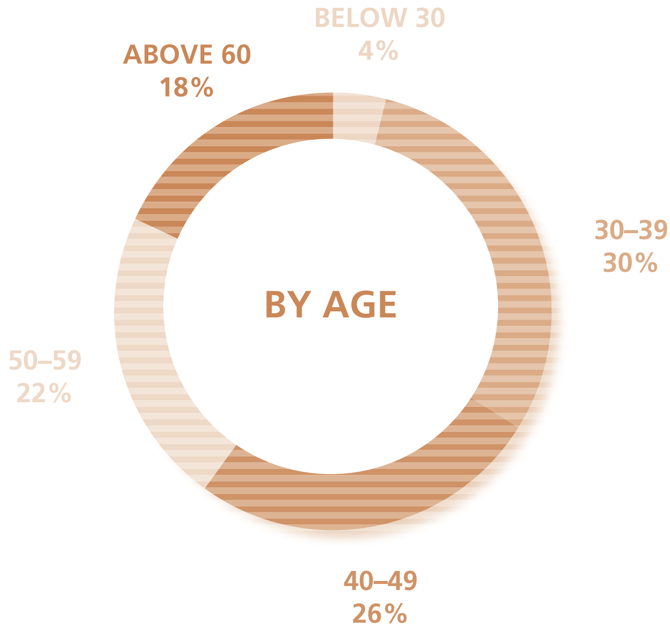
We value the voices of employees and believe a strong communication is a prerequisite for effective management. To enhance communication among employees, the Group organizes various activities, such as annual dinner and Christmas party. The Group will also give out festive gifts such as mooncake vouchers and Chinese rice cakes on festive seasons to our employees to show our appreciation for their hard work and dedication. We think that it is important to put thought into building mutual trust and employee recognition and these appreciation gestures are meant to boost morale and create a thriving workplace for our employees. By maintaining a close relationship with our staffs, we hope this will allow us to have a better understanding of their needs and goals. Employees are also encouraged to give feedbacks and suggestions to the Group for improvements. We have also adopted the open-door policy for employees to express their concern and opinions with respect to their work condition.

The tables show the composition of our workforce by gender, employment type, rank, and age group.



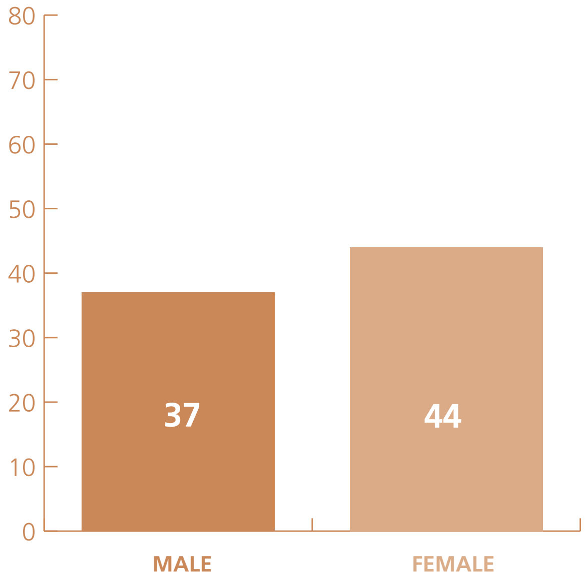




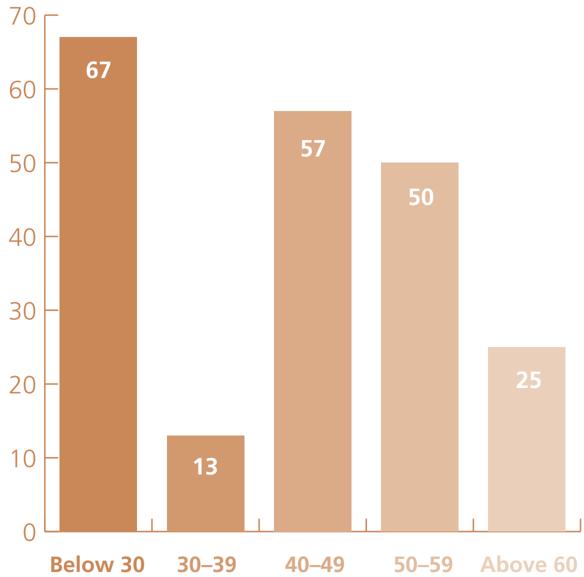


The tables show the composition of our turnover rate by gender and age.

BY GENDER



BY AGE



SUMMARY OF KPI DISCLOSURE OF ASPECT B1: EMPLOYMENT

Aspects, General Disclosures and KPIs		
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Data of total employees by gender, employment type and age group, as well as employee turnover rate by gender and age group are as illustrated above. There is no geographical information presented as all employees were based in Hong Kong during the Reporting Period.
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	

Health and Safety

The Group cares about the safety and well-being of employees. Although our nature of business is not typically associated with high health and safety risks when compared to other more labour-intensive industries, we strive to promote a culture of safety by establishing relevant policies and plans as preventive measures to minimize any health and safety related risks. We also have policies in place to manage occupational health and safety issues across our entire business operations.

We have in place work-related accidents handling procedures, which specifies due reporting procedures for accidents or injury happened in the work place and the first aid kit location. The guide to prevent occupational disease reminds employees of safety practices with regards to lifting of heavy goods and using of office equipments. Bad weather arrangement has been documented in our staff handbook and has been communicated from time to time for our employees to specify work arrangement when typhoon and heavy rain warnings are hoisted. Fire guidelines and fire drills can enhance employee's capacity to response during fire.

Safety First

To maintain high occupational safety and health standard across the Group, we access and identify potential safety risks and take preventive measures from time to time. Safety training and relevant information materials are provided to new and existing staffs regularly to raise their awareness on safe and healthy workplace behaviors. Our staffs participated in regular fire drills organized by the building management office. In case of significant safety risks and accidents, we will make necessary improvement measures. There were no work-related fatalities during the year.

Employees' Well-Being

While medical and dental insurances are in place to provide full coverage of personal health care, we also help staff to maintain good psychological health and are always open to closely communicate with our employees and enlist professional external counselling services when necessary.

COVID-19

Communities across the word face uncertainty due to the global outbreak of COVID-19. Putting the health and safety of our employees as top priority, we took all possible measures to ensure our employees are well protected. We have implemented additional measures to ensure the health and safety of our employees, including the following:

Flexible work arrangement	• A "Work from Home" regime was launched. Subject to employees' role, employees may work from home if required. • Utilize communications technologies and the existing video conferencing system to facilitate seamless communication between employees, and to minimize in physical contact.
Procurement of sanitary items and protective equipment	• Provide protective and disinfection products such as face masks, alcohol-based hand sanitizers, bleach, cleansers and gloves in our workplaces. • Provide Rapid COVID-19 Antigen Test Kits for employees and require employees to perform the test daily prior to entering the office premise.

Office safety	• Require employees to check body temperature before and after reporting the duty and wear masks in the office. • Require employees to perform Rapid COVID-19 Antigen Self Test prior to entering the office premise. • Monitor employees' health status and their travelling plans to enable timely response actions. • Step up cleansing and disinfection measures in all our workplaces.
Raising awareness	• Relevant government alerts are posted in our workplace.

We assume every responsibility to assure that all necessary preventive and protective measures are taken to minimize occupational safety and risk, and we pledge to provide a blame-free environment and encourage employees to stay home if they are ill. These measures have been effective, with no confirmed cases of infection found for the reporting year.

During the Reporting Period, there was no significant incident of safety and work-related injury. There was no incident of non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

SUMMARY OF KPI DISCLOSURE OF ASPECT B2: HEALTH AND SAFETY

Aspects, General Disclosures and KPIs

KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	There were no work-related fatalities in each of the past three years including the Reporting Period.
KPI B2.2	Lost days due to work injury.	There was no work-related injury that resulted in lost days during the Reporting Period.
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Description of occupational health and safety measures adopted, how they are implemented and monitored can be referred to in the above paragraphs.

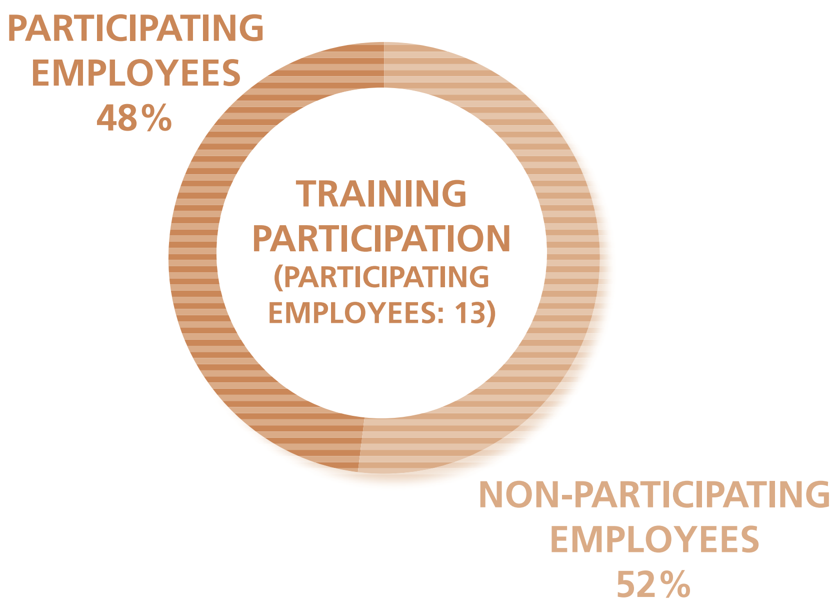
Development and Training

The Group values employee training and development opportunities and encourages employees in different roles to continuously strengthen their knowledge and skills required in career development so that their potential can be developed. We believe that employees are the fundamental productive force in the development of an enterprise and emphasize that their career development is well taken care of. Comprehensive development plan has been established to enable our employees to develop themselves to their fullest potential and deliver the best to meet clients' expectations.

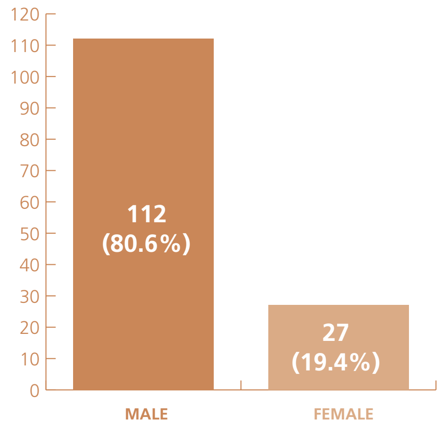
The Group applies modern enterprise training concepts and offers training to all the employees, and we are determined to facilitate enterprise development and employees' personal growth. An appropriate mix of on-the-job coaching and training opportunities will cater for employees' development needs. We organize and subsidize various internal and external staff training seminars covering various relevant topics, such as anti-money laundering, regulatory updates and application of new accounting standards etc., in order to assist our employees in equipping themselves for the fast-changing operating environment in Hong Kong. Induction training is provided for every new joiners of the Group to familiarize themselves with job-related requirements. New joiners are guided by senior staff as a mentor and standard operating procedures are in place for operational tasks. We also provide sponsorship for employees' education related to attainment of relevant professional qualifications.

The Group has established a performance appraisal system to enable our staffs to have a better understanding of their strengths, as well as to track progress against their career goals. We aim to unleash our employees' potential to the full and we ensure their dedication in professional development is well rewarded.

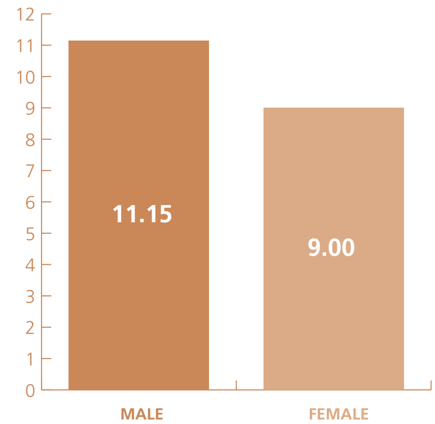
During the Reporting Period, our staffs dedicated 139 hours in participating in training and development.



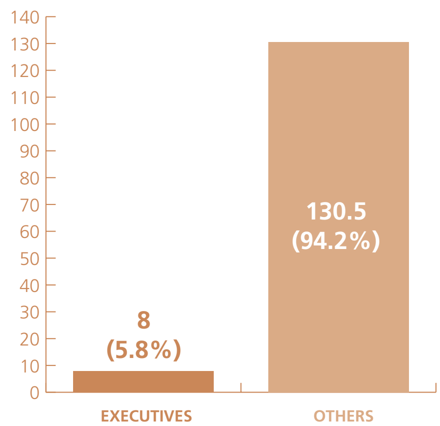
Total number of training hours (by gender)



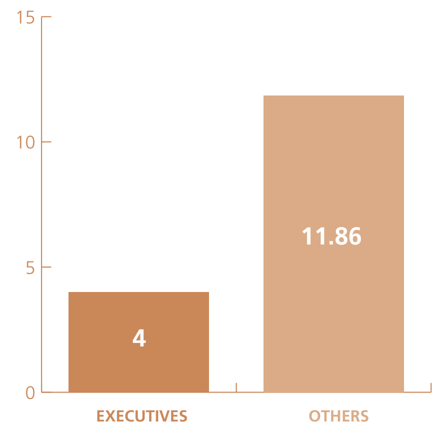
Average number of training hours per Participating Employees (by gender)



Total number of training hours (by rank)



Average number of training hours per employee (by rank)



Note: 100% of our executives have attended trainings, where as, 44% of our other employees have attended trainings provided by the Group.

SUMMARY OF KPI DISCLOSURE OF ASPECT B3: DEVELOPMENT AND TRAINING

Aspects, General Disclosures and KPIs

KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	The percentage of employees trained by gender and employee category (e.g. senior management, middle management) is as illustrated above.
KPI B3.2	The average training hours completed per employee by gender and employee category.	The average training hours completed per employee by gender and employee category is as illustrated above.

Labour Standard

Employees are invaluable assets of the Group and we are committed to retain the best talent to enable the sustainability of our group by respecting every right of each employee's. The Group strictly comply with all relevant laws and regulations. It clearly stipulates in the recruitment and entry management system that the recruits should be at least 18 years of age, and employment of child labor is prohibited under any circumstances. Moreover, the Group guarantees that no employee is made to work against his/her will.

