ANNUAL REPORT 2021

GOLDSTREAM INVESTMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1328)

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zhao John Huan *(Chairman)*
Dr. Lin Tun *(Chief Executive Officer)*
Mr. Yuan Bing (resigned on 31 March 2022)
Ms. Li Yin (resigned on 31 March 2022)

NON-EXECUTIVE DIRECTOR

Mr. Tam Terry Sze Ying (appointed on 22 April 2022)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jin Qingjun
Mr. Lee Kin Ping Christophe
Mr. Shu Wa Tung Laurence

AUTHORIZED REPRESENTATIVES

Dr. Lin Tun
Ms. Lai Janette Tin Yun (appointed on 28 January 2022)
Ms. Chan Wai Ching (resigned on 28 January 2022)

COMPLIANCE OFFICER

Mr. Lam Tsan Fai Fergus

COMPANY SECRETARY

Ms. Lai Janette Tin Yun (appointed on 28 January 2022)
Ms. Chan Wai Ching (resigned on 28 January 2022)

AUDIT COMMITTEE

Mr. Shu Wa Tung Laurence *(Chairman)*
Mr. Jin Qingjun
Mr. Lee Kin Ping Christophe

REMUNERATION COMMITTEE

Mr. Jin Qingjun *(Chairman)*
Mr. Yuan Bing (resigned on 31 March 2022)
Mr. Lee Kin Ping Christophe
Mr. Tam Terry Sze Ying (appointed on 22 April 2022)

NOMINATION COMMITTEE

Mr. Zhao John Huan *(Chairman)*
Mr. Jin Qingjun
Mr. Shu Wa Tung Laurence

REGISTERED OFFICE

PO Box 309, Ugland House,
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 08, 70/F,
Two International Finance Centre,
No. 8 Finance Street,
Central, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Gilman Street Branch
136 Des Voeux Road
Central, Hong Kong

Citibank N.A.
21/F Tower 1, The Gateway
Harbour City, Tsimshatsui
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall,
Cricket Square, Grand Cayman,
KY1-1102,
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

STOCK CODE

1328

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Goldstream Investment Limited (the "Company"), I am pleased to present the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021.

Throughout the year 2021, the customers relationship management ("CRM") services ("CRMS") business continued to suffer from the strong competitions and rising cost of operation amid the pandemic. Stringent "dynamic zero infection" strategy adopted in mainland China also made call centers operation more and more costly. Due to the increasing trend in staff and operation costs, the overall performance of the CRMS business has been underwhelming in recent years. After a careful strategic review, the Company disposed the CRMS business, with consideration of HK$219.5 million, to focus the development of its investment management business and strategic direct investment business.

The Company's investment management business was incepted at the end of 2018 and has grown steadily since. The assets under management ("AUM") has grown from approximately US$355 million at the end of 2018 to approximately US$985 million at the end of 2021, which led to a healthy growth of income from management fees and performances fees. Over the past years, the Company has built up solid infrastructure to support future growth of the business. China's asset management market, standing over US$20 trillion in size at the moment, is expected to grow strongly in the next decade. With the uncertainties and tensions between China and U.S. and regulatory changes, Hong Kong has stepped up to attract Chinese companies for offshore listing. At the same time, Chinese authorities have launched piloted wealth connect schemes in late 2021 to allow more capital transaction between the mainland and Hong Kong. We believe it is the right time and the right place for the Company to focus its growth on the development of investment management business.

2021 has been a very challenging year for investors into China. The measures taken to combat the pandemic and safeguard the public health came at hefty economic prices. Weak household income and rising consumer prices took tolls on consumer sectors. During the year Chinese government also took regulatory actions towards many high-flying sectors such as internet, healthcare, education, gaming and entertainment. Both onshore and offshore China equity markets were among the worst performers globally in 2021, with CSI300 Index and Hang Seng Index down by 5.2% and 14.8% respectively. Credit and commodity markets were not calm either. China's offshore credit market, dominated by real estate issuers, also saw the largest price drop and sell-off in history, as China cleaned up excess leveraging in its domestic housing market. Policymakers intervened the commodity market in the middle of 2021 trying to tame the surging commodity prices that have squeezed manufacturers' margins. Macro uncertainties and volatile market sentiments call for skillful and disciplined investment managers more than ever. The Company will continue building on its capacity for asset allocation, security selection, and risk management to serve its clients.

On behalf of the Board, I would like to thank all our staff for their passion and hard work in turning the Group's vision into reality. I also take this opportunity to extend my appreciation to our shareholders and business partners for their trust and support. The Group's management and staff will work cohesively under the leadership of the Board to overcome challenges in the coming year and generate returns for our shareholders.

ZHAO JOHN HUAN
Chairman

Hong Kong, 31 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Whilst the Group's CRMS business is continuously facing rapidly declining profit, the business has limited growth prospects. A strategic decision was taken and executed to dispose CRMS business. On 22 December 2021, the Company and Ms. Li Yin ("Ms. Li"), an executive Director, entered into a share purchase agreement to dispose of the CRMS business ("Share Purchase Agreement"), pursuant to which the Company conditionally agreed to sell, and Ms. Li conditionally agreed to purchase the entire equity interest in Honor Crest Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company and the holding company of subsidiaries of the CRMS business (together with its subsidiaries, the "Disposal Group"), at the consideration of HK$219,464,000 (the "Disposal"). The consideration shall be satisfied by (i) the set-off against borrowing with a director of HK$215,000,000 and (ii) cash consideration of HK$4,464,000. The disposal transaction was subsequently completed on 22 March 2022. For details of the Disposal, please refer to the announcements of the Company dated 22 December 2021, 15 March 2022 and 22 March 2022, and the circular of the Company dated 22 February 2022.

Accordingly, the financial results of the Disposal Group are presented in the consolidated income statement and consolidated statement of cash flows as "Discontinued Operation" in accordance with International Financial Reporting Standard ("IFRS") 5 "Non-current Assets Held for Sales and Discontinued Operations". Comparative figures for 2020 have also been restated.

For the year ended 31 December 2021, the Company and its subsidiaries (excluding the Disposal Group) engaged in investment management ("IM") business and strategic direct investment ("SDI") business (the "Continuing Operations").

The Board believes the completion of the Disposal shall generate greater managerial focus and release internal resources of the Group to priorities the Continuing Operations and allocate resource flexibly to seize any possible investment opportunities. The combination of growing IM business shall generate a steady revenue stream and sustainable cashflow for the Group.

The Board believes that the Group business will continue to expand and generate greater value to our investors. The principal business of the Group during the year ended 31 December 2021 is classified into the following segments:

IM Business

IM business includes (i) the provision of advisory services on securities and asset management; (ii) securities trading; and (iii) provision of infrastructure of the investment management system.

SDI Business

SDI business of the Group includes proprietary investments in the financial markets.

Discontinued Operation

CRMS business includes the provision of inbound services and outbound services. Inbound services comprise a range of customer hotline services, including general enquiry, technical support, broadband connection arrangement, service installation, account activation, subscriber details update, account enquiry, account termination, order placement, member registration, built-in secretary ("BIS") and super secretarial services ("Super BIS"). BIS service is a personalized message taking service, where its operators transmit messages left to the subscriber via SMS. The Super BIS service is a concierge service where the operators can provide advanced functions such as making restaurant reservation and purchasing flight tickets for high-end subscribers. Outbound services, on the other hand, include telesales services and market research services. The Group's operators run on behalf of their customers promotions and ongoing telemarketing via unsolicited phone calls (cold calls). The operators can also conduct large scale surveys to efficiently collect feedback, opinions, and in some cases, complaints for their customers.

Before the Disposal, the Group is a customer relationship management ("CRM") outsourcing service provider with business focus in Hong Kong, Macau and the People's Republic of China (the "PRC") markets. CRM is a process of providing services to customers with the use of communication and computer networks. During the year under review, the Group continued to provide services to established telecommunications service providers, including Hutchison Telecommunications, HGC Global Communications, China Unicom, China Telecom Guangzhou and PCCW Mobile. Besides, management continued to diversify the Group's CRM customer base to non-telecommunications industries, the clients of which include, but not limited to China Guangfa Bank, Pizza Hut (Hong Kong & Macau), KFC (Hong Kong & Macau), Park'N Shop (PRC), Watsons (Hong Kong & Macau) and Fortress (Hong Kong & Macau), Beijing Yazhan.

BUSINESS ENVIRONMENT

The Chinese capital market experienced a roller coaster year in 2021. The stock market started robustly at the beginning of the year. Investor sentiments were buoyant on the hope of a postpandemic economic recovery in China and overseas. The mass vaccination rolled out in most developed markets and US fiscal stimulus package was approved. Many Chinese corporates issued positive profit alerts ahead of earnings season. Hong Kong market saw a strong surge of southbound capital inflows.