Under strict supervision, all employees, including directors and employees at all levels, are protected from any harassment or bullying at work. Our recruitment process consists of procedures to verify candidates' age to ensure no child labor abuse. Before joining the Group, thorough background check will be conducted to ensure such candidate is fit and proper for the role. We prohibit any form of work abuse and harassment at our workplace. Our whistleblower policy is in place and we encourage employees to report on any misconduct, fraud, corrupt practices, coercion and harassment. These acts, if proven, would result in disciplinary action including dismissal.

During the Reporting Period, the Group has encountered no incidents of non-compliance with all applicable laws and regulations related to anti-child and anti-forced labour practices at all operating regions. Major laws and regulations applicable include, but are not limited to, the Employment Ordinance (Cap. 57) of the laws of Hong Kong.

SUMMARY OF KPI DISCLOSURE OF ASPECT B4: LABOUR STANDARDS

Aspects, General Disclosures and KPIs

KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Description of measures to review employment practices to avoid child and forced labour can be referred to in the above paragraph.
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Description of steps taken to eliminate such practices when discovered can be referred to in the above paragraph.

3. OUR SUPPLY CHAIN MANAGEMENT

As a financial services provider, we continuously evaluate the Group's suppliers in respect to products supplied, service quality and reliability. We extend our values on ethics and professionalism to our supply chain.

Supply Chain Management

We value our longstanding relationship with our suppliers. The Group heavily outsourced its administrative function. There were less than 20 suppliers for the Group. All of our suppliers, vendors and contractors, including service providers of information technology, sales and marketing, advertising, and legal and consulting services are based in Hong Kong. The Group believes that effective communication is the key to maintaining a long-term relationship with suppliers, and only a trusting relationship with our suppliers could manage our environmental and social risk while enhancing our operating efficiency.

The Group adheres to fair operating practices through structured vendor selection processes for all the suppliers engaged, from screening criteria to identifying potential environmental and social risks along our supply chain. The Group tends to avoid suppliers who impose severe environmental and social impact, and ESG concerns has become one of our selection criteria upon vendor selection. Sustainable, fair trade and environmentally friendly products are preferred and procurement decision are not solely based on price concern. Interviews with individual suppliers will be conducted and related ESG concerns will be inquired during our vendor selection process.

During the Reporting Period, the Group has encountered no incidents of non-compliance with all related laws and regulations at all operating regions.

SUMMARY OF KPI DISCLOSURE OF ASPECT B5: SUPPLY CHAIN MANAGEMENT

Aspects, General Disclosures and KPIs

KPI B5.1	Number of suppliers by geographical region.	We have less than 20 suppliers, mainly for our administrative functions. All suppliers are based in Hong Kong.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and monitored are as shown above.
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored is as shown in the above paragraphs.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored is as shown in the above paragraphs.

4. OUR CUSTOMER

The Group places a heavy emphasis on the quality of services we provide to our customers. We aspire to maintain high level of service quality by considering customer needs and interests throughout our operations.

Product Responsibility

Our financial services business is regulated by the Securities and Futures Commission of Hong Kong, and we have fully complied with the applicable laws and regulations.

We aim to deliver the best to our clients with our online securities services. Our sales and dealers have obtained required qualifications to provide useful information on our services, industry and market. We realize that investors are always looking for the best returns for their investments. Hence, we seek in our capacity to help investors identify risks and optimize their return on investments. Designated account managers and customer service channels are in place to obtain valuable feedback from clients. We have clear guidelines and standard operation procedures for our staff to deliver quality service, and we pledge to ensure service offered are up to clients' satisfaction standard. The monitoring of our service quality also extends to post-sales stage. If we receive any complaints or requests for refund or compensation, employees should record the content of the complaints and report to management for investigation. We strive our best to ensure that provision of suitable financial products are based on clients' need and affordability. All securities services provided are handled according to internal procedures.

Our money lending business is governed by the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and we have fully complied with the applicable laws and regulations.

During the Reporting Period, there were no material complaints or damage claims on our products and service quality from our clients.

Data Privacy and Cybersecurity

As a financial institution, we deal with sensitive information of our clients. We understand it is very important for us to take necessary steps to comply with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and other applicable laws ensuring data privacy and protection. Our staff handbook outlines the guidelines for the use and management of all data and information. Nonetheless, we also have developed internal compliance manuals. Such manuals are communicated to our staffs and are reinforced from time to time.

We place a heavy focus on mitigating cybersecurity risks. Our online system is upgraded and backed up regularly and we have a business continuity plan in place to deal with potential or unexpected disruption of online services. The protection of information from external threat is of critical importance when protecting customers' privacy. We review our cybersecurity policy from time to time and we invite external service providers to provide cybersecurity trainings to keep our staff abreast of latest cybersecurity risks.

Intellectual Property Right

Given the nature of our business, our operations do not involve the use of intellectual property right owned by other parties. Nevertheless, the Group has a clear set of rules for handling and protecting intellectual property and all employees are required to follow.

During the Reporting Period, the Group has complied with all relevant laws and regulations that have a significant impact on the Group relating to health and safety, intellectual property right, and privacy matters.

SUMMARY OF KPI DISCLOSURE OF ASPECT B6: PRODUCT RESPONSIBILITY

Aspects, General Disclosures and KPIs

KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There were no products sold or shipped subject to recalls for safety and health reasons and no related complaints were received.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Description of practices relating to handling of complaints can be referred to in above paragraphs.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our operation does not involve the use of third party IP right. Description of practices relating to observing and protecting IP right can be referred to in above paragraph.
KPI B6.4	Description of quality assurance process and recall procedures can be referred to in above paragraphs.	Description of quality assurance process and recall procedures can be referred to in above paragraphs.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Description of consumer data protection and privacy policies, and how they are implemented and monitored is as set out above.

Anti-Corruption

The Group upholds the highest standard of corporate governance and adhere to the values of honesty and integrity. We comply with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and other applicable anti-corruption laws and regulations. We endeavour to maintain sound corporate governance and risk management to protect the interest of our stakeholders. Audit committee, remuneration committee and nomination committee are set up to assist the Board to oversee the operation and control of the Group. We have a zero-tolerance policy on corruption, bribery, extortion, fraud and money laundering.

Anti-Money Laundering

The Group has in place an Anti-Money Laundering and Counter Terrorist Financing Policy ("AML Policy") for combating potential money laundering. Our AML Policy provides guidelines for our employees to perform client due diligence procedures prior to onboarding any clients, preventing money laundering activities or any other illegal acts. These guidelines are formulated based on the Securities and Futures Ordinance. To ensure our staff is aware of the regulatory obligations and the possible consequences of breaching the obligations, the Group provides regular trainings to our directors and staffs on anti-corruption and anti-money laundering. Business Ethics Code is developed to ensure the Group operates at the highest integrity level. Any conflict of interests arises needs to be reported in order to avoid any insider dealing or any criminal offence in client transactions.

Whistle-blowing Policy

We have adopted a whistle-blowing policy enabling all levels and operation to report about possible improprieties. Employees who discover any corruption, bribery, market misconduct or money laundering incident can report to the Board directly. All reported misconducts and malpractice are confidential to protect the legitimate interest of the whistle blower. Investigation will be carried out and we will report to relevant regulatory and law enforcement bodies when necessary.

To raise employees' awareness of anti-corruption and anti-money laundering, we provide regular training on the latest regulatory updates and best practices. We educate our employees to apply the "SAFE" Approach in identifying any suspicious transactions:

– **S**creen: Screen for suspicious account indicators

– **A**sk: Ask customers appropriate questions

– **F**ind: Find out customers' records

– **E**valuate: Evaluate if the transaction is suspicious

Our staff handbook provides guidance in relation to declaration of potential conflict of interests, business ethics, and prohibit our employees to solicit or accept any form of interests and gifts.

During the Reporting Period, there was no incident of non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering.

SUMMARY OF KPI DISCLOSURE OF ASPECT B7: ANTI-CORRUPTION

Aspects, General Disclosures and KPIs		
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Description of preventive measures and whistle-blowing procedures is set out in above paragraphs.
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Description of anti-corruption training provided to directors and staff can be referred to in the above paragraphs.

5. OUR COMMUNITY

With the massive outbreak of COVID-19, challenges brought about by such was unprecedented. Therefore, our corporate social responsibility activities have continued its focus on disease prevention. As a global citizen, the only way to curb the rise of coronavirus cases is that we should all take part to minimize the risk of spreading the disease. Hence we provide all necessary face masks, sanitisers and Rapid Antigen Tests Kits to safeguard the health of our employees. Regular sanitizing of the whole office premise has been done to provide a safe and hygienic workplace for our staff. At community level, we have organised volunteering campaigns for distribution of COVID Prevention Packages for our employees to participate.

While helping others, we helped ourselves at the same time. In taking part in the donation and distribution of COVID supplies, we have spotted an enormous market demand for healthcare products under the COVID pandemic. Hence, we have commenced a new line of trading business on COVID supplies and healthcare products, hoping to source for quality products from all over the world and give back to our community.

Our motto – "From the Community, to the Community" reminds us to give back and spread love to the underprivileged. This year, we continue our target to service and provide support for those who are adversely affected by the pandemic.

We target to engage regularly and participate in charitable events, through corporate philanthropy and collaboration with charitable organisations, we hope to drive long term sustainability development, while fostering closer relationship between our employees and the community.

During the Reporting Period, we have organized voluntary community service campaigns as follows:

Distribution of COVID Prevention Packages

In light of the persisting pandemic situation, this year we have organized a COVID Prevention service project, targeting to ease the burden of elderlies as these COVID prevention supplies would mean extra cost of living to those in need. Sanitary and disease prevention supplies such as face masks and hand sanitisers were distributed to elderlies.

Distribution of Fortune Bags

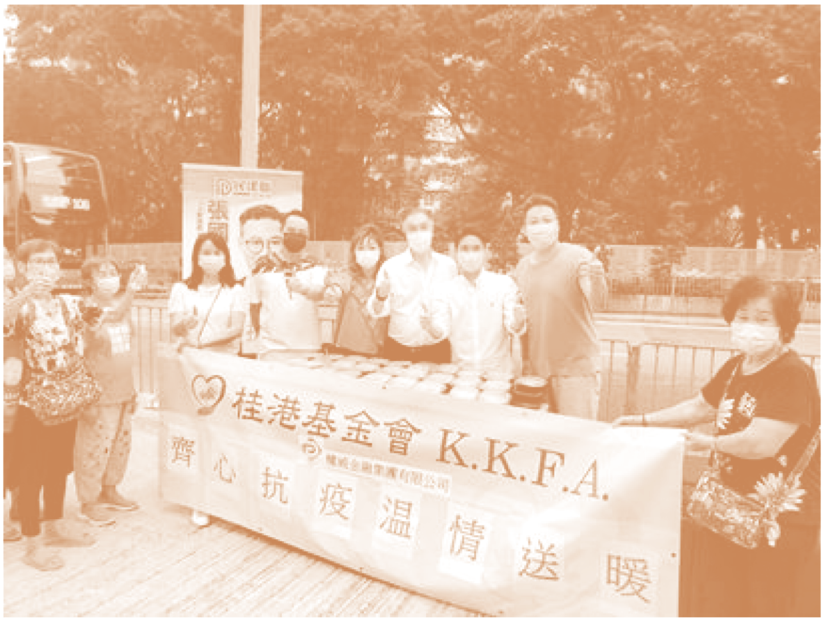
We wish to provide support for those who are financially affected by the pandemic. In such, we have organised a Fortune Bags Distribution event. These Fortune Bags are packed with food and snacks and were distributed in low income area of our local community. Our intended beneficiaries of the project include those who are unemployed, disabled or those who are living with government social security or elderly allowance. These service projects are organized in collaboration with the Federation of HK Guangxi Qinzhou Organisations Limited and the Kwai Kong Fund Association.

Distribution of Mooncakes

In collaboration of the Federation of HK Guangxi Qinzhou Organisations Limited and Kwai Kong Fund Association, in September 2021, we have organised a volunteering service activity to distribute mooncakes to elderlies, hoping to share our love and celebrate the festive seasons with those in need.

Distribution of Lunch Boxes

The persisting COVID pandemic has caused much economic consequences and cause many to have lost their living. The campaign to distribute Lunch Boxes targets to lessen financial burden of the unemployed and help homeless people. Such community service is organised in collaboration with the Kwai Kwong Fund Association.



SUMMARY OF KPI DISCLOSURE OF ASPECT B8: COMMUNITY

Aspects, General Disclosures and KPIs		
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Focus areas of contribution is as described above.
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Resources contributed is as described above.

CCTH CPA LIMITED
中正天恆會計師有限公司

TO THE SHAREHOLDERS OF POWER FINANCIAL GROUP LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Power Financial Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 81 to 175, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, 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.

Valuation of financial assets at fair value through profit or loss ("FVTPL") classified as Level 3 fair value *(refer to Notes 3 on significant accounting policies, 20 and 34 to the consolidated financial statements)*

Key audit matter	How the matter was addressed in our audit
Included in financial assets as FVTPL at 31 December 2021 are suspended listed equity securities and unlisted equity investment with the fair values of approximately HK$20,318,000 and HK$32,167,000 respectively as at that date which were determined by reference to the valuations conducted by external valuers using the valuation techniques on unobservable inputs (i.e. Level 3 fair value with measurement). We identified the valuation of financial assets at FVTPL classified as Level 3 fair value as a key audit matter due to the significance of the magnitude of the fair value of the suspended listed equity securities and unlisted equity investment and of the judgment and estimates made by the management in determination of the fair value given the lack of availability of market-based data.	Our procedures in relation to valuation of financial assets at FVTPL classified as Level 3 fair value included: – Understood the internal control of the Group in relation to the valuation of the fair value of financial assets at FVTPL classified as Level 3 fair value; – evaluated the independent valuer's competence, capabilities and objectivity; – made inquiry of the management and the external valuer regarding the basis of fair value valuation. – evaluated the appropriateness of the valuation methodologies and assumptions based on the industry knowledge; and – evaluated the appropriateness of the key inputs by checking to the external data; by evaluating the rationale of management's judgment on the key inputs.

KEY AUDIT MATTERS *(Continued)*

Recoverability of loans and interest receivables *(refer to Notes 3 on significant accounting policies and 18 to the consolidated financial statements)*

Key audit matter	How the matter was addressed in our audit
As at 31 December 2021, the Group had loans and interest receivables with the carrying amount of approximately HK$677,005,000, of which allowance for expected credit losses ("ECL") amounting to approximately HK$29,296,000 was recognised in the consolidated financial statements. The measurement of ECL requires the application of significant judgment and estimates which include the identification of deterioration in credit quality, and assumptions used in the ECL models for exposures assessed individually, such as the expected future cash flows and forward-looking macroeconomic factors. We identified the recoverability of loans and interest receivables as a key audit matter as the carrying amount of loans and interest receivables is significant to the consolidated financial statements, and the evaluation of ECL on the loans and interest receivables requires the management of the Group to exercise significant judgments and estimates.	Our procedures in relation to the management's ECL assessment of loans and interest receivables included: – obtained an understanding of the design, implementation and operating effectiveness of management's internal controls relating to credit control, debt collection and estimation of the ECL of loans and interest receivables; – reviewed the loans and other relevant agreements entered into between the Group and the borrowers, and other relevant information relating to the borrowers as assessed by the Group; – circulated auditor's confirmations to test the existence of the loans and interest receivables as at the end of the reporting period and checked the accuracy of the aging of loans and interest receivables as at the end of the reporting period by tracing to loan agreements;

KEY AUDIT MATTERS *(Continued)*

Recoverability of loans and interest receivables *(Continued) (refer to Notes 3 on significant accounting policies and 18 to the consolidated financial statements)*

Key audit matter	How the matter was addressed in our audit
	– where external valuer was employed for the evaluation of ECL on loans and interest receivables, evaluated the external valuer's competence, capabilities, and objectivity; – made inquiry of the Group's management and the external valuer regarding the basis of calculation of the ECL; – assessed the reasonableness of the Group's ECL model, by reference to the past overdue records and historical settlement patterns of the borrowers and borrowers' principal and interest repayment records and records subsequent to the year end date, and traced the repayments to the bank statements; and – evaluated the appropriateness of the valuation methodologies and assumptions based on the industry 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 the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- 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; and

- 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.

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

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.

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 25 March 2022

Kwong Tin Lap
Practising Certificate Number P01953

Unit 1510–17, 15/F., Tower 2,
Kowloon Commerce Centre,
51 Kwai Cheong Road,
Kwai Chung, N.T.,
Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	5	**95,721**	101,716
Direct operating costs		**(10,998)**	(21,686)
Gross profit		**84,723**	80,030
Other income, gains and losses	7	**128,251**	19,341
Administrative expenses		**(55,631)**	(51,981)
Finance costs	8	**(439)**	(674)
Profit before tax	9	**156,904**	46,716
Income tax expense	10	**(3,156)**	(2,537)
Profit for the year		**153,748**	44,179
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Fair value changes of debt instruments at fair value through other comprehensive income		**(8,164)**	(6,793)
Release of fair value changes of debt instruments at fair value through other comprehensive income upon disposal		**2,807**	447
Impairment loss of debt instruments at fair value through other comprehensive income for the year		**11,926**	–
Other comprehensive income/(expense) for the year, net of income tax		**6,569**	(6,346)
Total comprehensive income for the year		**160,317**	37,833
Profit for the year attributable to:			
Owners of the Company		**153,759**	44,190
Non-controlling interests		**(11)**	(11)
		153,748	44,179
Total comprehensive income for the year attributable to:			
Owners of the Company		**160,328**	37,844
Non-controlling interests		**(11)**	(11)
		160,317	37,833
		HK cents	HK cents
Earnings per share	14		
– Basic		**5.52**	1.59

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**5,956**	64,787
Goodwill	16	**136**	136
Other intangible asset	17	**1,300**	1,300
Loans and interest receivables	18	**13,238**	147
Debt instruments at fair value through other comprehensive income	19	**2,257**	45,536
Financial assets at fair value through profit or loss	20	**130,572**	67,144
Other assets		**180**	180
		153,639	179,230
CURRENT ASSETS			
Inventories	21	**–**	513
Loans and interest receivables	18	**663,767**	590,570
Trade and other receivables	22	**114,955**	180,882
Income tax recoverable		**–**	105
Debt instruments at fair value through other comprehensive income	19	**13,068**	56,768
Financial assets at fair value through profit or loss	20	**455,233**	227,759
Bank trust account balances	23	**27,555**	15,795
Bank balances and cash	24	**153,035**	204,512
		1,427,613	1,276,904
Assets classified as held for sale	26	**47,633**	–
		1,475,246	1,276,904
CURRENT LIABILITIES			
Trade and other payables	25	**31,724**	24,104
Income tax payable		**551**	700
Lease liabilities	27	**2,909**	6,237
		35,184	31,041
Liabilities associated with assets classified as held for sale	26	**11,200**	–
		46,384	31,041
NET CURRENT ASSETS		**1,428,862**	1,245,863
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,582,501**	1,425,093

As at 31 December 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	27	**–**	2,909
NET ASSETS		**1,582,501**	1,422,184
CAPITAL AND RESERVES			
Share capital	28	**27,836**	27,836
Reserves		**1,552,816**	1,392,488
Equity attributable to owners of the Company		**1,580,652**	1,420,324
Non-controlling interests		**1,849**	1,860
TOTAL EQUITY		**1,582,501**	1,422,184

The consolidated financial statements on pages 81 to 175 were approved and authorised for issue by the Board of Directors on 25 March 2022 and are signed on its behalf by:

Mr. Choi Chun Chung, Danny
DIRECTOR

Mr. Tau Sai Kit, Terry
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 28)	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (Note (i))	Other reserve HK$'000 (Note (iv))	Exchange translation reserve HK$'000 (Note (ii))	Investment revaluation reserve HK$'000 (Note (v))	Share-based payments reserve HK$'000 (Note (iii))	Retained profits/ (accumulated losses) HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2021	**27,836**	**3,800,250**	**861**	**494,907**	**249**	**–**	**(7,829)**	**1,311**	**(2,897,261)**	**1,420,324**	**1,860**	**1,422,184**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**153,759**	**153,759**	**(11)**	**153,748**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**6,569**	**–**	**–**	**6,569**	**–**	**6,569**
Total comprehensive income/ (expense) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**6,569**	**–**	**153,759**	**160,328**	**(11)**	**160,317**
Capital reorganisation (Note (vi))	**–**	**(3,800,250)**	**–**	**(494,907)**	**–**	**–**	**–**	**–**	**4,295,157**	**–**	**–**	**–**
Lapse of share options	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,311)**	**1,311**	**–**	**–**	**–**
At 31 December 2021	**27,836**	**–**	**861**	**–**	**249**	**–**	**(1,260)**	**–**	**1,552,966**	**1,580,652**	**1,849**	**1,582,501**

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 28)	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (Note (i))	Other reserve HK$'000 (Note (iv))	Exchange translation reserve HK$'000 (Note (ii))	Investment revaluation reserve HK$'000 (Note (v))	Share-based payments reserve HK$'000 (Note (iii))	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2020	27,836	3,800,250	861	494,907	249	–	(1,483)	1,969	(2,942,783)	1,381,806	1,871	1,383,677
Profit for the year	–	–	–	–	–	–	–	–	44,190	44,190	(11)	44,179
Other comprehensive expense for the year	–	–	–	–	–	–	(6,346)	–	–	(6,346)	–	(6,346)
Total comprehensive (expense)/ income for the year	–	–	–	–	–	–	(6,346)	–	44,190	37,844	(11)	37,833
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	674	–	674	–	674
Lapse of share options	–	–	–	–	–	–	–	(1,332)	1,332	–	–	–
At 31 December 2020	27,836	3,800,250	861	494,907	249	–	(7,829)	1,311	(2,897,261)	1,420,324	1,860	1,422,184

Notes:

(i) The contributed surplus represents reserves arising from (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the corporate reorganisation prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in 1993; and (ii) the Company's capital reorganisation exercises implemented in prior years. Under the Companies Act of Bermuda, the contributed surplus of the Company is distributable to shareholders under certain circumstances.

(ii) Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the exchange translation reserve. Such exchange differences are reclassified to profit or loss upon the disposal of foreign operations.

(iii) The share-based payments reserve relates to share options granted to employees under the Company's share option scheme and other agreement. Further information about share-based payments to employees is set out in Note 29.

(iv) The other reserve as at year end date represent the difference between the consideration paid for acquisition of non-controlling interests during the year ended 31 December 2018 and their carrying amounts as at the date of acquisition.

(v) Investment revaluation reserve represents the cumulative net change in the fair value of debt investments designated at fair value through other comprehensive income that are held at the end of the reporting period.

(vi) Pursuant to a special resolution duly passed by the shareholders of the Company at the Company's special general meeting held on 18 June 2021,

    (a) the share premium account of the Company was cancelled with the credit arising therefrom amounted to approximately HK$3,800,250,000 transferred to the contributed surplus account; and

    (b) the accumulated contributed surplus account of approximately HK$4,295,157,000 (including the amount of HK$3,800,250,000 referred to in note a above) was set off against the accumulated losses of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES			
Profit before tax		**156,904**	46,716
Adjustments for:			
Depreciation of property, plant and equipment	9	**13,328**	11,312
Loss on disposal of property, plant and equipment		**275**	–
Finance costs	8	**439**	674
Interest income		**(91,172)**	(84,576)
Loss on disposal of debt instruments at fair value through other comprehensive income	7	**4,470**	1,418
Gain on fair value changes of financial assets at fair value through profit or loss	7	**(172,802)**	(22,789)
Dividend income from securities investments	7	**(218)**	–
Impairment loss on trade receivables		**3,154**	2,919
Impairment loss on loans and interest receivables	7	**27,912**	2,467
Impairment loss on debt instruments at fair value through other comprehensive income	7	**12,223**	–
Impairment loss on trade receivables reversed	9	**(18)**	(16)
Equity-settled share-based payments expenses	9	**–**	674
Operating cash flows before movements in working capital		**(45,505)**	(41,201)
Decrease/(increase) in inventories		**513**	(513)
Decrease/(increase) in trade and other receivables		**49,576**	(145,870)
Increase in loans receivables		**(115,384)**	(226,653)
Increase in listed equity securities		**(80,377)**	(36,737)
Decrease in listed bond investments		**76,844**	206,409
(Increase)/decrease in bank trust account balances		**(11,760)**	104
Increase in trade and other payables		**7,620**	148
Cash used in from operations		**(118,473)**	(244,313)
Income taxes paid, net		**(3,200)**	(1,660)
Dividend income from securities investments		**218**	–
Interest income received from money lending business, financial services business and listed bond investments		**92,272**	80,443
NET CASH USED IN OPERATING ACTIVITIES		**(29,183)**	(165,530)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
INVESTING ACTIVITIES			
Interest received		**98**	1,464
Purchase of property, plant and equipment		**(2,405)**	(6,739)
Purchase of other intangible asset		**–**	(1,300)
Purchase of investment funds		**(5,567)**	(5,840)
Proceeds from disposal of investment funds		**13,816**	20,049
Purchase of unlisted equity investment classified as financial assets at FVTPL		**(32,760)**	–
Deposits received on disposal of assets classified as held for sale		**11,200**	–
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		**(15,618)**	7,634
FINANCING ACTIVITIES			
Interest paid	37	**–**	(107)
Payment of lease liabilities	37	**(6,676)**	(5,910)
Repayment of loan notes	37	**–**	(20,800)
NET CASH USED IN FINANCING ACTIVITIES		**(6,676)**	(26,817)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(51,477)**	(184,713)
Cash and cash equivalents at the beginning of the year		**204,512**	389,225
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**153,035**	204,512

1. GENERAL INFORMATION

Power Financial Group Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, and its head office and principal place of business in Hong Kong is situated at Room 102, 1/F., Energy Plaza, No. 92 Granville Road, Tsimshatsui East, Kowloon, Hong Kong.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in Note 36. The "Group" comprises the Company and its subsidiaries.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for current year

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

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

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

Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions and early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions for the first time and early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 in the current year retrospectively. The amendments introduce a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions that occurred as a direct consequence of the Covid-19 pandemic that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions and early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 *(Continued)*

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases ("HKFRS 16") if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of these amendments has had no material impact on the Group's financial positions and performance in the current and prior years as the Group opted not to apply the practical expedient, but applied the applicable requirements of HKFRS 16 to account for rent concessions provided by certain lessors.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
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[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
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 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of these new and amendments to HKFRSs, which are not yet effective, will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset take 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.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Significant accounting policies

Business combinations or asset acquisitions

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 a subsidiary 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 are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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 in 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

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 other comprehensive income 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.

Basis of consolidation

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by- transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Basis of consolidation *(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.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

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 (see the accounting policy below);

- assets (or disposal groups) 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

Business combinations (Continued)

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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

Business combinations (Continued)

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 (see 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 (see 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 group 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 purposes and not larger than an operating segment.

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 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 on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Significant accounting policies *(Continued)*

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 goods or 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.

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell the promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

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

(i) Commission income from securities brokerage

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed.

(ii) Commission income from placing

Placing commission income is recognised on the trade date when the Group purchases the securities from the issuer or the date the Group sells the securities to third-party investors.

(iii) Corporate finance advisory income

Corporate finance advisory income from providing specified financial advisory and acting as independent financial adviser are recognised at a point in time when the services for the transactions are completed under the terms of each engagement, as only that time the Group has a present right to payment from the customers for the service performed. Invoices for the financial services are issued upon signing service contracts and when stated milestones in the contract are reached.

Advisory fee income from provision of services under retainers is recognised over time based on contractual terms specified in the underlying agreements, as the customer simultaneously receives and consumes the benefit providing by the Group and revenue can be measured reliably.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Contracts with multiple performance obligations (including allocation of transaction price) (Continued)

(iv) Trading of healthcare related products

Revenue from trading of healthcare related products is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

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 or arising from business combination, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases 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 or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Right-of-use assets

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 are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 are 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 in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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 lease payments change due to changes in market rental rates following a market rent review payment under a guaranteed residual value in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- The consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of the lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessor (Continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, 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 for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

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 recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the 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 of monetary items, and on the retranslation of monetary items, are recognised in 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. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange translation reserve (attributed to non-controlling interests as appropriate).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Foreign currencies *(Continued)*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plan

Payment to defined contribution retirement benefit plans/the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as an expense when employees have rendered service entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Significant accounting policies *(Continued)*

Share-based payments

Share options granted to employees

Equity-settled share-based payments to employees 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 conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits/accumulated losses.