The market dynamics changed after the Chinese New Year holiday. As the inflation fear started to build up, investors' risk appetite dampened. The bond yields and commodity prices started to climb up. Stocks of growth sectors became highly volatile. The global outbreaks of Delta variant shook market confidence on the economic recovery. Investors feared that the stringent measures adopted by Chinese government in combatting the pandemic would take tolls on consumer expenditures and corporate earnings. In the second half of the year, Chinese government tightened regulatory measures against many high-flying sectors such as education, internet, healthcare, gaming, entertainment and property. Washington also added more Chinese companies to its Entity List. The Chinese companies listed overseas, faced unprecedented sell-off pressure, amid Sino-US regulatory cross-fires. In July, the Hong Kong equity index saw the largest monthly decline since October 2018. Both onshore and offshore China equity markets were among the worst performers globally in 2021, with CSI300 Index and Hang Seng Index down by 5.2% and 14.1% respectively. Credit and commodity markets were turbulent too. China's offshore credit market, dominated by real estate issuers, also saw the largest price drop and sell-off in history, as China cleaned up excess leveraging in its domestic housing market. Policymakers intervened the commodity market in the middle of 2021 trying to tame the surging commodity prices that have squeezed manufacturers' margins.

The year under review was a challenging year to the CRMS business although the PRC government has been persevering in its reform and opening up the market, which has brought about unprecedented changes across the industries. Growth in China's economy has been slowing down. The Sino-US trade friction has intensified the global economic uncertainties. CRM outsourcing is relatively common in the traditional telecommunications industry. CRM customer base has been extended to a wide range of industries, stretching across finance, postal, travel, healthcare, logistics, information technology, online business, media, public utilities and retail. In 2021, the Group continued to expand its internet CRM services in order to facilitate the operation of intelligent online business for its customers. However, staff recruitment has been a great challenge to the Group in recent years. The operation of the CRMS business requires a significant amount of human resources and the service standard expected by the Group's CRM customers is getting higher. The Group is under heavy pressure of recruiting enough capable and suitable operators to meet their requirements. In addition, due to the nature of the CRM outsourcing industry, employee turnover rate is relatively high. Thus, it is very difficult to maintain the expected productivity rate and higher pay is required to retain capable employees. In consequence, the staff costs of the Group's CRMS business has increased over the years.

FINANCIAL REVIEW

The Group's operating results from the continuing operations for the year ended 31 December 2021 were primarily contributed by the Group's IM business and SDI business. The financial results of the Disposal Group are presented in the consolidated income statement and consolidated statement of cash flows as "Discontinued Operation" in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations". Comparative figures for 2020 have also been restated.

Income

The Group recorded IM services income of approximately HK$68,778,000 (2020: approximately HK$112,159,000) for the year ended 31 December 2021. The dividend income from investment funds of approximately HK$2,923,000 (2020: HK$12,006,000), fair value losses on financial assets of fair value through profit or loss of approximately HK$59,192,000 (2020: fair value gains of approximately HK$22,993,000) also decreased overall income of the Group. For the year ended 31 December 2021, income of the Group amounted to approximately HK$10,704,000, representing a decrease of approximately 93.6% as compared with last year (2020: HK$167,584,000).

Other income

The Group's other income was approximately HK$23,058,000 (2020: approximately HK$4,733,000), representing an increase of approximately 3.9 times as compared with last year. The jump was mainly due to one-off compensation from portfolio manager amounting to approximately HK$18,962,000 in 2021.

Operating expenses

In terms of expense, the Group continued to exercise stringent cost discipline. Total expenses decreased from approximately HK$166,812,000 for the year ended 31 December 2020 to approximately HK$85,938,000 in 2021. During the year, employee benefits expenses decreased by approximately HK$45,644,000. As part of the Group's compensation policy, the Group distributes certain portion of its performance fee income to the Group's portfolio managers as discretionary bonus. It was reduced accordingly with the decrease in performance fee income. The Group recorded amortisation expense and non-recurring expenses including impairment provision for and written off of intangible assets of approximately HK$2,506,000 (2020: HK$20,745,000) and HK$658,000 (2020: HK$7,204,000) respectively.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to equity holders of the Company for the year ended 31 December 2021 was approximately HK$67,729,000, while the Group's profit attributable to equity holders of the Company for the year ended 31 December 2020 was approximately HK$17,254,000. The loss attributable to equity holders of the Company for the year ended 31 December 2021 was mainly attributable to (i) the operating loss of discontinued operation of the Group amounting to HK$12,231,000 and (ii) the fair value loss arising from direct investments during the year ended 31 December 2021 amounting to HK$59,192,000.

Discontinued Operation – CRMS business

The Group recorded CRM services income of approximately HK$237,396,000 (2020: approximately HK$215,166,000) for the year ended 31 December 2021, representing an increase of approximately 10.3% as compared with last year from the discontinued operation. Other income decreased by approximately HK$2,582,000 as compared with last year from HK$6,411,000 to HK$3,829,000. Such decrement was mainly due to reduction in subsidy received from government.

In terms of expense, total expenses increased from approximately HK$220,728,000 for the year ended 31 December 2020 to approximately HK$253,213,000 in 2021. The CRMS business is labour intensive. The operation of the CRMS business requires a significant amount of human resources. Due to the increasing trend in staff costs, the overall performance of the CRMS business has been underwhelming in recent years. During the year, employee benefits expenses increased by approximately HK$54,976,000 to HK$202,012,000 for the year ended 31 December 2021 (2020: HK$147,036,000), representing of approximately 79.8% (2020: 66.6%) of total expense of Disposal Group.

The Disposal Group had received a one-off substantial pension contribution relief from the local government due to the emergence of COVID-19 which had significantly reduced the relevant staff costs and expenses and allowed the Disposal Group to maintain a net profit for the financial year ended 31 December 2020. In the absence of further pension contribution relief in 2021, combined with the rather difficult operating environment and increasing staff costs and expenses, the Disposal Group had recorded a net loss of approximately HK$12,231,000 (2020: net profit of approximately HK$1,088,000) for the year ended 31 December 2021.

IM BUSINESS

Business Review

The Company's investment management business was incepted at the end of 2018 and has grown steadily since. The AUM has grown from US$355 million at the end of 2018 to US$985 million at the end of 2021, which led to a healthy growth of income from management fees and performances fees. Over the past years, the Company has built up solid infrastructure to support future growth of the business. China's asset management market, standing over US$20 trillion in size at the moment, is expected to grow strongly in the next decade. With the uncertainties and tensions between China and U.S. and regulatory changes, Hong Kong has stepped up to attract Chinese companies for offshore listing. At the same time, Chinese authorities have launched piloted wealth management connect schemes in late 2021 to allow more capital transaction between the mainland and Hong Kong. We believe it is the right time and the right place for the Company to focus its growth on the development of investment management business.

In year 2021, the Company continued to expand its IM business and experienced a substantial growth in its AUM by the end of 2021 by almost 49% through new mandates and inflow to its investment funds. In respect of investment strategy and products, the Company has clearly established three major strategies, namely Greater China/Hong Kong Equity, China Multi Strategy and sector focused strategy in Healthcare and Consumer. Based on different strategies, a dedicated investment team has been formed. At the same time, different investment team members support each other, exchange market information and investment views in a timely manner, and improve investment efficiency. This formed a solid and stable three pillars investment platform for ongoing development. The company also keep exploring and incubating new strategies with a view to have a better long term development.

The Company has continued to develop its quantitative research and asset allocation model – Magic Abacus System. This provides an extended research capability and forms a complement to the human research efforts. The Company is progressing with the plan in developing its proprietary "Human + A.I." models to assist with asset allocation and risk monitoring. From back testing and simulations, these models have shown promising results. The model has been gradually implemented into China Multi Strategy and provides stable returns to smooth out the bumpy ride in the equity market throughout 2021. The Company will continue with its effort in deploying these models to effect digital transformation of its IM business.

The Company's domestic business in the PRC has also been developing steadily in both its products and relationships with institutional investors. Through its RMB Qualified Foreign Institutional Investor ("RQFII") license, the Company is providing investors with offshore capital to invest directly in mainland onshore financial instruments. The revised RQFII regulation which allows investment to be made to private funds is favorable to the Company in raising new mandates to grow its AUM. The Company has also explored the Qualified Domestic Investment Entity (QDIE) license with noticeable progress. This will further enhance our competitiveness and increase our product offering to domestic investors for their offshore investments.

Prospects

Capital markets started with more turbulences at the beginning of 2022. War broke out in February 2022 between Russia and Ukraine, rattling global equity markets and sending commodity prices off the roof. Hong Kong is overwhelmed by a record surge of COVID-19 cases, amplifying worries of further economic slowdown. At the same time, global inflationary pressure persists and the US Federal Reserve is hiking the rates. These macro uncertainties will continue to weigh on investor sentiments.

Despite the overall dampened market sentiment, we think recent adjustments in the stock markets in onshore and offshore markets have priced in the risks, making China one of the most defensive markets in Asia. In China, monetary and fiscal policy ease is expected to fight against slowing economy. Loan prime rate cuts and rising total social financing are among early signs of policy ease. More importantly, regulatory headwinds are likely to lessen in 2022. There is also a good chance that Beijing and Washington regulatory bodies work towards the same direction to ease investor fears. The Company believes that current global volatility presents a rare opportunity to invest in China with attractive valuation.

The Company will continue its plan to develop its IM business with a focus on becoming a provider of products, solutions and technology system as below:

(1) The Company will continue to build sound track-records for all products and step up its marketing effort in new investments.

(2) The Company will continue to develop its quantitative research and asset allocation model – Magic Abacus System. This system, together with its fund products, will enable the Company to provide holistic investment solutions to clients.

(3) The Company will promote its funds and advisor services to institutional clients and family offices to extend client base geographically and increase its AUM. The Company will continue to develop its business relationships with financial institutions, mainly banks and insurance companies, product distributors like securities companies, high net worth individuals and large conglomerates, both in China and outside China.

(4) The Company will continue to invest in financial technologies and its operating platform to enhance client services, risk management and operations capabilities to support its future growth in products and business services.

The Company will continue its prudence approach in building up the IM revenue. The Company remains positive that China and Hong Kong offer attractive long term investment opportunities with limited correlation to other markets and local investment managers with the right expertise required to deliver risk adjusted returns.

SDI BUSINESS

Business Review

SDI is to leverage on the Group's human resources and physical capital in pursuit of outstanding risk-adjusted returns. This also strategically supports growth of the Group's new business initiatives such as the IM segment. The investments include funds, debt and equity investments and exchange traded funds ("ETF"). Having taken into consideration of the cash requirements of the Group for the next 12 months and the level of cash and cashflow position of the Group, the Group continued to make investments to generate better return on idle cash for the Group and made positive returns in these investments managed by the Group's subsidiary GCML. The Group is encouraged by the results from this new initiative through effective deployment of the Group's resources, investment management and risk management expertise.

In 2021, the Company continues its SDI business approach. The market-to-market valuation of its investments was negatively impacted by the overall disappointing market conditions. While the offshore Chinese bond market and equity market experienced its worst performance in history, the risks of our SDI investments were mitigated through strategy diversification.

Prospects

The Group will continue to seek investment opportunities to enhance the return on its financial resources as a whole. The Group recognises market instability and volatility, and will continue to strike a balance between risks and return, especially at a time of great uncertainty. The Group's cautious and balanced allocation among Chinese and global assets, together with diversified strategies investing into different markets, are expected to deliver relatively stable returns to its investments. In the event that the Group succeeds in building a good track record in such a difficult time, it is expected that the Group will attract more clients for its IM business once the market calms down.

DISCONTINUED OPERATION – CRMS BUSINESS

Business Review

Customers in Telecommunications Industry

In 2021, the Group continued to provide services to established telecommunications service providers. The Group continued to seek further cooperation with customers in the telecommunications industry, as well as business opportunities with other telecommunications service providers, and managed to acquire service contracts from new customers. There was an increase in revenue of the Group from telecommunications service providers for the year ended 31 December 2021 of approximately 11.1% as compared with last year.

Customers in Non-Telecommunications Industries

In 2021, the Group continued to develop its non-telecommunications customer base through active negotiation with potential customers in various industries such as finance, broadcast communication, social welfare, food and beverage, slimming and beauty shops, education, information technology, banking, exposition and property development and has successfully acquired service contracts from new customers. Notwithstanding the above efforts, due to the economic impact of COVID-19 pandemic, there was a decrease in revenue of the Group from non-telecommunications customers for the year ended 31 December 2021 of approximately 0.7% as compared with last year.

Multi-Skill Training

Benefiting from the government's favorable training policy for CRM industry in China, the Group provided various training programs for its staff, including a multi–skill-and-management training program. This training program is designed to imbue experienced operators with skills that will allow them to work on multiple projects. This makes the project teams more versatile and better allocates the Group's resources. Consequently, operators that would otherwise be idle can now serve customers of different projects. This has significantly enhanced the Group's efficiency, particularly in small projects with volatile call volume. However, due to the impact of COVID-19 pandemic, some of the projects were downsized and a number of multi-skill elite operators left the Group, which resulted in the increasing manpower and recruitment pressures.

Disposal of the CRMS business

The Group is committed to enhancing the penetration in the PRC market and exploring the possibility of developing the non-telecommunications market.

The Group intends to maintain a balance between investment in development and stringent cost discipline in order to maintain profitable in this business sector. However, the operation of the CRMS business requires a significant amount of human resources and due to the increasing trend in staff costs, the overall performance of the CRMS business has been underwhelming in recent years. On the other hand, segment performance from the investment management business and strategic direct investment business of the Group are improving. By disposing of the CRMS business, the Group will focus its resources on the development of its investment management business and strategic direct investment business.

On 22 December 2021, the Company and Ms. Li, an executive Director, entered into a share purchase agreement to dispose of the CRMS business. The disposal transaction was subsequently completed on 22 March 2022.

CAPITAL STRUCTURE

As at 31 December 2021, the Group's shareholders' equity was approximately HK$775,209,000 and the total number of shares issued was 11,346,472,321. The Group maintained an unsecured, non-interest bearing facility from an executive director, Ms. Li Yin and approximately HK$214,999,000 was drawn down as at 31 December 2021. The loan was originally repayable in full on 29 May 2022. Pursuant to the Share Purchase Agreement in relation to the disposal of CRMS business, the above loan has been set off against the consideration upon completion on 22 March 2022.

As at 31 December 2021, the gearing ratio (being ratio of total borrowings outstanding and lease liabilities less cash and cash equivalents of the continuing operations to total equity) was 7.1%. Since the Company recorded net cash to total equity as at 31 December 2020, the gearing ratio was therefore not applicable.

LIQUIDITY AND FINANCIAL POSITION

	2021 **HK$'000**	2020 HK$'000
Cash at banks and on hand	**99,535**	171,163
Money market funds	**13,079**	15,604
Fixed-term bank deposits	**46,795**	46,038
Total cash and deposits	**159,409**	232,805

The Group adopts a sound financial policy, and the surplus cash is deposited at banks and invested in money market funds to facilitate extra operation expenditure or investment. Management makes financial forecast on a regular basis. As at 31 December 2021, the Group's balance of cash and deposits was approximately HK$159,409,000, which was attributable to the cashflow from operations.

The Group normally finances its operations with internally generated cash flows. Cash and deposits decreased by approximately HK$73,396,000 in 2021 as cash and deposits of the Disposal Group were reclassified to "Assets classified as held for sale" in accordance with IFRS 5.

As at 31 December 2021, the current ratio was 2.34 (2020: 3.71).

FOREIGN EXCHANGE RISK

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2021 (2020: Nil).

MATERIAL ACQUISITIONS OR DISPOSALS

On 22 December 2021, the Group announced the disposal of CRMS business at a consideration of HK$219,464,000. For details of the Disposal, please refer to the announcements of the Company dated 22 December 2021 and 15 March 2022 and circular of the Company dated 22 February 2022 respectively.

Save for the above, the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures during the year under review.

CHARGE ON ASSETS

As at 31 December 2021, there was no charge over assets of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed, the Group did not have definite plans for material investments and capital assets as at 31 December 2021.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2021.

SIGNIFICANT INVESTMENTS

The Group provides investment management services to our clients and also make strategic direct investment on behalf of the Group. As at 31 December 2021, the Group recorded strategic direct investments of approximately HK$301,327,000. Given that the Group is engaged in making strategic direct investments in various listed and unlisted financial instruments through investment funds. The Board considers investments with a carrying amount that accounted for more than 5% of the Group's total assets as at 31 December 2021 as significant investments.

To mitigate relevant risks, the Group will optimise its investment strategies in response to market conditions. The Group had no significant investments held during the year. Details of the Group's investment objective and strategies are set out in the paragraphs – "SDI Business – Business Review and Prospects".

GEARING RATIO AND INTEREST CAPITALIZATION

As at 31 December 2021, the Group had outstanding unsecured, non-interest bearing loan due to Ms. Li Yin, an executive director of the Company, of approximately HK$212,561,000 and repayable in full amounted to approximately HK$214,999,000 on 29 May 2022 originally. The imputed finance cost of approximately HK$5,739,000 was incurred for the year ended 31 December 2021. Pursuant to the Share Purchase Agreement in relation to the disposal of CRMS business, the above loan would set off against the consideration upon completion on 22 March 2022. Please refer to note 23 to the consolidated financial statements for details.