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/loss before tax because 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 amounts 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 differences to the extent that it is probable that taxable profits will be available against which those 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Taxation *(Continued)*

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 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 deferred tax 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.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Property, plant and equipment

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

When the Group makes payments for ownership interests of properties 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 at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets". When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their 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 an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment (including right-of-use assets) to determine whether there is any indication that these 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 the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit 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 a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. 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 or the group of cash-generating units. 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 or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Impairment on property, plant and equipment (including right-of-use assets) and intangible assets other than goodwill *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that 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 a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9 and investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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.

The amount recognised as a provision is 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).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("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 and points 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 or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue/other income, gains and losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

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 collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms 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, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. 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.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or 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 "other income, gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including other assets, trade and other receivables, loans and interest receivables, bank trust account balances, bank balances and cash) which are subject to impairment assessment under HKFRS 9. 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 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 Group recognises lifetime ECL for trade receivables arising from trading of healthcare related products. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For other financial assets at amortised cost and debt instruments at FVTOCI, the ECLs are based on the 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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; or

- 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.

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 and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

(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 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:

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

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

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

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

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

(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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

(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 and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and 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.

Lifetime ECL for trade and other receivables, loans and interest receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, loans and interest receivables where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset 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 receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified. When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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 recognised at the proceeds received, net of direct issue costs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Financial liabilities and equity *(Continued)*

Equity instruments (Continued)

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities, including trade and other payables, and lease liabilities, are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided to the Group's chief operating decision makers for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services, the type or class of customers, the methods used to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, 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 on-going 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.

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

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives after taking into account their estimated residual values. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation charges for the future years.

Impairment loss on property, plant and equipment (including right-of-use assets) and other intangible assets

If circumstances indicate that the carrying amounts of property, plant and equipment (including right-of-use assets) and other intangible assets may not be recoverable, the assets may be considered impaired, and an impairment loss may be recognised to reduce the carrying amounts to their recoverable amounts. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. The fair value less costs of disposal is estimated by reference to comparable sales evidence and market conditions. For the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant estimates and judgments relating to level of future income and operating costs. Changes in these estimates could have significant impact on the carrying amounts of these assets and could result in additional impairment charge or reversal of impairment, if any, in future periods.

As at 31 December 2021, the carrying amounts of property, plant and equipment (including right-of-use assets) and other intangible assets are approximately HK$5,956,000 and HK$1,300,000, respectively (2020: HK$64,787,000 and HK$1,300,000). No impairment loss on property, plant and equipment (including right-of-use assets) and other intangible assets were recognised in respect of the current year (2020: HK$Nil). The information about the property, plant and equipment (including right-of-use assets) and other intangible assets are disclosed in Notes 15 and 17 respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Measurement of expected credit loss allowance

The management estimates the amount of loss allowance for ECLs on financial assets at amortised cost and debt instruments at FVTOCI based on the credit risk of the respective financial instrument. The loss allowance is measured as the difference between the asset's carrying amount and the present value of estimate future cash flows with the consideration of expected future credit loss of the respective financial instrument and collateral value. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty about future economic conditions which have an adverse effect on debtors' business, debtors' creditworthiness, the payment delinquency or default in interest or principal payments or fair values of collaterals. 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 carrying amounts of loans and interest receivables, trade and other receivables and debt instruments at FVTOCI are approximately HK$677,005,000, HK$113,986,000, and HK$15,325,000 respectively (2020: HK$590,717,000, HK$180,247,000 and HK$102,304,000). The information about the ECLs of loans and interest receivables, trade and other receivables, and debt instruments at FVTOCI are disclosed in Notes 18, 22 and 19 respectively. Further details about the assessment of ECLs of these financial assets are disclosed in Note 34.

Fair value of financial instruments

When the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as the share price of the underlying investment, correlation, volatility and transactions of shares. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the consolidated statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

HKFRS 13 requires disclosures relating to fair value measurements using a three-tier fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, then that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis.

The information about the fair values of these financial assets are determined are set in Note 34.

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2021 HK$'000	2020 HK$'000
Interest income from money lending	**68,080**	55,342
Interest income from bond investments	**4,430**	15,105
Income from financial services		
– Commission income from securities brokerage	**3,111**	2,712
– Commission income from placing	**3**	208
– Corporate finance advisory services	**–**	840
– Interest income from clients	**18,331**	12,665
Trading of healthcare related products	**1,766**	14,844
	95,721	101,716

An analysis of the Group's revenue for the year under HKFRS 15 is as follows:

	2021 HK$'000	2020 HK$'000
Income from financial services		
– Commission income from securities brokerage	**3,111**	2,712
– Commission income from placing	**3**	208
– Corporate finance advisory services	**–**	840
Trading of healthcare related products	**1,766**	14,844
	4,880	18,604

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by timing over revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

	Revenue recognised		
For the year ended 31 December 2021	**At point in time HK$'000**	**Over time HK$'000**	**Total HK$'000**
Financial services segment	**3,114**	**–**	**3,114**
Money lending segment	**–**	**–**	**–**
Trading segment	**1,766**	**–**	**1,766**
Assets investment segment	**–**	**–**	**–**
	4,880	**–**	**4,880**

5. REVENUE *(Continued)*

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

For the year ended 31 December 2020	Revenue recognised At point in time HK$'000	Over time HK$'000	Total HK$'000
Financial services segment	2,920	840	3,760
Money lending segment	–	–	–
Trading segment	14,844	–	14,844
Assets investment segment	–	–	–
	17,764	840	18,604

6. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance.

The Group's reportable segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Financial services segment – Provision of financial services including securities brokerage, placing, and corporate finance advisory services in Hong Kong;
- Money lending segment – Provision of loan financing in Hong Kong;
- Trading segment – Trading of healthcare related products in Hong Kong and to overseas; and
- Assets investment segment – Investments in debt securities earning fixed interest income, as well as investments in listed and unlisted equity securities and investment funds earning variable returns and gains.

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

For the year ended 31 December 2021

	Financial services segment HK$'000	Money lending segment HK$'000	Trading segment HK$'000	Assets investment segment HK$'000	Total HK$'000
Revenue					
Revenue from external customers	21,445	68,080	1,766	4,430	95,721
Other income, gains and losses					
Dividend income from listed equity securities and unlisted investment funds	–	–	–	218	218
Loss on disposal of debt instruments at FVTOCI	–	–	–	(4,470)	(4,470)
Gain on fair value changes of financial assets at FVTPL	–	–	–	172,802	172,802
Impairment loss on:					
– Loans and interest receivables	–	(27,912)	–	–	(27,912)
– Debt instruments at FVTOCI	–	–	–	(12,223)	(12,223)
– Trade receivables	(3,154)	–	–	–	(3,154)
	18,291	40,168	1,766	160,757	220,982
Results					
Segment profit/(loss)	8,966	18,664	(812)	140,480	167,298
Unallocated corporate income					2,991
Unallocated corporate expenses					(12,946)
Finance costs					(439)
Profit before tax					156,904

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2020

	Financial services segment HK$'000	Money lending segment HK$'000	Trading segment HK$'000	Assets investment segment HK$'000	Total HK$'000
Revenue					
Revenue from external customers	16,425	55,342	14,844	15,105	101,716
Other income, gains and losses					
Dividend income from listed equity securities and unlisted investment funds	–	–	–	183	183
Loss on disposal of debt instruments at FVTOCI	–	–	–	(1,418)	(1,418)
Gain on fair value changes of financial assets at FVTPL	–	–	–	22,789	22,789
Impairment loss on:					
– Loans and interest receivables	–	(2,467)	–	–	(2,467)
– Trade receivables	(2,919)	–	–	–	(2,919)
	13,506	53,875	14,844	36,659	117,884
Results					
Segment profit	958	38,604	386	13,226	53,174
Unallocated corporate income					2,311
Unallocated corporate expenses					(8,095)
Finance costs					(674)
Profit before tax					46,716

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

Segment revenue represents revenue from external customers shown above. There were no inter-segment sales for the year ended 31 December 2021 (2020: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit/loss represent the profit/loss from each segment without allocation of certain directors' emoluments, certain other income, gains and losses, certain administrative expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2021 HK$'000	2020 HK$'000
Segment assets		
Financial services segment	**104,124**	180,140
Money lending segment	**685,050**	592,488
Trading segment	**–**	862
Assets investment segment	**639,637**	517,281
Total segment assets	**1,428,811**	1,290,771
Unallocated assets		
– Bank balances and cash	**147,515**	147,730
– Other unallocated assets	**52,559**	17,633
Consolidated total assets	**1,628,885**	1,456,134
Segment liabilities		
Financial services segment	**29,890**	21,155
Money lending segment	**986**	717
Trading segment	**38**	388
Assets investment segment	**619**	1,528
Total segment liabilities	**31,533**	23,788
Unallocated liabilities	**14,851**	10,162
Consolidated total liabilities	**46,384**	33,950

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating segments other than certain property, plant and equipment (including right-of-use assets), bank balances and cash and income tax recoverable which are not allocated to segment assets; and

- all liabilities are allocated to operating segments other than certain payables, lease liabilities and income tax payable which are not allocated to segment liabilities.

Other segment information

For the year ended 31 December 2021

	Financial services segment HK$'000	Money lending segment HK$'000	Trading segment HK$'000	Assets investment segment HK$'000	Unallocated HK$'000	Total HK$'000
Additions to non-current assets	–	–	–	–	2,405	2,405
Interest income	18,331	68,080	–	4,430	2,991	93,832
Interest expenses	–	–	–	–	(439)	(439)
Depreciation of property, plant and equipment	(483)	(480)	–	–	(12,365)	(13,328)
Impairment loss on trade receivables reversed	18	–	–	–	–	18

For the year ended 31 December 2020

	Financial services segment HK$'000	Money lending segment HK$'000	Trading segment HK$'000	Assets investment segment HK$'000	Unallocated HK$'000	Total HK$'000
Additions to non-current assets	–	1,330	–	–	17,431	18,761
Interest income	12,665	55,342	–	15,105	1,464	84,576
Interest expenses	–	–	–	–	(674)	(674)
Depreciation of property, plant and equipment	(2,555)	(7)	–	–	(8,750)	(11,312)
Impairment loss on trade receivables reversed	16	–	–	–	–	16

Note: Additions to non-current assets excluded those relating to financial instruments.

6. SEGMENT INFORMATION *(Continued)*

Geographical information

The geographical location of customers is based on the location of the customers, irrespective of the origin of the goods or services. The geographical location of the non-current assets is based on the physical location of the assets.

The Group's revenue from external customers and information regarding non-current assets by geographical locations are as follows:

	Revenue		Non-current assets	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**95,721**	98,107	**7,392**	66,223
United States of America	**–**	3,609	**–**	–
	95,721	101,716	**7,392**	66,223

Note: Non-current assets excluded those relating to financial instruments.

Information about major customers

There was no customer contributing over 10% of the total revenue of the Group for the years ended 31 December 2021 and 2020.

7. OTHER INCOME, GAINS AND LOSSES

	2021	2020
	HK$'000	HK$'000
Interest income	**98**	1,464
Sundry income	**314**	1,559
Rental income	**2,578**	150
Dividend income from listed equity securities	**218**	183
Gain on fair value changes of financial assets at FVTPL	**172,802**	22,789
Loss on disposal of debt instruments at FVTOCI	**(4,470)**	(1,418)
Impairment loss on:		
– Loans and interest receivables (Note 18)	**(27,912)**	(2,467)
– Debt instruments at FVTOCI (Note 19)	**(12,223)**	–
– Trade receivables (Note 22(b))	**(3,154)**	(2,919)
	128,251	19,341

8. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on loan notes	–	107
Interest on lease liabilities	439	567
	439	674

9. PROFIT BEFORE TAX

	2021 HK$'000	2020 HK$'000
Profit before tax has been arrived at after charging/(crediting):		
Staff costs:		
Directors' emoluments, excluding equity-settled share-based payments (Note 11)	14,198	14,531
Other staff costs (Note below)	16,696	9,402
Equity-settled share-based payments (including directors' equity-settled share-based payments) (Note 29)	–	674
	30,894	24,607
Auditor's remuneration	998	900
Cost of inventories recognised as an expense	1,525	13,910
Depreciation of property, plant and equipment	13,328	11,312
Exchange losses, net	1,497	2,351
Loss on disposal of property, plant and equipment	275	–
Impairment loss on trade receivables reversed (Note 22(a))	(18)	(16)

Note: Included in other staff costs are contributions of retirement benefits scheme amounted to approximately HK$273,000 (2020: HK$220,000).

10. INCOME TAX EXPENSE

	2021 HK$'000	2020 HK$'000
Current tax:		
– Hong Kong Profits Tax	**3,166**	2,510
– (Over)/under-provision in respect of prior period	**(10)**	27
Income tax expense	**3,156**	2,537

Hong Kong Profits Tax is calculated at 8.25% (2020: 8.25%) on the first HK$2,000,000 of estimated assessable profits of the qualifying group entity under the two-tiered profits tax rates regime and at 16.5% (2020: 16.5%) for the portion of the estimated assessable profits of the qualifying entity above HK$2,000,000. The assessable profits of the group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at 16.5% (2020: 16.5%).