As at 31 December 2021, the gearing ratio (being ratio of total borrowings outstanding and lease liabilities less cash and cash equivalents of the continuing operations to total equity) was 7.1%. Since the Company recorded net cash to the sum of total equity as at 31 December 2020, the gearing ratio was therefore not applicable.

During the year under review, no interest was capitalized by the Group (2020: Nil).

CAPITAL COMMITMENTS

As at 31 December 2021, there was no significant capital commitment contracted and not provided for in the financial statements (2020: HK$83,000).

SEGMENT REPORTING

In accordance with IFRS 8, Operating Segments, operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management team of the Company. The CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The Group has identified three reportable segments which are CRMS, IM and SDI businesses. Details of the segment reporting are set out in note 6 to the consolidated financial statements of the Group for the year ended 31 December 2021.

STAFF AND REMUNERATION POLICY

As at 31 December 2021, the Group had 1,979 employees (2020: 1,874 employees). Among them, 1,947 employees worked in the PRC, 31 employees worked in Hong Kong and 1 employee worked in Macau.

Breakdown of the Group's staff by function as at 31 December 2021 is as follows:

Function	Continuing operations 2021	Discontinued operation 2021	Group 2021	Group 2020
Management	9	3	12	12
Operation	28	1,834	1,862	1,758
Financial, administrative and human resources	2	57	59	62
Sales and marketing	4	–	4	4
Research and development	3	23	26	21
Repair and maintenance	–	16	16	17
	46	1,933	1,979	1,874

The total staff remuneration from continuing operations including Directors' remuneration paid by the Group in 2021 was approximately HK$48,000,000 (2020 restated: approximately HK$93,644,000).

The remuneration paid to the staff, including Directors, is based on their qualification, experience, performance, and market rates, so as to maintain a competitive remuneration level. The Group also offers various staff welfare, including housing fund, social insurance and medical insurance. We believe that in Goldstream Investment Limited, our employees are the most valuable assets. To incentivize employees and promote the long-term growth of the Company, the Company has adopted a share option scheme and a share award scheme, further details of which are set out in the sections headed "Share Option Scheme" and "Share Award Scheme".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group will be issuing a separate environmental, social and governance ("ESG") report for the financial year ended 31 December 2021 and in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The ESG report will disclose information on the Group's ESG management approach, strategy, priorities and objectives.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The Directors confirmed that they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules during the year under review.

REPORT OF DIRECTORS

The Directors present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATION LOCATION

The principal activity of the Company is investment holding. Activities and the analysis of operation location of its subsidiaries are set out in note 31 to the consolidated financial statements.

PRINCIPAL PLACE OF BUSINESS

The principal places of business include Hong Kong and the PRC.

BUSINESS REVIEW

A review and outlook of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" respectively on page 3 and pages 4 to 12 of this report.

Principal Risks and Uncertainties

Apart from those stated in the Chairman's Statement and Management Discussion and Analysis sections of this report, the Group is exposed to the following principal risks and uncertainties.

Reliance on Key Management

To a significant extent, the Group's success depends on the experience, expertise and the continuous services of the Group's executive Directors and members of the senior management. The Group's performance also depends on its ability to retain and motivate its key officers. However, there is no assurance that the Group will be able to retain the continuous services of the executive Directors and the members of the senior management. If the Group is unable to retain their services, the operations of the Group may be adversely affected, if for any reason, replacement cannot be found in a timely and commercially viable manner.

Risks Relating to Investment Management Business

The Group engages in the investment management business. The Group performs the role of an Investment Manager in providing investment management services. The income are primarily derived from management fees and performance fees for providing such services to our Collective Investment Schemes (CIS) and managed accounts (generally referred to as Funds). The total income is dependent on the AUM, fee rates and appreciation of the investments.

Management fees are recognized as services are performed and are primarily based on percentage of the AUM. The demand for alternative investment strategies although has a growing trend in Asia, large investment outflows have been recorded in recent years due to circumstances described in the "Business Environment" section of this report. This puts pressure on growing our AUM which will impact our fee incomes directly. Furthermore, there is pressure in this industry to reduce fee rates in order to sustain and attract new investments. Both these factors will have negative impact on delivering stable management fee incomes.

Performance fees are significant sources of income and normally charged as a percentage of the appreciation of the AUM over a defined period of time. The investment performance may be adversely affected by lack of investment opportunities, a reduction in market liquidity, unforeseen events involving, without limitation, such matters as changes in interest rates or the credit status of an issuer, forced redemptions of securities, unexpected changes in relative value or changes in tax treatment.

Other risk factors and uncertainties which could affect the business and revenues include but not limited to the following:

1) General economic and market conditions

The investment performance of any Fund may be adversely affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, tax treatment, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of a Fund's investments. Volatility or illiquidity could impair any investment profitability or result in losses.

2) Availability of investment strategies

The investment returns of the our strategies will depend on our ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the importance of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued involves a high degree of uncertainty. No assurance can be given that we will be able to locate suitable investment opportunities in which to deploy all of the assets attributable to an investment strategies. Market factors including, but not limited to, a reduction in market liquidity or the pricing inefficiency of the markets in which we will seek to invest may reduce the scope for the investment strategy of the relevant Fund.

3) Trading strategies

There can be no assurance that the specific trading strategies utilised for any Fund will produce profitable results. Any factor which would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in limit moves, could also be detrimental to profits. No assurance can be given that the techniques and strategies will be profitable in the future.

4) Cybersecurity risk

The Investment Manager and/or one or more of its service providers may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity ("cyber incidents") refers to events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. Cyber attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, causing denial-of-service or causing operational disruption.

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, impediments to trading, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance cost.

5) Market disruptions and liquidity

A Fund may incur major losses in the event that disrupted markets and/or other extraordinary events affect markets in a way that is not consistent with historical pricing relationships. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Fund, and such events may result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Investment Manager to liquidate affected positions and thereby expose it to losses. A Fund may be adversely affected by a decrease in market liquidity for the instruments in which such Fund is invested which may impair the ability of the Investment Manager to adjust positions. The size of a Fund's positions may magnify the effect of a decrease in market liquidity for such instruments.

6) Regulatory risks

The regulatory environment for the alternative investment management industry is evolving and changes therein may adversely affect the value of investments held by the Fund and/or the ability of the Fund to obtain the leverage it might otherwise obtain or to continue to implement its investment approach and achieve its investment objective. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and exchanges are authorised to take extraordinary actions in the event of market emergencies. In addition, the regulatory or tax environment may adversely affect the value of the investments held by the Fund. The effect of any future regulatory or tax change on the Fund is impossible to predict.

The effect of any future regulatory change on the Fund could be substantial and adverse including, for example, increased compliance costs, increased disclosure requirements, the prohibition of certain types of trading and/or the inhibition of a Fund's ability to implement its investment approach and achieve its investment objective.

7) Tax considerations

Where the Investment Manager, in respect of any Fund, invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Investment Manager may not be able to recover such withheld tax and so any such change could have an adverse effect on the Net Asset Value of the relevant Fund.

Risks Relating to the CRM Industry

The Group operates in an industry which requires rapid deployment of new technologies. There can be no assurance that the Group will necessarily be able to offer the latest technology or services to its customers, nor develop the expertise, experience and resources to offer the latest technology or services required by customers on a timely and competitive basis. The Group may incur significant expense in developing services and expertise in order to closely follow the latest technology.

The Group faces increasing competition in the business areas in which it operates. The Directors expect this trend to continue and to accelerate. There is no assurance that competitors will not develop the expertise, experience and resources to provide services that offer greater competitiveness in both price and quality as compared to the services offered by the Group, or that the Group will be able to maintain and enhance its competitive edge.

As at the latest practicable date, there is no legal requirement pursuant to which the Group must obtain a licence under the Regulations on Telecommunications in the PRC (中華人民共和國電信條例) to operate as a CRM outsourcing service provider in the PRC. In the event that the PRC government imposes any such law and/or regulations which impacts on the Group's business, the Directors will use its best endeavours to comply with such laws and/or regulations as required. However, there can be no assurance that the changes in the regulatory environment will not have an adverse effect on the Group's business and results of operation.

Reliance on Major Customers

The Group derives a significant portion of its turnover from the provision of services to a certain number of its key customers.

In addition, some of the contracts entered into between certain of the major customers and the Group contain an exclusive clause restricting the provision of the Group's services to any companies which undertake competing business with those major customers in Hong Kong, Macau and the PRC, unless (i) prior written consent has been given by those major customers or (ii) those competitors were existing customers of the Group at the time when the Group entered into contracts with those major customers.

Reliance on the Telecommunications Industry

The Group currently derives a substantial portion of its turnover from telecommunications service providers in Hong Kong, Macau and the PRC. Demand for the services of the Group depends on the level of activities in the telecommunications industry in Hong Kong, Macau and the PRC and market competition. Any trend towards an increase in competition in the telecommunications industry in Hong Kong, Macau and the PRC, particularly amongst the telecommunications service providers which are the Group's direct and indirect customers, may put downward pressure on prices for their products and services, and consequently on their turnover. Should this happen, these telecommunications service providers may reduce CRM outsourcing fee they are willing to pay to the Group and attempt to maintain their profit margins by reducing their costs.

Potential Product and Service Liabilities

The Group's services may be critical to the operations of its customers' businesses. If the Group provides wrong information in delivering its services which subsequently adversely affect any of the Group's customers' businesses, the Group may incur additional costs in rectifying such errors or defending any legal proceedings and claims brought by its customers against the Group. Consequently, this may affect the Group's relationship with such customers and may result in negative publicity of the Group. The Group has no insurance cover on its potential liabilities. Any defects or errors in the Group's products or services could result in delayed or lost turnover, adverse customer relationship, negative publicity and additional costs.

The Trade Descriptions (Unfair Trade Practices) Ordinance ("TDO") (Amendment) 2012 was passed by the Legislative Council on 17 July 2012 and has come into effect on 19 July 2013. It extends the coverage to prohibit specified unfair trade practices deployed by traders against consumers, including false trade descriptions of services, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch and wrongly accepting payment. To control the risk and to comply with the regulation, the Group is using its best endeavours to train and manage the employees involved. As at the latest practicable date, the Directors are not aware of any complaints and/or claims against the Group for violation of TDO. However, there is no assurance that employees of the Group will not violate of TDO in the future.

Failure to Recruit and Retain Competent Employees

CRM business depends heavily upon the continuous services provided by a huge quantity of employees whose industry expertise and experience in the business e.g. business vision, operating skills, and working relationship with customers and regulatory authorities are relied. If many of the employees are unable or unwilling to continue providing their services to the Group, or join competitors of the Group, or form competing companies, the Group's business may be adversely affected.

The sustainability and growth of the Group depend on the devotion of its employees. If the Group is unable to identify, hire and retain qualified employees, it may be unable to meet its business and financial goals.

The Stability of the Network of the Group

The Group's operational systems utilized by the CRM service centres are vulnerable to damage from fire, flood, power loss, telecommunications failures, computer virus, hackings and similar events. Any network interruption or inadequacy that causes interruptions in the connectivity of the system of the Group or deterioration in the quality of access to the system of the Group or failure to maintain the network and server or failure to solve such problems quickly could reduce the Group's customers' satisfaction. In addition, any security breach caused by hackings, which involve efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses could have a material adverse effect on the business, financial condition and results of operations. The Group maintains insurance policies covering losses relating to the systems of the Group and does not have business interruption insurance.

Infringement or Misappropriation of Intellectual Property rights

The Group's CRMS business heavily relies on the operating systems in its daily operations which are developed by the Group's research and development department. The Group obtained registration certificate issued by the National Copyright Administration (國家版權局) in respect of internet CRM systems in 2011. The Group remains as one of the few operation systems owners who applied for protection for these intellectual property rights. The Group also relies on non-disclosure of confidential information agreements provided by the Group's research and development personnel to protect the Group's intellectual property rights on the operating systems currently in use.

There is no assurance that the current protection measures adopted by the Group provide adequate protection against infringement of any intellectual property rights attributable to the Group. Any unauthorized use, infringement or misappropriation of such rights by third parties may adversely affect the Group's business.

Inadequate Protection of Personal Data

The Group, acting as a CRM outsourcing service provider, obtains a significant amount of personal data from its customers, in particular, personal data of subscribers of the Group's telecommunications customers. Pursuant to contracts entered into between the Group and its customers and in compliance with the Personal Data (Privacy) Ordinance (Chapter 486), the Group is obliged to keep all such data confidential. In the event that there is a breach of confidentiality by the Group and data is leaked to third parties, the subscribers may take legal action against the Group's customers for loss and/or damages. In addition, the Group's customers may exercise their rights under the contract to terminate the contract and proceed to institute legal proceedings to claim damages for any loss sustained as a result of the Group's breach. Further, the contracts entered into by the Group with its customers contain general indemnity clauses which cover amongst others, such circumstances.

The Group has implemented internal control procedures to safeguard confidential data, including (1) restricted physical access to the designated working areas; (2) prohibited use of information storage devices; and (3) non-disclosure and confidentiality agreements with the Group's employees. However, there is no assurance that there will not be any leakage of personal data that may adversely affect the Group's business and reputation.

The Effect of the Unsolicited Electronic Messages Ordinance ("UEMO")

The UEMO governs the sending of commercial electronic messages which, for the purposes of the UEMO, include a message in any form sent over a public telecommunications service (including among others, SMS, faxes or emails) to an electronic address and includes but is not limited to a text, voice, sound, image or video message; and a message combining text, voice, sound, image or video for the purpose of advertising, promoting or offering any goods, services, business opportunities or the organizations themselves. The UEMO also governs the use of address harvesting software i.e. software which is specifically designed or marketed for use for searching the Internet or a public telecommunications network and collecting electronic addresses such as telephone numbers or email addresses in connection with or to facilitate the sending of such commercial electronic messages. The UEMO does not apply to person-to-person telemarketing calls. The Group's current business does not involve the sending of commercial electronic messages and the Group does not use any address harvesting software. Therefore the Group's business activities are not under the scope of the UEMO. However, there can be no assurance that the Group's future business activities will not fall under the scope of the UEMO. Should this happen, the Group's operations may be adversely affected by the costs and time involved in ensuring that the Group's activities comply with the UEMO. In addition, should the Group fail to comply with the UEMO, it may be liable for fines.

Risk Relating to the PRC

The Group's CRM service centres are located in Guangdong Province, the PRC, the operations of which are therefore subject to the laws and regulations prevailing in the PRC. The Group's operations may be adversely affected should there be any changes in the political, economic and legal environment in the PRC or changes in the policies or regulations in the PRC relating to the industry in which the Group operates.

At present, RMB is not freely convertible into other currencies. Pursuant to the current relevant regulations in the PRC, foreign investment enterprises are permitted to remit their profit or dividends in foreign currencies overseas or repatriate such profit or dividends after converting the same from RMB into foreign currencies through banks which are authorised to engage in foreign exchange business. Foreign investment enterprises are permitted to convert RMB into foreign currencies for items in their current accounts (including dividend payment to foreign investors) and that the control over conversion of RMB into foreign currencies for items in their capital accounts (including direct investment, loan and investment in securities) is more stringent. The Group's business operations are, to a significant extent, undertaken by China Elite Info. Co. Ltd. ("China Elite"), wholly foreign-owned enterprise established in the PRC, which are subject to the above regulations.

The Group is subject to restrictions on foreign investment policies imposed by the PRC law from time to time. For instance, under the Foreign Investment Catalogue, some industries are categorized as sectors which are encouraged, restricted or prohibited for foreign investment. As the Foreign Investment Catalogue is updated every few years, there can be no assurance that the PRC government will not change its policies in a manner that would render part or all of the businesses of the Group to fall within the restricted or prohibited categories. If the Group cannot obtain approval from relevant approval authorities to engage in businesses which become prohibited or restricted for foreign investors, it may be forced to sell or restructure the businesses which have become restricted or prohibited for foreign investment. If the Group is forced to adjust the corporate structure or business line as a result of changes in government policy on foreign investment, the business, financial condition and results of operations of the Group may be materially adversely affected.

Financial Risk and Foreign Exchange Exposure

The Group is exposed to financial risks, such as foreign exchange risks, interest rate risks, credit risks, liquidity risks and price risk. The Group reviews regularly and manages its capital structure to maintain a sound capital position. Certain portion of the Group's trade receivables and deposits with banks is denominated in foreign currency i.e. Renminbi ("RMB"). The Group currently does not have hedging policy in respect of the foreign exchange risk. Nevertheless, the Group has continuously evaluated and monitored the fluctuation of RMB and may consider entering into forward contracts in order to manage its exposure to adverse fluctuations in foreign currency exchange rate. For details of the Group's financial management policies and strategies in managing these financial risks, please refer to note 3 to the consolidated financial statements.

Major Financial and Business Performance Indicators

Major financial and business performance indicators include revenue, net profit margin, current ratio etc. Details of these indicators are set out in the section "Management Discussion and Analysis" of this report.