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

The income tax expense can be reconciled to profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 HK$'000	2020 HK$'000
Profit before tax	**156,904**	46,716
Tax at Hong Kong Profits Tax rate of 16.5% (2020:16.5%)	**25,889**	7,708
Tax effect of expenses not deductible for tax purpose	**13,792**	4,825
Tax effect of income not taxable for tax purpose	**(33,892)**	(10,298)
Tax effect of tax losses not recognised	**385**	1,229
Tax effect of utilisation of tax losses previously not recognised	**(3,838)**	(502)
Tax effect of temporary difference not recognised	**995**	(287)
Tax concession	**(165)**	(165)
Under-provision in respect of prior period	**(10)**	27
Income tax expense	**3,156**	2,537

At the end of the reporting period, the Group has unused tax losses, subject to the agreement by the Hong Kong Inland Revenue Department, of approximately HK$810,612,000 (2020: HK$789,681,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The losses may be carried indefinitely.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G) is as follows:

For the year ended 31 December 2021

	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000 (Note (a))	Contributions to retirement benefits scheme HK$'000	Equity-settled share-based payments HK$'000 (Note (b))	Total emoluments HK$'000
Executive directors						
Mr. Choi Chun Chung, Danny	–	12,000	–	18	–	12,018
Mr. Siu Kam Chau (Note (c))	–	1,292	–	9	–	1,301
Mr. Tau Sai Kit, Terry (Note (d))	63	253	50	10	–	376
Ms. Sin Pui Ying (Note (e))	170	–	–	–	–	170
Mr. Li Wing Cheong (Note (j))	–	–	–	–	–	–
Independent non-executive directors						
Mr. Chiu Ka Wai, Ellis (Note (i))	120	–	–	–	–	120
Ms. Chan Kar Yin, Polly (Note (f))	30	–	–	–	–	30
Mr. Kwok Sze Kong (Note (g))	90	–	–	–	–	90
Ms. Leung Mabel (Note (d))	63	–	–	–	–	63
Ms. Chan Lai Ping (Note (h))	30	–	–	–	–	30
Ms. Tam Mei Chu (Note (k))	–	–	–	–	–	–
Mr. Ho Yuen Tung (Note (l))	–	–	–	–	–	–
	566	13,545	50	37	–	14,198

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 December 2020

	Fees HK$'000	Salaries and other benefits HK$'000	Performance bonus HK$'000 (Note (a))	Contributions to retirement benefits scheme HK$'000	Equity-settled share-based payments HK$'000 (Note (b))	Total emoluments HK$'000
Executive directors						
Mr. Choi Chun Chung, Danny	–	12,000	–	18	–	12,018
Mr. Sit Sai Hung, Billy (Note (m))	–	273	–	6	172	451
Mr. Siu Kam Chau (Note (c))	–	1,839	–	12	165	2,016
Independent non-executive directors						
Mr. Chu Hau Lim (Note (m))	60	–	–	–	–	60
Mr. Wong Kun To (Note (m))	40	–	–	–	–	40
Ms. Lim Xue Ling, Charlene (Note (n))	44	–	–	–	–	44
Mr. Chiu Ka Wai, Ellis (Note (i))	81	–	–	–	–	81
Ms. Chan Kar Yin, Polly (Note (f))	81	–	–	–	–	81
Mr. Kwok Sze Kong (Note (g))	77	–	–	–	–	77
	383	14,112	–	36	337	14,868

The executive directors' and chief executive's emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Notes:

(a) Performance bonus is based on the Group's operation performance.

(b) During the year ended 31 December 2019, share options were granted to certain directors in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 29.

(c) Resigned with effect from 21 June 2021.

(d) Appointed with effect from 21 June 2021.

(e) Appointed with effect from 15 April 2021 and resigned on 31 January 2022.

(f) Resigned with effect from 15 March 2021.

(g) Appointed with effect from 21 May 2020 and resigned with effect from 30 September 2021.

(h) Appointed with effect from 30 September 2021 and resigned on 7 March 2022.

(i) Appointed with effect from 29 April 2020 and resigned with effect from 31 December 2021.

(j) Appointed with effect from 31 January 2022.

(k) Appointed with effect from 1 March 2022.

(l) Appointed with effect from 11 March 2022.

(m) Resigned with effect from 29 April 2020.

(n) Resigned with effect from 12 May 2020.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2021 and 2020.

During the year ended 31 December 2021, no emolument was paid by the Group to the directors or chief executives of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2021 included two (2020: three) directors, which included (i) Choi Chun Chung, Danny, who appointed as executive director with effect from 20 October 2017. (ii) Mr. Siu Kam Chau, the then non-director employee, who was appointed as an executive director of the Company with effect from 29 April 2020 and resigned on 21 June 2021, and whose directors' emoluments are included in the disclosures in Note 11 above. Details of the emoluments of Mr. Choi Chun Chung, Danny and Mr. Siu Kam Chau during their employment as the directors of the Company and the remaining three (2020: two) employees who are non-directors of the Company are as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries and other benefits	**5,039**	3,024
Performance bonus	**20**	–
Equity-settled share-based payments	**–**	337
Contributions to retirement benefits scheme	**42**	54
	5,101	3,415

The aggregate amounts of emoluments of Mr. Choi Chun Chung, Danny and Mr. Siu Kam Chau during their employment period throughout the year ended 31 December 2021 constituted two of the five highest paid employees. The number of non-directors, highest paid employees (including Mr. Siu Kam Chau) whose emoluments fell within the following bands as follows:

	2021 **No. of** **individuals**	2020 No. of individuals
HK$Nil – HK$1,000,000	**1**	2
HK$1,000,001 – HK$1,500,000	**2**	1
HK$1,500,001 – HK$3,000,000	**1**	1

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

13. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

14. EARNINGS PER SHARE

Basic earnings per share

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

	2021	2020
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to owners of the Company	**153,759**	44,190

	2021	2020
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**2,783,553**	2,783,553

Diluted earnings per share

The computation of diluted earnings per share did not assume the exercise of outstanding share options of the Company because the exercise price of those options was higher than the average market price for shares for both of the years ended 31 December 2021 and 31 December 2020.

Diluted earnings per share for the years ended 31 December 2021 and 2020 are not presented as there were no other potential shares in issue for both of these years.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Right-of-use assets HK$'000	Total HK$'000
COST						
At 1 January 2020	56,478	4,860	5,975	558	7,281	75,152
Additions	–	6,079	357	303	10,722	17,461
Disposals	–	(4,837)	(1,055)	–	–	(5,892)
At 31 December 2020 and 1 January 2021	**56,478**	**6,102**	**5,277**	**861**	**18,003**	**86,721**
Additions	**–**	**1,657**	**705**	**43**	**–**	**2,405**
Disposals	**–**	**–**	**(1,020)**	**(62)**	**(7,281)**	**(8,363)**
Transferred to assets classified as held for sale (Note 26)	**(56,478)**	**(22)**	**–**	**–**	**–**	**(56,500)**
At 31 December 2021	**–**	**7,737**	**4,962**	**842**	**10,722**	**24,263**
ACCUMULATED DEPRECIATION						
At 1 January 2020	5,257	3,064	4,438	189	3,566	16,514
Provided for the year	1,883	1,918	703	114	6,694	11,312
Eliminated on disposals	–	(4,837)	(1,055)	–	–	(5,892)
At 31 December 2020 and 1 January 2021	**7,140**	**145**	**4,086**	**303**	**10,260**	**21,934**
Provided for the year	**1,727**	**5,332**	**587**	**173**	**5,509**	**13,328**
Eliminated on disposals	**–**	**–**	**(758)**	**(49)**	**(7,281)**	**(8,088)**
Transferred to assets classified as held for sale (Note 26)	**(8,867)**	**–**	**–**	**–**	**–**	**(8,867)**
At 31 December 2021	**–**	**5,477**	**3,915**	**427**	**8,488**	**18,307**
CARRYING AMOUNTS						
At 31 December 2021	**–**	**2,260**	**1,047**	**415**	**2,234**	**5,956**
At 31 December 2020	49,338	5,957	1,191	558	7,743	64,787

The leasehold land and buildings are situated on land in Hong Kong.

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Right-of-use assets

The right-of-use assets represents the leased office premises which are situated in Hong Kong.

Lease contracts are entered into for fixed term ranging from 2 to 3 years (2020: 2 to 3 years). Lease terms are negotiated on an individual basis and contain 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.

As at 31 December 2021, the Group has an extension option in leases for an office premise. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension option held are exercisable only by the Group and not by the respective lessor.

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

	2021 **HK$'000**	2020 HK$'000
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**247**	171
Total cash outflow for leases	**247**	171

Details of total cash outflow for leases are set out in consolidated statement of cash flows.

Depreciation of property, plant and equipment

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

Leasehold land and building	Over the shorter of the term of the lease, or 30 years
Leasehold improvements (note)	Over the lease terms
Office equipment	10% to 40%
Furniture and fixtures	10% to 40%
Right-of-use assets	Over the terms of the lease

16. GOODWILL

	HK$'000
COST	
At 1 January 2020, 31 December 2020 and 31 December 2021	16,221
ACCUMULATED IMPAIRMENT	
At 1 January 2020, 31 December 2020 and 31 December 2021	16,085
CARRYING AMOUNTS	
At 31 December 2021	**136**
At 31 December 2020	136

Impairment testing on goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2021 HK$'000	2020 HK$'000
E Finance Limited ("E Finance") – money lending business	**136**	136

E Finance is principally engaged in the money lending.

The recoverable amount of the CGU was determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period approved by the management. Cash flows beyond five-year period are extrapolated using growth rate of 3% (2020: 3%) per annum. The cash flow projections are discounted at pre-tax discount rate of 16.17% (2020: 17.90%) per annum, which reflects the specific risks relating to such CGU.

The key assumptions for the value-in-use calculation are those regarding the discount rates, the budgeted revenue and budgeted expenses during the forecasting periods, which are determined by the management based on the past performance and management's expectations for the market development.

17. OTHER INTANGIBLE ASSET

	Membership HK$'000
COST	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	**1,300**

The membership represents the database access membership of consumer credit in Hong Kong. The membership is considered by the management as having indefinite useful lives because it is expected to contribute to net cash inflows indefinitely. The membership was tested for impairment by comparing its carrying amount with its recoverable amount, which was determined on the basis of value in use calculation.

Based on the impairment assessment, management considers that no impairment loss on the intangible asset is required to be made in the consolidated financial statements.

18. LOANS AND INTEREST RECEIVABLES

	2021 **HK$'000**	2020 HK$'000
Loans and interest receivables thereon		
– Within one year	**693,063**	597,857
– In the second to fifth years	**13,238**	147
	706,301	598,004
Less: Impairment loss recognised	**(29,296)**	(7,287)
	677,005	590,717
Analysed for reporting purpose as:		
Non-current assets	**13,238**	147
Current assets	**663,767**	590,570
	677,005	590,717

18. LOANS AND INTEREST RECEIVABLES *(Continued)*

Movements of allowance of loans and interest receivables are as follows:

	2021 HK$'000	2020 HK$'000
At 1 January	**7,287**	4,820
Impairment loss recognised (Note 7)	**27,912**	2,467
Amount written off during the year	**(5,903)**	–
At 31 December	**29,296**	7,287

Details of loans receivables (excluding interest receivables) are as follows:

As at 31 December 2021

Loan principals HK$'000	Interest rate per annum	Maturity date	Security pledged
177,224	9%–24%	Within 1 year to 5 years	Landed properties in Hong Kong, and shares of certain listed and unlisted companies
160,739	4%–18%	Within 1 year	Guarantees provided by certain independent third parties
365,321	7%–36%	Within 1 year	Nil
703,284			

18. LOANS AND INTEREST RECEIVABLES *(Continued)*

As at 31 December 2020

Loan principals HK$'000	Interest rate per annum	Maturity date	Security pledged
386,368	9%–36%	Within 1 year to 5 years	Landed properties in Hong Kong, and shares of certain listed and unlisted companies
94,500	10%–17%	Within 1 year	Guarantees provided by certain independent third parties
107,950	10%–24%	Within 1 year	Nil
588,818			

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and imposes credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

19. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 HK$'000	2020 HK$'000
Listed bond investments		
– Hong Kong	15,325	50,371
– Singapore	–	51,933
	15,325	102,304
Analysed for reporting purpose as:		
Non-current assets	2,257	45,536
Current assets	13,068	56,768
	15,325	102,304

The Group holds the debt instruments for the purpose of collecting the interests of the bonds and sell the bonds under favourable market environment.

Movements of allowance of debt instruments at FVTOCI, which is recognised in investment revaluation reserve, are as follows:

	2021 HK$'000	2020 HK$'000
At 1 January	7,839	11,582
Impairment loss recognised (Note 7)	12,223	–
Eliminated on disposal of debt instruments	(7,839)	(3,743)
At 31 December	12,223	7,839

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$'000	2020 HK$'000
Fair value		
Equity securities listed in Hong Kong (Note (a))	**455,233**	227,759
Unlisted investment funds (Note (b))	**98,405**	67,144
Unlisted equity investment (Note (c))	**32,167**	–
	585,805	294,903
Analysed for reporting purpose as:		
Non-current assets	**130,572**	67,144
Current assets	**455,233**	227,759
	585,805	294,903

Notes:

(a) The fair value of the listed equity securities and listed bond investments were determined based on the quoted market prices in an active market, except for certain listed equity securities with the carrying amount of approximately HK$20,318,000 (2020: HK$180,635,000), the trading of which on the Stock Exchange has been suspended by the Securities and Futures Commission (the "Suspended Shares"). The fair value of the Suspended Shares was determined with reference to the valuations performed by an independent professional valuer; details of which are set out in the section headed "Fair value measurement of financial instruments" in Note 34.

Certain Suspended Shares as at 31 December 2020 were resumed their right of trading during the year 2021. The fair value of these listed equity securities at 31 December 2021 was estimated to be HK$296,895,000 which was determined based on the quoted market price as at that date. The fair value of these listed equity securities at 31 December 2020 was estimated to be HK$174,089,000 which was determined by reference to the valuation technique of guideline public company method performed by an external valuer.