Environment Policies and Performance

The Group has committed to be an environmentally-friendly corporation that pays close attention to conserve natural resources. It strives to minimize environmental impact by saving electricity and encouraging recycle of office supplies and other materials. The Group also requests factories of its suppliers to operate in strict compliance with the relevant environmental regulations and rules.

Compliance with Laws and Regulations

The Group recognises the importance of compliance with the requirements of relevant laws and regulations, and any failure to comply with such requirements may result in interruptions in, or termination of the operation. The Group has allocated systems and human resources to ensure continuing compliance with rules and regulations and sound working relationships with regulators through effective communications. During the year under review, to the best of our knowledge, the Group has complied with the Listing Rules, the Securities and Futures Ordinance (Chapter 571), the Companies Ordinance (Chapter 622), Anti-Money Laundering and Counter-Terrorist Financing institution Ordinance Cap 615 of the laws of Hong Kong, the Trade Descriptions Ordinance (Chapter 362), the Personal Data (Privacy) Ordinance (Chapter 486), the Unsolicited Electronic Messages Ordinance (Chapter 593), the Company Law of the PRC (中華人民共和國公司法), the PRC Foreign Investment Law (中華人民共和國外資企業法), the PRC Administration of Tax Collection (中華人民共和國稅收徵收管理法), Regulations on Telecommunications in the PRC (中華人民共和國電信條例), the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Law of the PRC on Work Safety (中華人民共和國安全生產法), the Labor Law of the PRC (中華人民共和國勞動法), the Labor Contract Law of the PRC (中華人民共和國勞動合同法), the Computer Software Protection Regulations Rules (計算機軟件保護條例), the Code of Computer Software Copyright Registration (計算機軟件著作權登記辦法) and other relevant rules and regulations.

Relationships with Major Stakeholders

The Group's success relies on the support of major stakeholders including customers, employees, suppliers, regulators and shareholders.

Customers

The Group is committed to providing its customers with quality products and services so as to strive for sustained growth in respect of revenue and profitability. The Group has adopted various means to strengthen communication with its customers to provide excellent and quality products and services so as to increase market penetration and expand its various businesses.

Employees

Employees are considered to be the most important and valuable assets of the Group. The purpose of human resources management of the Group is to reward the staff with excellent performances through the provision of generous remuneration package and the implementation of the comprehensive performance evaluation plan. Besides, the Group formulates an appropriate training plan based on various positions and duties and titles and provides certain opportunities and platforms to assist them to develop and get promoted within the Group.

Suppliers

Maintaining good relationships with the suppliers is essential to the Group in respect of the supply chain and when facing business challenges and regulatory requirements. It can achieve cost efficiency and promote long term commercial benefits. Major suppliers include system and equipment suppliers, external consultants providing professional services, suppliers of office supplies or commodities and other business partners providing the Group with value added services.

Regulator

As a company listed in Hong Kong and certain licensed corporations licensed under the SFO, Cap 561 (the "SFO"), the Company is subject to the regulation of the Securities and Futures Commission of Hong Kong (the "SFC"), the Hong Kong Stock Exchange and other relevant regulators. With operations in the PRC, the Group is also subject to the regulation of the PRC of the Ministry of Commerce (商務部), the State Administration for Industry and Commerce (工商行政管理總局), the State Administration of Taxation (稅務總局), the Ministry of Human Resources and Social Security Bureau (人力資源和社會保障部), the National Copyright Administration (國家版權局) and other relevant regulators. The Group expects to constantly update and ensure compliance with new rules and regulations.

Shareholders

One of the corporate objectives of the Group is to enhance the corporate value for its shareholders. The Company will distribute dividends or issue bonus shares to its shareholders in recognition of their continual support while boosting the Group's business development to achieve the sustainable profit growth and taking into account the capital adequacy level, liquidity and business expansion needs. The Company has adopted a Dividend Policy on payment of dividends. Details of the Dividend Policy have been disclosed in the paragraph "Dividends" of this report.

FINANCIAL INFORMATION

Five-Year Financial Summary

A summary of the consolidated income statement and the assets and liabilities of the Group for the last five financial years is set out on page 132 of this report.

Results and Appropriations

The results of the Group for the year ended 31 December 2021 are set out in the consolidated income statement, on page 48 of this report.

Major Customers and Suppliers

For the year ended 31 December 2021, the revenue attributable to the largest customer and the five major customers accounted for approximately 34% and approximately 77% of the Group's services income from continuing operations respectively.

For the year ended 31 December 2021, provision of services from the largest supplier accounted for approximately 18% of the Group's total purchases. Provision of services from the five largest suppliers accounted for approximately 59% of the Group's total purchases from continuing operations.

None of the Directors, or any of their respective associates, or any Shareholders (whom to the knowledge of the Directors own more than 5% of the issued share capital of the Company), had any interests in any of the Group's five largest customers or five largest suppliers during the year.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

The Company has adopted a Dividend Policy. Subject to the relevant laws and the articles of association of the Company (the "Articles"), the Company, through a general meeting, may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board. The Articles provide that dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law of the Cayman Islands.

Declaration of dividend is subject to the discretion of the Board, taking into consideration of, among others, the following factors:

(i) general business and financial conditions;
(ii) earnings;
(iii) cash flow;
(iv) financial condition;
(v) capital requirements; and
(vi) other conditions as deemed relevant at such time by the Board.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

Debentures

The Group has not issued any convertible debentures, futures, or granted any options, or other similar rights for the year ended 31 December 2021.

Reserves

Details of movements in reserves of the Group and of the Company during the year are set out in notes 26 and 34(a) to the consolidated financial statements respectively.

Distributable Reserve and Share Premium

Under the Companies Law of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association of the Company and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

As at 31 December 2021, the Company had approximately HK$1,709,869,000 (2020: approximately HK$1,709,869,000) available for distribution to equity shareholders of the Company, subject to immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

Goodwill and Intangible Assets

Goodwill and intangible assets arising from acquisition of Goldstream Capital Management Limited and Goldstream Securities Limited (collectively the "Goldstream Companies") since 2018 accounted for significant portion in the Group's total assets. At 31 December 2021, under IFRS we had approximately HK$197,965,000 of goodwill and HK$16,667,000 of intangible assets (HK$10,520,000 of which are intangible assets with indefinite lives). Goodwill and intangible assets with indefinite lives are tested at the cash generating unit level ("CGU") or group of CGUs level. A CGU comprises the smallest group of assets that are capable of generating largely independent cash flows and is either a business segment or a level below. Management performed test on 31 December 2021 and the year ended 31 December 2021 demonstrated that there was no impairment of goodwill or intangible assets with indefinite lives.

The recoverable amount of the IM business CGUs was based on its value-in-use and was determined with reference to the valuation performed by Greater China Appraisal Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets covering a four year period and terminal growth. The growth rates used to extrapolated cash flow projections beyond the four year period do not exceed the long-term average growth rate for the industry.

The key assumptions, such as budgeted AUM incremental rate ranged between 5.0% and 11.4% (2020: ranged between 1% and 18%) and portfolio return rate ranged between 0.2% and 8.0% (2020: ranged between 0.5% and 15%). No significant changes of key assumptions have been made in the current year. The key assumptions are determined with reference to historical performance of IM Business, market research of the assets management industry and specific business plans of the Group.

As at 31 December 2021, the recoverable amount of IM business amounted to approximately HK$318,311,000 (2020: approximately HK$289,270,000). As the carrying amount of the CGUs did not exceed its respective recoverable amount, certain headroom is available. Changes in key assumptions including discount rates and cash flow projections used in the determination of embedded values or reductions in AUM may result in impairment charges in the future, which could be material. Impairment charges could occur in the future as a result of changes in economic conditions. The goodwill testing for 2021 will be updated based on the conditions that exist in 2020 and may result in impairment charges, which could be material.

The Company acquired Goldstream Companies, forming certain customer contracts of approximately HK$106,281,000 in total with useful lives of 4 years. A write off expense and an impairment charges of intangible assets with definite lives approximately HK$658,000 and HK$2,506,000 were recognised in the consolidated income statement respectively in accordance with relevant accounting standards. Due to the unexpected changes of business environment, such as (i) new regulation requirement released in the PRC; (ii) lag of operating performance of particular customer contract; and (iii) redemption of investment from particular customer due to changes of its business plan, there are signs of impairment for certain customer contracts which were located in previous years in the Acquisition.

In the coming year, the Group will continue to increase our fund raising, marketing effort and identify other investment opportunities in respect of the SDI to maximise returns for its equity shareholder of the Company. Despite exploring opportunity of receiving additional investments from existing clients in the future, the Group also aim at sustainable growth of client portfolio with new institutional client at the same time. Details of which are set out in the paragraph — "Prospects of IM Business" of this report.

CONNECTED TRANSACTIONS

References were made to the announcements of the Company dated 26 July 2021 and 27 August 2021, and the circular of the Company dated 4 August 2021 in relation to the proposed amendment to the terms of 334,720,000 awarded shares granted to certain grantees on 21 September 2020 pursuant to the share award scheme of the Company adopted on 21 September 2020 (the "Share Award Scheme"). The purpose of the amendments was to allow the Company to issue and allot up to 330,700,000 new awarded shares, instead of obtaining all awarded shares by way of purchasing existing shares from the open market. The awarded shares shall be issued and allotted to the trustee of the Share Award Scheme at nominal value of HK$0.01 each pursuant to specific mandate. Each of the grantees, Dr. Lin Tun and Mr. Lam Tsan Fai Fergus, being an executive director and a director of certain subsidiaries of the Company respectively, were connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the amendments and the issue and allotment of the new awarded shares to Dr. Lin and Mr. Lam contemplated thereunder constituted connected transaction of the Company under Chapter 14A of the Listing Rules.

The Disposal

On 22 December 2021, the Company and Ms. Li, an executive Director, entered into Share Purchase Agreement in relations to the disposal of CRMS business. Particulars of the Disposal (including the consideration) are set out in the section headed "Business Report" on page 4 of this report. Ms. Li was a connected person of the Company and the Disposal constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but all of them are less than 75%, the Disposal constituted a major transaction for the Company under Chapter 14 of the Listing Rules.

The Disposal was subsequently completed on 22 March 2022. For details of the Disposal, please refer to the announcements of the Company dated 22 December 2021, 15 March 2022 and 22 March 2022, and the circular of the Company dated 22 February 2022.

CONTINUING CONNECTED TRANSACTIONS

Investment Management Agreement

Hony Capital Group, L.P. ("HCG") is managed by Hony Group Management Limited (as sole general partner), which is owned as to 80% by Hony Managing Partners Limited. Hony Managing Partners is in turn a wholly-owned subsidiary of Exponential Fortune Group Limited, which is owned as to 49% by Mr. Zhao John Huan. As each of Hony Group Management, Hony Managing Partners and Exponential Fortune is an indirect holding company of the Company and Mr. Zhao is a Director, and HCG, being their associate, is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Investment Management Agreement (as defined below) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to the following investment management agreement (the "Investment Management Agreement"), Goldstream Capital Management Limited ("GCML") (a wholly-owned subsidiary of the Company) has been appointed as the investment manager in respect of the provision of investment management services by GCML and its affiliates (the "Affiliates", collectively referred to as the "GCML Group"), being any entity that directly or indirectly through on or more intermediaries controls, is controlled by or is under common control with GCML, to HCG, any direct or indirect holding or subsidiary company of HCG (other than entities under control of the Company) and any entities, whether partnerships, companies or otherwise from time to time, owned or controlled by, or under common control with, HCG (the "Hony Capital Group") in pursuit of certain investment objectives and subject to certain investment restrictions.

Date:	12 October 2021
Parties:	(i) GCML; and (ii) HCG
Duration:	From 12 October 2021 to 31 December 2023 (both dates inclusive) unless otherwise terminated in accordance with the Investment Management Agreement.

As part of the ordinary and usual course of business of GCML, the GCML Group manages a number of GCML Managed Funds (as defined below) and solicit investments from external investors.

Pursuant to the Investment Management Agreement, HCG agreed to authorize GCML Group to invest all or any portion of the investment portfolio in (i) any investment companies or investment funds advised by GCML or its Affiliates ("GCML Managed Fund") or (ii) other direct investment and investment made in any non-affiliated commingled collective investment scheme to the extent permitted by the investment guidelines.

The annual caps for the fees receivable by GCML under the Investment Management Agreement for the years ending 31 December 2021, 2022 and 2023 are HK$15,000,000, HK$17,000,000 and HK$19,000,000, respectively.

The proposed annual caps have been calculated and determined after taking into account the following:

(a) the fee rates under the Investment Management Agreement;

(b) the historical and current fee rates as set out in the terms of the GCML Managed Funds;

(c) the historical growth rate of GCML Managed Funds which are invested by Hony Capital Group;

(d) the existing aggregated investment amount from Hony Capital Group, and the possible growth of investment amount and annual Absolute Profit; and

(e) a buffer of around 20% to allow for the increase in demand for the investment management services.

Please refer to the announcements of the Company dated 12 October 2021 and 1 November 2021 for further details of the Investment Management Agreement.

The independent non-executive Directors have, for the purpose of Rule 14A.55 of the Listing Rules, reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions have been entered into by the Group (i) in the ordinary and usual course of its business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 22 to 23 of the Annual Report in accordance with paragraph 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, the Directors consider that those related party transactions disclosed in Note 33 to the financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements (if any) under Chapter 14A of the Listing Rules.

DIRECTORS

Executive Directors

Director who held office during the year and up to the date of this report:

- Zhao John Huan (趙令歡) *(Chairman)*
- Lin Tun (林暾) *(Chief Executive Officer)*
- Yuan Bing (袁兵) *(resigned on 31 March 2022)*
- Li Yin (李燕) *(resigned on 31 March 2022)*

Independent Non-Executive Directors

- Jin Qingjun (靳慶軍)
- Lee Kin Ping Christophe (李建平)
- Shu Wa Tung Laurence (舒華東)

Pursuant to Article 84(1) of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is a multiple of three, the number nearest to but not less than one-third), shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence, being Directors to retire in rotation in accordance with the Articles, will retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting ("AGM").

As at the date of this report, Mr. Jin Qingjun held directorships in seven listed companies including the Company. Notwithstanding his directorships in seven listed companies, the Board is satisfied with his contribution and proactive commitments to the Company as evidenced by his record of attendance and participation in meetings of the Board and its remuneration committee, audit committee and nomination committee since he joined the Company. Given the extensive knowledge and experience in corporate governance and his familiarity with the management of Hong Kong listed companies, the Board believes Mr. Jin will be able to devote sufficient time to the Board and continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

Confirmation of Independence

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers that all the independent non-executive Directors are independent.

Directors' Service Contracts

Each of Mr. Zhao John Huan, Dr. Lin Tun and Mr. Yuan Bing has entered into a service agreement with the Company for a term of three years, commencing on 28 December 2018. Their directorships will be subject to retirement by rotation and re-election pursuant to the provisions of the Listing Rules and the Articles of Association of the Company.

Ms. Li Yin has entered into a service agreement with the Company with each renewal for an initial term of three years commencing on 16 October 2019 and such service agreement may be terminated by either party thereto giving to the other not less than three months' prior notice in writing.

Each of Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence entered into a service agreement with the Company for an initial term of one year commencing on 1 December 2019, and such service agreement may be terminated by either party thereto giving to the other not less than one month's prior notice in writing.

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

Permitted Indemnity Provision

Pursuant to section 164 of the Articles, every Director is entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may sustain or concur in or omitted in or about the execution of his or her duties, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the year ended 31 December 2021.

Contract of Significance

Save for the service contracts of the Directors and the contracts as set out in the paragraph – "Continuing Connected Transactions" and "Connected Transactions" as disclosed above, (i) no contract of significance transaction, arrangement or in which a Director or any entity connected with such Director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year under review; and (ii) no contract of significance was entered into between the Company or any of its subsidiaries and the Company's controlling shareholders or any of its subsidiaries during the year ended 31 December 2021.

DIRECTORS AND SENIOR MANAGEMENT

The brief biographical details of Directors and senior management are set out in pages 40 to 43 of this report.

Directors Remunerations and Five Employees with Highest Emolument

Details of Directors' remunerations and five employees with highest emolument are set out in notes 35 and 8(a) to the consolidated financial statements.

No emoluments have been paid to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2021 (2020: Nil). No Director waived or agreed to waive any emoluments during the year ended 31 December 2021 (2020: Nil).

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

Defined Contribution Retirement Schemes

The amounts of contributions and details of the Group's defined contribution retirement schemes are set out in notes 8 and 2.17(a) to the consolidated financial statements. No forfeited contributions are available to reduce the contribution payable by the Group in the future years.