(b) The fair value of unlisted investment funds was determined with reference to the underlying assets of the funds which are provided by the counterparty financial institutions. These unlisted investments funds are included in non-current assets as they are not expected to be disposal of by the Group within one year after the end of the reporting period.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes: *(Continued)*

(c) On 16 July 2021, Moonscope Limited (the "Purchaser"), a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party, pursuant to which (i) the Purchaser acquired 609,000 shares in, representing approximately 1.05% of the issued share capital of, TNG FinTech Group Inc. ("TNG FinTech"), ("TNG FinTech Shares") at the consideration of US$4,200,000 (equivalent to approximately HK$32,760,000); and (ii) the Vendor granted the call option (the "Call Option") to the Purchaser which may be exercised by the Purchaser within nine months after the date of the completion of the acquisition of the TNG Fintech Shares (the "Acquisition") to require the Vendor to sell an aggregate of 260,000 shares in, representing approximately 0.45% of the issued share capital of TNG FinTech, to the Purchaser at the call option price (being US$1,793,103 (equivalent to approximately HK$13,986,203)); and the Purchaser was granted a put option (the "Put Option") that, in the event that the disposal of 40% equity investment in a subsidiary of TNG FinTech by the shareholders of the subsidiary is not materialised, the Purchaser is entitled to require the Vendor to purchase back the TNG Fintech Shares at the same consideration of US$4,200,000. Completion of the Acquisition took price on 16 July 2021 and the Group's 1.05% equity investment in TNG Fintech together with the Call Option and the Put Option are regarded as financial asset at FVTPL.

TNG FinTech and its subsidiaries and associated companies are principally engaged in e-Wallet and digital banking services, development of digital remittance infrastructure and provision of digital remittance platform services in Southeast Asia and real-time gross settlement system, currency exchange and remittance network in support of blockchain and digital asset technology.

On 21 December 2021, the disposal of 40% equity interest in the subsidiary of TNG FinTech by the shareholders was completed, accordingly the Put Option has lapsed.

On initial recognition, the fair value of the TNG FinTech Shares together with the Call Option and the Put Option was estimated to be totalled US$4,200,000 (equivalent to approximately HK$32,760,000). The fair value of TNG FinTech Shares together with the Call Option at 31 December 2021 was estimated to be HK$32,167,000 which was determined with reference to valuations performed by an independent valuer, details of which are set out in the section headed "Fair value measurement of financial instruments" in Note 34.

21. INVENTORIES

	2021	2020
	HK$'000	HK$'000
Finished goods	–	513

22. TRADE AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables from:		
Financial services business		
– Cash clients and clearing house (Note (a))	757	2,475
– Margin clients (Note (b))	108,169	160,531
	108,926	163,006
Trading business (Note (c))	–	346
	108,926	163,352
Other receivables (Note (d))	5,060	16,895
Prepayments	969	635
Total trade and other receivables	114,955	180,882

Notes:

(a) Cash clients and clearing house of financial services business

	2021 HK$'000	2020 HK$'000
Gross receivables	982	2,718
Less: Allowance for impairment	(225)	(243)
	757	2,475

The settlement terms of trade receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing house are one or two days after the respective trade date.

Receivables that were past due but not impaired represent unsettled trade transactions on the last two days prior to the end of reporting period and also relates to a wide range of independent clients for whom there are no recent history of default.

Movements of allowance of trade receivables from cash clients and clearing house are as follows:

	2021 HK$'000	2020 HK$'000
At 1 January	243	259
Recovery of impairment loss during the year (Note 9)	(18)	(16)
At 31 December	225	243

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: *(continued)*

(b) Margin clients of financial services business

	2021 **HK$'000**	2020 HK$'000
Gross receivables	**149,316**	198,524
Less: Allowance for impairment	**(41,147)**	(37,993)
	108,169	160,531

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading and bear interests at commercial rates. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. The margin ratio is reviewed and determined periodically. As at 31 December 2021, the market value of securities pledged by clients to the Group as collateral against margin client receivables was approximately HK$898,852,000 (2020: HK$809,612,000).

No aged analysis is disclosed as, in the opinion of the directors, such disclosure is not meaningful in view of the revolving nature of the margin financing business.

Movements of allowance of trade receivables from margin clients are as follows:

	2021 **HK$'000**	2020 HK$'000
At 1 January	**37,993**	35,074
Impairment loss recognised (Note 7)	**3,154**	2,919
At 31 December	**41,147**	37,993

The Group seeks to maintain tight control over its outstanding trade receivables in order to minimise credit risk.

(c) Trading business

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory and trustworthy credit history. Credit limits attributed to its customers are reviewed regularly. The Group generally allows an average credit period of 30 days for its customers. For new customers, cash on delivery or payment in advance is normally required.

The Group seeks to maintain strict control over its outstanding trade receivables. Overdue balances are reviewed regularly by the senior management.

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: *(continued)*

(c) Trading business *(Continued)*

An aged analysis of trade receivables based on the invoice date, and net of allowance for impairment losses, is as follows:

	2021 HK$'000	2020 HK$'000
Within 30 days	–	346

An aged analysis of these trade receivables past due but not impaired is as follows:

	2021 HK$'000	2020 HK$'000
1 to 30 days	–	346

As at 31 December 2020, the trade receivables balance are debtors amounted to HK$346,000 are past due as at the reporting date.

(d) Other receivables

As at 31 December 2020, other receivables include a balance of approximately HK$13,214,000 due from a third party in respect of the disposal of an investment fund during the year ended 31 December 2019. This amount was received during the year ended 31 December 2021.

23. BANK TRUST ACCOUNT BALANCES

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of securities brokerage business. The Group has classified the clients' monies as bank trust account balances under current assets and recognised the corresponding payables to the respective clients as trade payables (Note 25). The cash held on behalf of the customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

24. BANK BALANCES AND CASH

Bank balances and cash comprises cash held by the Group and bank balances that bear interest at prevailing market rates ranging from 0.001% to 0.15% (2020: 0.001% to 0.15%) per annum and have original maturity period of three months or less.

25. TRADE AND OTHER PAYABLES

	2021 **HK$'000**	2020 HK$'000
Trade payables from:		
Trading business (Note (a))	–	388
Financial services business (Note (b))		
– Cash Clients	**3,494**	6,412
– Margin Clients	**14,428**	10,769
– Clearing house	**11,929**	2,604
	29,851	20,173
Other payables	**118**	703
Accrued charges	**1,755**	3,228
	31,724	24,104

Notes:

(a) An aged analysis of trade payables based on the date of invoice date, is as follows:

	2021 **HK$'000**	2020 HK$'000
Within 30 days	–	388

(b) Majority of the payables in respect of financial services business are repayable on demand, except that certain balances payable to clients represent margin deposits received from clients for their trading activities under normal course of business, under which the excess amounts over the required margin deposits stipulated are repayable on demand.

The settlement terms of trade payables to clients and clearing house arising from the ordinary course of business of dealing in securities are two days after trade date.

No aged analysis is disclosed as, in the opinion of the directors, such disclosure is not meaningful in view of the nature of these businesses.

26. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	2021	2020
	HK$'000	HK$'000
Assets classified as held for sale		
Leasehold land and buildings (Note 15)	**47,633**	–

	2021	2020
	HK$'000	HK$'000
Liabilities associated with assets classified as held for sale		
Deposits received on disposal of leasehold land and building	**11,200**	–

On 16 December 2021, Bonus First Group Limited ("Bonus First"), a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party, Kaweta Limited ("Kaweta"), pursuant to which Kaweta agreed to purchase and Bonus First agreed to sell the Group's leasehold land and building for a consideration of HK$56,000,000, deposits of which amounted to HK$11,200,000 was received by the Group as at 31 December 2021. Accordingly, the leasehold land and building, which was previously included in property, plant and equipment, has been reclassified to assets classified as held for sale. The deposits received for disposal of HK$11,200,000 was classified as liabilities associated with assets classified as held for sale.

Completion of the disposal of the leasehold land and buildings took place on 10 February 2022.

27. LEASE LIABILITIES

	2021 Present value of the minimum lease payments HK$'000	2021 Minimum lease payments HK$'000	2020 Present value of the minimum lease payments HK$'000	2020 Minimum lease payments HK$'000
Within one year	**2,909**	**2,960**	6,237	6,676
After one year but not more than two years	**–**	**–**	2,909	2,960
	2,909	**2,960**	9,146	9,636
Less: total future interest expense		**(51)**		(490)
Present value of lease liabilities		**2,909**		9,146
Less: Amount due for settlement within twelve months shown under current liabilities		**(2,909)**		(6,237)
Amount due for settlement after twelve months		**–**		2,909

The weighted average incremental borrowing rates applied to lease liabilities is 7% (2020: 7%) per annum.

28. SHARE CAPITAL

	Number of shares	HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2020, 31 December 2020 and 31 December 2021	30,000,000,000	300,000
Issued and fully paid:		
At 1 January 2020, 31 December 2020 and 31 December 2021	2,783,552,734	27,836

29. SHARE OPTION SCHEME

The 2013 Share Option Scheme

The Company's 2013 share option scheme (the "2013 Share Option Scheme") was adopted pursuant to an ordinary resolution passed by the Company's shareholders at the annual general meeting of the Company held on 4 June 2013.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the 2013 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of shares in issue on 4 June 2013 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the 2013 Share Option Scheme.

The 2013 Share Option Scheme will remain in force for a period of 10 years commencing from 4 June 2013. Options complying the provisions of the Listing Rules which are granted during the duration of the 2013 Share Option Scheme and remain unexercised immediately prior to the end of the 10 year period shall continue to be exercisable in accordance with their terms of grant within the option period for which such options are granted, notwithstanding the expiry of the 2013 Share Option Scheme.

The subscription price for shares under the 2013 Share Option Scheme shall be determined by the Board, but shall not be lower than the highest of (i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date on which the Board approves the making of the offer for the grant of options (the "Date of Grant"), which must be a trading day; (ii) the average closing price of shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of a share. The time of acceptance if an offer for the grant of options shall not be later than 21 days from the Date of Grant. A nominal consideration of HK$1.00 is payable on acceptance of the grant of an option.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the 2013 Share Option Scheme and any other share option scheme of the Group (including both exercised, cancelled or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his associates abstaining from voting.

Unless the Directors otherwise determined and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before any options granted under the 2013 Share Option Scheme can be exercised.

29. SHARE OPTION SCHEME *(Continued)*

The 2013 Share Option Scheme *(Continued)*

The following table discloses the movements of the share options granted under the 2013 Share Option Scheme during the years ended 31 December 2020 and 2021:

Name	Date of grant	Exercise period	Exercise price per share HK$	Number of share options: Outstanding as at 1 January 2021	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 December 2021
Director								
Mr. Siu Kam Chau (Note (a))	19/06/2019	19/6/2019 to 18/6/2021	0.1066	**27,830,000**	–	–	**(27,830,000)**	–
Total				**27,830,000**	–	–	**(27,830,000)**	–
Exercisable at the end of the year								–
Weighted average exercise price								–

Name	Date of grant	Exercise period	Exercise price per share HK$	Number of share options: Outstanding as at 1 January 2020	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 December 2020
Director								
Mr. Sit Sai Hung, Billy (Note (b))	19/06/2019	19/6/2019 to 18/6/2021	0.1066	27,830,000	–	–	(27,830,000)	–
Mr. Siu Kam Chau	19/06/2019	19/6/2019 to 18/6/2021	0.1066	27,830,000	–	–	–	27,830,000
Total				55,660,000	–	–	(27,830,000)	27,830,000
Exercisable at the end of the year								27,830,000
Weighted average exercise price								HK$0.1066

29. SHARE OPTION SCHEME *(Continued)*

The 2013 Share Option Scheme *(Continued)*

Notes:

(a) During the year ended 31 December 2021, the share options granted to Mr. Siu Kam Chau were lapsed.

(b) Mr. Sit Sai Hung, Billy resigned as an executive director with effect from 29 April 2020. During the year ended 31 December 2020, the share options granted to him were lapsed.

No share options remained outstanding as at 31 December 2021. The exercise price of share options outstanding as at 31 December 2020 was HK$0.1066 and their weighted average remaining contractual life as at that date was 0.47 years.

No share-based payment expenses for the year ended 31 December 2021 were recognised by the Group. For the year ended 31 December 2020, the Group recognised equity-settled share-based payments expenses amounted to HK$674,000 in respect of the 2013 Share Option Scheme.

30. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees including directors in Hong Kong. The assets of the MPF Scheme are held separately from those of the Groups in funds under the control of independent trustees. Both the Group and the employees contribute a fixed percentage to the MPF Scheme based on their monthly salary in accordance with government regulations. The MPF Scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the scheme. Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group.

During the year ended 31 December 2021, the total amount contributed by the Group and charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$309,000 (2020: HK$256,000). For the year ended 31 December 2021, the Group has not utilised any amount of the forfeited contributed, to reduce future contributions payable by the Group. As at 31 December 2021, the Group had no forfeited contributions which can be used to reduce future contribution payable by the Group (31 December 2020: Nil).

31. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group leases out certain office premises in Hong Kong under operating leases. The leases typically run for two years. None of the leases under contingent rentals. At the end of the reporting period, the Group's aggregate future minimum rental income receivables under non-cancellable operating leases is as follows:

	2021 **HK$'000**	2020 HK$'000
Within one year	**1,025**	1,228
More than one year but less than five years	**–**	1,025
	1,025	2,253

32. CAPITAL COMMITMENT

The Group had the following significant capital commitment contracted but not provided for in the consolidated financial statements:

	2021 **HK$'000**	2020 HK$'000
Commitment contracted for but not provided for in respect of investment in an investment fund currently held by the Group	**3,711**	4,211

33. 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 that of the prior year.

A subsidiary of the Company is licensed with Securities and Futures Commission of Hong Kong ("SFC") for the business it operated in. The Group's licensed subsidiary is 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. Under SF(FR)R, the licensed subsidiary must maintain a liquid capital (assets and liabilities adjusted as determined by SF(FR)R) in excess of HK$3 million or 5% of its total adjusted liabilities, whichever is higher. The management closely monitors, on a daily basis, the liquid capital level of that licensed subsidiary to ensure compliance with the minimum liquid capital requirements under the SF (FR) R.

33. CAPITAL RISK MANAGEMENT *(Continued)*

The directors review the capital structure of the Group on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group seeks to balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. For the licensed subsidiary, the Group will ensure to maintain a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increases in the level of business activities.

The Group had no debts outstanding at 31 December 2021 and 31 December 2020, accordingly, the net debt-to-equity ratio is not applicable. The Group continues to monitor its financial position and to maintain the net debt-to-equity ratio at a reasonable level should any debts of the Group arise.

34. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost:		
– Other assets	**180**	180
– Trade and other receivables	**113,986**	180,247
– Loans and interest receivables	**677,005**	590,717
– Bank trust account balances	**27,555**	15,795
– Bank balances and cash	**153,035**	204,512
	971,761	991,451
Financial assets at FVTPL	**585,805**	294,903
Debt instruments at FVTOCI	**15,325**	102,304
Financial liabilities		
Amortised cost:		
– Trade and other payables	**42,924**	24,104
– Lease liabilities	**2,909**	9,146
	45,833	33,250

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loans and interest receivables, bank trust account balances, bank balances and cash, financial assets at FVTPL, debt instruments at FVTOCI, trade and other payables, and lease liabilities. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. 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) *Currency risk*

The Group operates mainly in Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollar ("USD"). As HK$ is linked to USD, the directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) *Interest rate risk*

The Group's fair value interest rate risk relates primarily to the loans and interest receivables, financial assets at FVTPL, and debt instruments at FVTOCI which carry at fixed rates. The Group currently does not have any interest rate hedging policy. The Group monitors the interest rate risk exposure closely and may consider to enter any hedging activities should the need arise.

The Group's cash flow interest rate risk relates primarily to variable-rate bank deposits. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of bank deposits interest rate arising from the Group's variable-rate bank deposits.

Sensitivity analysis

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

If interest rates had been 50 basis points (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2021 would increase/decrease by approximately HK$328,000 (2020: increase/decrease profit by approximately HK$426,000).

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(iii) Other price risk

The Group's debt instruments at FVTOCI and financial assets at FVTPL are measured at fair value at the end of the reporting period. Therefore, the Group is exposed to price risk. The management manages this exposure by closely monitoring the price risk and maintaining a portfolio of investments with different risks profiles.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to debt/equity price risk of debt instruments at FVTOCI and financial assets at FVTPL at the end of the reporting period.

If the prices of the respective debt/equity instruments had been 5% (2020: 5%) higher/lower:

- post-tax profit for the year ended 31 December 2021 would increase/decrease by approximately HK$23,114,000 (2020: HK$12,312,000) as a result of the changes in fair value of financial assets at FVTPL;

- post-tax profit for the year ended 31 December 2021 would increase/decrease by approximately HK$640,000 (2020: HK$4,271,000) as a result of the changes in fair value of debt instruments at FVTOCI.

Credit risk

As at 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position, mainly including receivables on margin financing, loans and interest receivables, debt instruments at FVTOCI, trade receivables from trading business and other receivables, bank trust account balances and bank balances and cash.

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

Category	Description	Basis for recognising ECL
Stage 1	For financial assets where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired	12-month ECL
Stage 2	For financial assets where there has been a significant increase in credit risk since initial recognition but are not credit-impaired	Lifetime ECL – not credit-impaired
Stage 3	Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred	Lifetime ECL – credit-impaired

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The table below details the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Note	Category	12-month or lifetime ECL	2021 Gross carrying amount HK$'000	2020 Gross carrying amount HK$'000
Debt instruments at FVTOCI	19	Stage 1	12-month ECL	**11,991**	98,978
		Stage 2	Lifetime ECL – not credit-impaired	**7,401**	11,165
		Stage 3	Lifetime ECL – credit-impaired	**8,156**	–
				27,548	110,143
Financial assets at amortised cost					
Trade receivables					
Financial services business		Stage 1	12-month ECL	**757**	2,475
– Cash clients and clearing house	22	Stage 2	Lifetime ECL – not credit-impaired	**225**	243
				982	2,718
Financial services business – Margin clients	22	Stage 1	12-month ECL	**108,169**	160,531
		Stage 2	Lifetime ECL – not credit-impaired	**41,147**	37,993
				149,316	198,524
Trading business	22	N/A	Lifetime ECL (provision of matrix)	**–**	346
Other receivables	22	Stage 1	12-month ECL	**5,060**	16,895
Total trade and other receivables				**155,358**	218,483
Loans and interest receivables	18	Stage 1	12-month ECL	**645,642**	543,341
		Stage 2	Lifetime ECL – not credit-impaired	**–**	–
		Stage 3	Lifetime ECL – credit-impaired	**60,659**	54,663
				706,301	598,004
Bank trust account balances	23	Stage 1	12-month ECL	**27,555**	15,795
Bank balances and cash	24	Stage 1	12-month ECL	**153,035**	204,512

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment allowances to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECLs.

At the end of each reporting period, the Group should evaluate if there is a significant increase in credit risk on all financial assets since the initial recognition. A variety of factors were considered whereby the evaluation stage of ECLs of relevant financial instrument, which includes regulatory and operating environment, internal and external credit rating, solvency, managing ability, terms set out in loan contracts, repayment history and other forward-looking information. When performing evaluation on the significant increase in credit risk, the Group would take below factors into consideration, including but not limited to:

- Significant increase in credit spread;
- Actual or expected significant changes in external credit rating on the obligor or the debts;
- Significant adverse changes in business, financial and/or economic conditions in which the debtor operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the debtor;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default;
- Early signs of cash flow/liquidity problems such as delay in serving of loans; and
- Actual or expected changes in quality of credit support provided by the guarantor.

For the debtor's contractual payments (including principal and interest) that more than 30 days past due, the Group considers a financial instrument to have experienced a significant increase in credit risk and classified it into Stage 2, unless the Group has reasonable and supportable information that demonstrates otherwise.

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Significant increase in credit risk (Continued)

Definition of default and credit impaired financial asset

The Group defines a financial instrument as in default, which is aligned with the definition of credit-impaired. Evidence that a financial instrument is credit impaired include observable data about the follow events:

- Significant financial difficulty of the issuer or the debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses; and
- The debtor leaves any of principal, advance, interest or investment in listed bonds of the Group overdue for more than 90 days.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not necessarily due to a single event.

Receivables on margin financing

In respect of amounts due from clients, individual credit evaluations are performed on all clients (including cash and margin clients). Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practice, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each margin account and futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Receivables on margin financing (Continued)

In order to minimise the credit risk, the management of the Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits and maintenance margin ratio/collateral coverage ratio for the margin financing, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Any subsequent change in value as well as quality of collateral is closely monitored in order to determine whether any corrective action is required. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk arising from trade receivables by geographical locations is mainly in Hong Kong, which accounted for 100% (2020: 100%) of the total trade receivables as at 31 December 2021.

Loans and interest receivables

For the loans and interest receivables, prior to the lending of loan, the Group will review the financial strength, purpose of the borrowing, repayment ability of the borrower to ensure that the borrower has sound financial repayment ability. The Group assesses the credit profiles of each individual debtors by analysing many factors that influence the default probability, including (but not limited to) the counterparty's financial profile, business prospects and management, macroeconomic development, industrial and sovereign risk, and historical performance. The Group also meets quarterly and reviews from time to time the financial conditions of the borrowers or the guarantors.

For mortgage loans and certain secured loans, the Group holds collateral against loans and interest receivables. Majority of the collateral are residential properties, commercial properties, mortgaged properties, shares of listed companies and pledged against the balances. Individual risk limits are set based on the value of collaterals provided by customers and internal or external ratings in accordance with limits set by the directors. The utilisation of credit limits is regularly monitored. For unsecured or guaranteed loans, the Group assesses the credit quality of the borrower and guarantor based on the customer's financial position, past experience, internal and external credit rating of the customers and other factors.

The Group make ECLs estimates based on the ageing of the loans and interest balances, borrowers' creditworthiness, the payment delinquency of default in interest or principal payments, borrowers' business and the industry to which borrowers belong and local economic conditions. The directors are of the opinion that no provision of ECLs is necessary for other loans and receivables as there has not been a significant change in credit risk and the respective principals and interests that have been overdue were still fully secured by the fair values of collaterals at their respective estimated selling prices. As at 31 December 2021, loans and interest receivables of approximately HK$39,841,000 (2020: HK$48,760,000) were past due but not impaired. Impairment loss amounted to approximately HK$27,912,000 was recognised for the current year (2020: HK$2,467,000) on loans and interest receivables that were past due and are not secured by any collaterals.

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Loans and interest receivables (Continued)

The Group's concentration of credit risk arising from loans and interest receivables by geographical locations is mainly in Hong Kong, which accounted for 100% (2020: 100%) of the total loans and interest receivables as at 31 December 2021.

Debt instruments at FVTOCI

Except for the debt instruments at FVTOCI with the carrying amount of approximately HK$3,299,000 (2020: HK$3,334,000) with significant increase in credit risk, all of the Group's debt instruments at FVTOCI are considered to have low credit risk. Management consider "low credit risk" for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligation in the near term.

Trade receivables from trading business

The Group had no trade receivables from trading business at 31 December 2021. For trade receivables at 31 December 2020 amounted to HK$346,000 arising from trading of healthcare related products, management of the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL and does not expect any impairment on this trade receivables since the customer has good repayment records and continuous business with the Group.

The Group's concentration of credit risk arising from trade receivables at 31 December 2020 by geographical locations is mainly in Hong Kong, which accounted for 100% of the total trade receivables as at that date.

Other receivables

As at 31 December 2021, the directors assessed the ECLs for other receivables are not material when they do not have any default history and the debtors has a strong capacity to meet its contractual cash flow obligations in the near term.

Bank trust account balances and bank balances and cash

In respect of cash deposited with banks and financial institutions, the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions. The ECLs of these bank balances and cash is close to zero.

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent the interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity tables

	Weighted average interest rate	On demand or less than 1 year	1–2 years	Total undiscounted cash flows	Carrying amount at 31 December 2020
	%	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2021					
Non-derivative financial liabilities					
Trade and other payables	–	**31,724**	–	**31,724**	**31,724**
Lease liabilities	**7%**	**2,960**	–	**2,960**	**2,909**
		34,684	–	**34,684**	**34,633**
At 31 December 2020					
Non-derivative financial liabilities					
Trade and other payables	–	24,104	–	24,104	24,104
Lease liabilities	7%	6,676	2,960	9,636	9,146
		30,780	2,960	33,740	33,250

34. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments

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.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques(s) and inputs used).

Financial assets	Fair value as at 31 December 2021	Fair value hierarchy	Valuation technique(s)
Equity securities listed in Hong Kong classified as financial assets at FVTPL	HK$434,915,000 (2020: HK$47,124,000)	Level 1	Quoted bid prices
Suspended shares listed in Hong Kong classified as financial assets at FVTPL	HK$1,118,000 (2020: HK1,346,000)	Level 3	Index return method (Note (a))
Suspended shares listed in Hong Kong classified as financial assets at FVTPL	HK$19,200,000 (2020: HK$179,289,000)	Level 3	Guideline public company method (Note (b))
Unlisted investment funds classified as financial assets at FVTPL	HK$98,405,000 (2020: HK$67,144,000)	Level 2	Net asset value provided by fund administrator
Unlisted equity investment classified as financial assets at FVTPL	HK$32,167,000 (2020: HK$Nil)	Level 3	Guideline public company method (Note (b))
Listed bond investments classified as debt instruments at FVTOCI	HK$15,325,000 (2020: HK$102,304,000)	Level 1	Quoted bid prices

Notes:

(a) Under the index return method, the fair value was determined where the last trading price of the suspended share is adjusted by the change of returns of the comparable public companies in the period since the suspension date.

(b) Under the guideline public company method, the enterprise value to revenue multiple is adopted by the valuer as the most preferable valuation multiple as the investee's earnings are highly correlated with its revenue.

34. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

The fair values of equity securities listed in Hong Kong are based on quoted bid prices. The fair values of the Suspended Shares are based on the reference to market comparable companies. The valuation methods are based on assumptions that are not supported by observable market prices or rates. The valuation requires making estimates about the movements of share prices of other comparable companies during the suspension period and discount for lack of marketability. Management believes that the estimated fair value resulting from the valuation technique is reasonable, and that it was the most appropriate value at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative analysis as at 31 December 2021:

	Valuation technique	Significant unobservable input	Range/Percentage	Sensitivity of fair value to the input
Suspended Shares listed in Hong Kong classified as financial assets at FVTPL	Index Return Method	Change in returns of comparable companies during the suspension period	8.867% to -87.234% (2020: 58.697% to -84.397%)	10% increase/decrease in the change in returns would result in increase/decrease in fair value by approximately HK$166,022 (2020: HK$87,000).
		Discount for lack of marketability	17.71% (2020: 32.22%)	10% increase/decrease in the discount for lack of marketability would result in decrease/increase in fair value by approximately HK$26,214 (2020: HK$61,000).
	Guideline Public Company Method	Enterprise value to revenue multiple of comparable companies	0.147% to 2.227% (2020: 0.032 to 6.602)	10% increase/decrease in the change in enterprise value to revenue multiple would result in increase/decrease in fair value by approximately HK$7,920,000 (2020: HK$8,337,000).
		Discount for lack of marketability	17.70% (2020: 32.22%)	10% increase/decrease in the discount for lack of marketability would result in decrease/increase in fair value by approximately HK$6,000,000 (2020: HK$5,558,000).

34. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2021

	Fair value measurement using			
	Quoted bid price in active markets Level 1 HK$'000	Significant observable inputs Level 2 HK$'000	Significant unobservable inputs Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Listed equity securities	434,915	–	20,318	455,233
Listed bond investments	–	–	–	–
Unlisted investment funds	–	98,405	–	98,405
Unlisted equity investment	–	–	32,167	32,167
Debt instruments at FVTOCI				
Listed bond investments	15,325	–	–	15,325
	450,240	98,405	52,485	601,130

As at 31 December 2020

	Fair value measurement using			
	Quoted bid price in active markets Level 1 HK$'000	Significant observable inputs Level 2 HK$'000	Significant unobservable inputs Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Listed equity securities	47,124	–	180,635	227,759
Listed bond investments	–	–	–	–
Unlisted investment funds	–	67,144	–	67,144
Debt instruments at FVTOCI				
Listed bond investments	102,304	–	–	102,304
	149,428	67,144	180,635	397,207

34. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

There was a transfer between levels of the fair value hierarchy for the years ended 31 December 2021 (2020: Nil).

	2021 HK$'000	2020 HK$'000
Financial assets at FVTPL (Level 3 fair value)		
At 1 January	180,635	144,015
Transfer from Level 3 to Level 1 (Note)	(174,089)	–
Net change in unrealised gain/(loss) recognised in profit or loss	13,772	36,620
At 31 December	20,318	180,635

Note: During the current year, certain listed equity securities, which was Suspended Shares as at 31 December 2020, was resumed their right of trading. Accordingly, these equity securities were reclassified to Level 1 equity securities investments.

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.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC on the same settlement date and the Group intends to settle on a net basis. In addition, the Group has a legally enforceable right to set off the trade receivables from and payables to clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

As at 31 December 2021

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets after impairment HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Related amount not offset in the consolidated statement of financial position: Financial instruments HK$'000	Related amount not offset in the consolidated statement of financial position: Collateral received HK$'000	Net amount HK$'000
Trade receivables arising from the business of dealing in securities	119,640	(10,714)	108,926	–	108,926	–

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial assets and financial liabilities offsetting *(Continued)*

***As at 31 December 2021** (Continued)*

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amount not offset in the consolidated statement of financial position: Financial instruments HK$'000	Related amount not offset in the consolidated statement of financial position: Collateral received HK$'000	Net amount HK$'000
Trade payables arising from the business of dealing in securities	45,347	(10,714)	34,633	–	–	34,633

As at 31 December 2020

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets after impairment HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Related amount not offset in the consolidated statement of financial position: Financial instruments HK$'000	Related amount not offset in the consolidated statement of financial position: Collateral received HK$'000	Net amount HK$'000
Trade receivables arising from the business of dealing in securities	187,114	(24,108)	163,006	(1,431)	(161,575)	–

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial assets and financial liabilities offsetting *(Continued)*

As at 31 December 2020 (Continued)

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amount not offset in the consolidated statement of financial position		Net amount HK$'000
				Financial instruments HK$'000	Collateral received HK$'000	
Trade payables arising from the business of dealing in securities	43,893	(24,108)	19,785	(1,431)	–	18,354

35. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

	2021 HK$'000	2020 HK$'000
Short-term employee benefits	**14,162**	14,495
Post-employment benefits	**36**	36
Share-based payments	**–**	335
	14,198	14,866

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries directly and indirectly held by the Company at 31 December 2021 and 2020 are as follows:

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Proportion of ownership interest held by the Company Directly 2021	Directly 2020	Indirectly 2021	Indirectly 2020	Proportion of voting power held by the Company 2021	2020
Classictime Investments Limited	British Virgin Islands	Ordinary share US$1	Investment holding and securities trading	**100%**	100%	**–**	–	**100%**	100%
Colour Brave Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Fast Choice Limited	Hong Kong	Ordinary share HK$1	Personnel management	**–**	–	**100%**	100%	**100%**	100%
Hong Kong Gogreen Management Limited	Hong Kong	Ordinary share HK$1	Provision of management services for the group companies	**–**	–	**100%**	100%	**100%**	100%
Plenty Cash Investment Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Profitsway Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
Favour Brightness Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**–**	–	**100%**	100%	**100%**	100%
E Cash Fintech Limited (formerly known as E-Cash Finance Limited)	Hong Kong	Ordinary share HK$1	Provision of money lending	**–**	–	**–**	100%	**–**	100%
E Finance Limited	Hong Kong	Ordinary share HK$100	Provision of money lending	**–**	–	**100%**	100%	**100%**	100%
Golden Moral Investments Limited	British Virgin Islands	Ordinary share US$2	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Power Securities Company Limited	Hong Kong	Ordinary share HK$500,000,000	Licensed to carry on regulated activity in connection with dealing in securities	**–**	–	**100%**	100%	**100%**	100%

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company	
				Directly		Indirectly			
				2021	2020	**2021**	2020	**2021**	2020
Red Metro Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Power Asset Management Company Limited	Hong Kong	Ordinary share HK$7,000,000	Asset management	**–**	–	**100%**	100%	**100%**	100%
Power Corporate Finance Company Limited	Hong Kong	Ordinary share HK$5,000,000	Corporate finance	**–**	–	**`100%**	100%	**100%**	100%
Key Winner Investments Limited	British Virgin Islands	Ordinary share US$1	Investment holding	**100%**	100%	**–**	–	**100%**	100%
Bonus First Group Limited	British Virgin Islands	Ordinary share US$200	Property holding	**–**	–	**100%**	100%	**100%**	100%
Power Global Trading Company Limited (formerly known as "Power Investment Management Company Limited)	Hong Kong	Ordinary share HK$1	Trading of healthcare related products	**–**	–	**100%**	100%	**100%**	100%

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, materially contribute to the net income of the Group or hold a material position of the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, results in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

37. 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 flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings HK$'000	Lease liabilities (Note 27) HK$'000
At 1 January 2020	20,800	3,767
New lease entered	–	10,722
Changes from cash flows:		
Payment of lease liabilities	–	(5,910)
Repayment of loan notes	(20,800)	–
Interest paid	(107)	–
Total changes from financing cash flows:	(20,907)	(5,910)
Other change:		
Interest expense	107	567
At 31 December 2020 and 1 January 2021	**–**	**9,146**
Changes from cash flows:		
Payment of lease liabilities	**–**	**(6,676)**
Total changes from financing cash flows:	**–**	**2,470**
Other change:		
Interest expense	**–**	**439**
At 31 December 2021	**–**	**2,909**

38. CONTINGENT LIABILITIES

(i) Writ of summons by Convoy Global Holdings Limited

Classictime Investments Limited ("Classictime"), a wholly-owned subsidiary of the Company, is the 24th Defendant in a writ of summons served on 19 December 2017 on behalf of Convoy Global Holdings Limited ("Convoy", the 1st Plaintiff), Convoy Collateral Limited ("CCL", the 2nd Plaintiff) and CSL Securities Limited ("CSL", the 3rd Plaintiff) (collectively, the "Plaintiffs") in a set of legal proceedings brought by the Plaintiffs in the High Court of Hong Kong (the "Convoy HC Action"). It is the Plaintiffs' case that, amongst other things, the 1st Defendant, Mr. Cho Kwai Chee Roy, and his associates (who are named as co-defendants in the Convoy HC Action) implemented a scheme such that shares in Convoy would be allotted to and held by companies related to the 1st Defendant (the "Placees") which had agreed to act upon the direction of the 1st Defendant. The Plaintiffs alleged that the 1st Defendant and his associates on the board of Convoy, CCL and/or CSL improperly used their power to allot shares and to grant loans to the detriment of the Convoy Group, constituting serious breaches of fiduciary duties or other director's duties, dishonest assistance, unlawful and/or lawful means conspiracy. Classictime is one of the alleged Placees in the Convoy HC Action. The Plaintiffs, amongst other things, seek an order against Classictime that the allotment of shares to Classictime be set aside, together with damages, interests, costs, and further and/or other relief. As at the date of approval of these consolidated financial statements, pleadings are deemed to be closed as between the Plaintiffs and Classictime but discovery has not taken place.

Please refer to the Company's announcement dated 20 December 2017 for more details.

(ii) Zhu Xiao Yan Petition

Classictime is one of the thirty three respondents in a petition made by Zhu Xiao Yan as the petitioner ("Petitioner") under a set of legal proceedings in the High Court of Hong Kong ("Petition"). In summary, the Petitioner alleged that the detriment suffered by her to the real value of her shares in Convoy was a consequence of the unfairly prejudicial mismanagement or misconduct in and about the business and affairs of, amongst other companies, Convoy, CCL and CSL. Such allegations made are mainly based on those set out in the writ in the Convoy HC Action.

Please refer to the Company's announcement dated 3 January 2018 for more details.

A Case Management Conference was held on 6 March 2018. In summary, the Court directed that the Petition be stayed pending determination of the Convoy HC Action.

38. CONTINGENT LIABILITIES *(Continued)*

(iii) Counterclaim made by Best Year Enterprises Limited ("Best Year')

On 25 July 2018, Power Securities Company Limited ("Power Securities"), a wholly-owned subsidiary of the Company, commenced legal proceedings against, amongst other parties, Best Year and Mr. Sin Kwok Lam ("Mr. Sin") by way of a writ of summons. Power Securities subsequently filed and served the Statement of Claim on 30 November 2018. On 8 March 2019, Best Year and Mr. Sin filed a defence and counterclaim. The said counterclaim was made against, amongst other parties, Power Securities and other parties for damages for conspiracy to be assessed, interest, costs and such further and/or other relief.

On 24 June 2019, the Court made a winding-up order (the "Winding-up Order") against Best Year. By reason of the Winding-up Order, the counterclaim by Best Year against Power Securities and Mr. Sit was stayed. On 24 June 2019, Power Securities and Mr. Sit took out an application to strike out Mr. Sin's counterclaim. On 18 July 2019, Mr. Sin took out an application for leave to amend his counterclaim. By the Order of Coleman J dated 5 December 2019 ("Coleman J's Order"), Mr. Sin's claim was struck out. On 27 December 2019, Mr. Sin filed a notice of appeal against Coleman J's Order. Appeal hearing has taken place on 9 July 2021 but the judgement has yet to be handed down.

(iv) Writ of summons by Best Year

On 17 June 2019, Best Year and Mr. Sin commenced another legal proceedings against Power Securities and another party based on the same subject matter of the counterclaim set out in Section (iii) above. By the writ of summons, Best Year and Mr. Sin sought for, amongst others, a declaration that the summary judgment (the "Summary Judgment") obtained by Power Securities against Best Year previously in relation to a margin shortfall was obtained by fraud, an order that the Summary Judgment be set aside, an account order, payment order, damages, interest, costs and such further and/or other relief.

By reason of the Winding-up Order as set out in Section (iii) above, the claim by Best Year against Power Securities was stayed. On 23 July 2019, Power Securities took out an application to strike out Mr. Sin's claim. By Coleman J's Order as set out in Section (iii) above, Mr. Sin's claim was struck out. On 9 March 2020, Mr. Sin filed a notice of appeal against Coleman J's order. Appeal hearing has taken place on 9 July 2021 but the judgement has yet to be handed down.

Given that the aforementioned cases/appeals are still in an early stage, and having considered the alleged claims and consulted the Company's legal adviser, the directors are of the view that (i) it is premature to determine the possible outcome of any claim which is pending; (ii) it is uncertain to quantify any financial impact which will have a material effect on the financial position of the Company; and (iii) no provision for the claims of these legal proceedings is required to be made based on its current development.

39. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		48	69
Investments in subsidiaries		209,679	209,679
		209,727	209,748
CURRENT ASSETS			
Amounts due from subsidiaries		1,620,957	1,525,829
Other receivables		28,366	703
Bank balances and cash		13,462	8,718
		1,662,785	1,535,249
CURRENT LIABILITIES			
Amounts due to subsidiaries		595,298	479,718
Other payables and accruals		619	1,495
		595,917	481,213
NET CURRENT ASSETS		1,066,868	1,054,036
TOTAL ASSETS LESS CURRENT LIABILITIES		1,276,595	1,263,784
NET ASSETS		1,276,595	1,263,784
CAPITAL AND RESERVES			
Share capital		27,836	27,836
Reserves	39(b)	1,248,759	1,235,948
TOTAL EQUITY		1,276,595	1,263,784

39. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Movements in the Company's reserves are as follows:

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share-based payments reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 January 2020	3,800,250	861	494,907	1,969	(3,037,654)	1,260,333
Loss and total comprehensive income for the year	–	–	–	–	(25,059)	(25,059)
Lapse of share options	–	–	–	(1,332)	1,332	–
Recognition of equity-settled share-based payments	–	–	–	674	–	674
At 31 December 2020 and 1 January 2021	**3,800,250**	**861**	**494,907**	**1,311**	**(3,061,381)**	**1,235,948**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**12,811**	**12,811**
Capital reorganisation (Note)	**(3,800,250)**	**–**	**(494,907)**	**–**	**4,295,157**	**–**
Lapse of share options	**–**	**–**	**–**	**(1,311)**	**1,311**	**–**
At 31 December 2021	**–**	**861**	**–**	**–**	**1,247,898**	**1,248,759**

Note: Details of the capital reorganisation are set out in Note (vi) to the Consolidated Statement of Changes in Equity on page 84.

40. EVENTS AFTER THE REPORTING PERIOD

(i) Certain suspended shares held by the Group at 31 December 2021 with fair value of HK$19,200,000 as at that date was resumed the right of trading on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 22 March 2022.

(ii) As referred to in Note 26, a subsidiary, Bonus First, agreed to sell the Group's leasehold land and building for a consideration of HK$56,000,000, deposits of which amounted to HK$11,200,000 was received by the Group as at 31 December 2021. Completion of the disposal of the leasehold land and buildings took place on 10 February 2022.

(iii) Subsequent to the end of the reporting period, the Group acquired 44,500,000 shares of an entity listed on the Stock Exchange for an aggregate consideration of approximately HK$15.91 million, and approximately 9.98% of the issued shares of this entity was held by the Group up to the date of approval of these consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

For the year ended 31 December 2021

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the notes below:

RESULTS

	For the year ended 31 December				
	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Revenue					
– Continued operations	35,545	41,613	84,172	101,716	**95,721**
– Discontinued operation	–	–	–	–	**–**
	35,545	41,613	84,172	101,176	**95,721**
(Loss)/profit before tax	(922,431)	(500,152)	(69,433)	46,716	**153,852**
Income tax expense	(450)	(810)	(1,810)	(2,537)	**(95)**
Loss for the year from discontinued operation	–	–	–	–	**–**
(Loss)/profit for the year	(922,881)	(500,962)	(71,243)	44,179	**153,757**
(Loss)/profit for the year attributable to:					
Owners of the Company	(922,661)	(500,918)	(71,651)	44,190	**153,768**
Non-controlling interests	(220)	(44)	408	(11)	**(11)**
	(922,881)	(500,962)	(71,243)	44,179	**153,757**

ASSETS AND LIABILITIES

	As at 31 December				
	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Total assets	2,180,409	1,544,390	1,434,426	1,456,134	**1,628,885**
Total liabilities	(166,200)	(99,000)	(50,749)	(33,950)	**(46,384)**
	2,014,209	1,445,390	1,383,677	1,422,184	**1,582,501**
Equity attributable to owners of the Company	2,009,327	1,443,927	1,381,806	1,420,324	**1,580,652**
Non-controlling interests	4,882	1,463	1,871	1,860	**1,849**
	2,014,209	1,445,390	1,383,677	1,422,184	**1,582,501**