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

As at 31 December 2021, so far as known to the Directors, the Directors and the chief executive of the Company had the following interests and short positions in the shares, underlying shares or the debentures of Company or any of its associated corporation within the meaning of part XV of the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong) (the "SFO"), which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests, and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules:

Interests in shares and underlying shares of the Company – long position

Name of Directors	Total interest in shares or underlying shares	Capacity	Approximate percentage of the Company's share capital
Mr. Zhao John Huan	7,802,539,321	Corporate interests (Note 1)	68.76%
Dr. Lin Tun	221,256,000	Beneficiary of a trust (other than a discretionary interest) (Note 2)	1.95%
Dr. Lin Tun	113,460,000	Beneficiary owner (Note 3)	1.00%

Notes:

1. Hony Gold Holdings, L.P. is managed by Hony Gold GP Limited (as general partner). Hony Gold GP Limited is a wholly-owned subsidiary of Hony Group Management Limited, which is owned as to 80% by Hony Managing Partners Limited. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, which is owned by Mr. Zhao John Huan as to 49%. As such, Mr. Zhao John Huan, Exponential Fortune Group Limited, Hony Managing Partners Limited, Hony Group Management Limited and Hony Gold GP Limited are deemed to be interested in the shares in which Hony Gold Holdings, L.P. is interested under the SFO.

2. These 221,256,000 underlying shares of the Company represented the awarded shares, subject to vesting, granted by the Company under the Company's share award scheme. Details of the scheme are set out in the section headed "Share Award Scheme".

3. These 113,460,000 underlying shares of the Company represented the share options (being regarded as unlisted physically settled equity derivatives) granted by the Company. Details of these share options are set out in the section headed "Share Option Scheme".

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND, UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, so far as known to the Directors, the persons or corporations (other than the Directors or chief executive of the Company) with 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 would be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Interests in shares or underlying shares of the Company – long position

Name	Capacity	Number of Shares	Approximate percentage of the Company's share capital
Hony Gold Holdings, L.P.	Beneficial owner	7,802,539,321 (Note 1)	68.76%
Hony Gold GP Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	68.76%
Hony Group Management Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	68.76%
Hony Managing Partners Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	68.76%
Exponential Fortune Group Limited	Interest in controlled corporation	7,802,539,321 (Note 1)	68.76%
Glory Moment Investments Ltd.	Beneficial owner	840,000,000 (Note 2)	7.40%
Mr. Fang Shin	Interest in controlled corporation	840,000,000 (Note 2)	7.40%
Ms. Kwok King Wa	Beneficial owner	684,900,000 (Note 3)	6.04%
Mr. Li Kin Shing	Interest of spouse	684,900,000 (Note 3)	6.04%

Notes:

1. Hony Gold Holdings, L.P. is managed by Hony Gold GP Limited (as general partner). Hony Gold GP Limited is a wholly-owned subsidiary of Hony Group Management Limited, which is owned as to 80% by Hony Managing Partners Limited. Hony Managing Partners Limited is a wholly-owned subsidiary of Exponential Fortune Group Limited, which is owned by Mr. Zhao John Huan as to 49%. As such, Mr. Zhao John Huan, Exponential Fortune Group Limited, Hony Managing Partners Limited, Hony Group Management Limited and Hony Gold GP Limited are deemed to be interested in the shares in which Hony Gold Holdings, L.P. is interested under the SFO.

2. The 840,000,000 Shares are held by Glory Moment Investments Ltd., which is wholly owned by Mr. Fang Shin.

3. The 684,900,000 Shares are held by Ms. Kwok King Wa in person. Mr. Li Kin Shing is the spouse of Ms. Kwok King Wa and therefore is deemed to have 684,900,000 Shares held by Ms. Kwok King Wa under the SFO.

Save as disclosed above, as at 31 December 2021, so far as known to the Directors, there was no other person (other than the Directors or chief executive of the Company) with 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 would be recorded in the register of the Company required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") in the written approved by the shareholders of the Company at the annual general meeting held on 4 June 2020, for the purposes of providing incentives or rewards to eligible participants (including employees, executives or officers, directors including non-executive directors and independent non-executive directors, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries) for their contribution or potential contribution to the Group. The Share Option Scheme will remain in force for 10 years from 4 June 2020. As at the date of this report, the remaining life of the Share Option Scheme is 8 years and 2 months.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 1,134,647,232 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme and as at the date of this report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including exercised, cancelled and outstanding options) within any 12-month period up to and including the date of grant is limited to 1% of the shares of the Company in issue as at the date of grant. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. A grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the Share Option Scheme. Under the provisions of the Share Option Scheme, the Board has the discretion to impose any minimum period for which an option has to be held and/or any performance target required to be achieved before such option may be exercised.

The exercise price of the share options shall be not less than the highest of (i) the closing price of the Company's shares as quoted on the Stock Exchange on the date of offer of the share options; (ii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

Movement of the Share Options Granted

Details of movement of the share options granted under the Share Option Scheme during the year ended 31 December 2021 were as follows:

				Number of options						
Grantees	Date of grant	Exercise price per option (HK$)	Exercise period	Outstanding at 1 January 2021 '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year '000	Cancelled during the year '000	Outstanding at 31 December 2021 '000	Closing price of the Company's shares immediately before grant of the options (HK$)
Dr. Lin Tun (being an executive Director)	21 September 2020	0.07	21/9/2020 – 20/9/2030	113,460	–	–	–	–	113,460	0.067
Mr. Lam Tsan Fai Fergus (being a senior management)	21 September 2020	0.07	21/9/2020 – 20/9/2030	113,460	–	–	–	–	113,460	0.067
				226,920	–	–	–	–	226,920	

Note:

(a) These options are vested in 5 tranches as follows: 20% on each of 21 September 2020, 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 and are exercisable during a 10-year period commencing the respective dates of vesting.

Details of the share options granted are set out in the Company's announcement dated 21 September 2020. Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the year ended 31 December 2021.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 21 September 2020, for the purposes of attracting new and motivating existing talents and retaining both in the Group. The Share Award Scheme shall be valid and effective for a term of 10 years from the adoption date and is administered by the Board and the trustee of the Share Award Scheme. The total number of shares to be awarded under the Share Award Scheme shall not exceed 15% of the total number of issued shares of the Company from time to time. The maximum number of share which may be awarded to a selected participant but unvested under the Share Award Scheme shall not exceed 1% of total number of issued shares of the Company from time to time. The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

During the year ended 31 December 2021, the Company did not grant any awarded shares pursuant to the Share Award Scheme. Details of shares awarded under the Share Award Scheme during the year were as follows:

Date of grant	As at 1 January 2021 '000	Number of shares granted during the year '000	As at 31 December 2021 '000	Vesting period	
21 September 2020	277,988	–	277,988	21/9/2020 – 31/12/2024	(a)
21 September 2020	56,732	–	56,732	21/9/2020 – 31/12/2022	(b)
	334,720	–	334,720		

Notes:

(a) The awarded shares will be vested in 5 tranches within the vesting period.

(b) The awarded shares will be vested in 3 tranches within the vesting period.

Since the adoption date, a total of 334,720,000 shares had been awarded under the Share Award Scheme, representing 2.95% of the total number of issued shares of the Company as at 31 December 2021.

THE PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands. According to the laws of the Cayman Islands, the Company should issue new shares on a pro-rata basis to existing shareholders of the Company.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to its shareholders by reason of their holding of the Company's securities.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM will be held on Tuesday, 14 June 2022. The register of members will be closed from Thursday, 9 June 2022 to Tuesday, 14 June 2022, both days inclusive. In order to ascertain the members' entitlement to the attendance of the forthcoming AGM, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 8 June 2022.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, during the year under review, there was no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or the chief executive of the Company or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company to acquire such rights in any other body corporate.

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

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has redeemed, purchased, sold or cancelled any listed securities of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, none of the Directors nor their respective associates is considered to have interests in a business that competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors have been appointed or were appointed as directors to represent the interests of the Company and/or the Group.

CORPORATE GOVERNANCE

The corporate governance report adopted by the Company is set out on pages 31 to 39 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, prior to the latest practicable date prior to the issue of this report, at least 25% of the Company's total issued share capital was held by the public during the year under review and as at the date of this report.

CHARITABLE DONATIONS

During the year, the Group did not make charitable contributions and other donations (2020: Nil).

AUDITOR

The accompanying consolidated financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM.

AUDIT COMMITTEE

The annual results for the year ended 31 December 2021 have been reviewed by the audit committee of the Company.

CHANGES IN DIRECTOR'S AND CHIEF EXECUTIVE'S BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in the section headed "Profile of Directors and Senior Management", there is no other change in Directors' biographical details which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the date of the 2020 annual report of the Company.

EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, all conditions precedent under the Share Purchase Agreement have been fulfilled and completion took place on 22 March 2022. Upon completion of the Disposal, members of the Disposal Group have ceased to be subsidiaries of the Group and their financial results will no longer be consolidated into the financial statements of the Group. For details of the abovementioned transaction, please refer to note 23 of the consolidated financial statements in this report.

Save for the above and the events set out in note 36 of the consolidated financial statements in this report, there were no other significant events after the reporting period up to the date of this report.

On behalf of the Board
Goldstream Investment Limited

ZHAO JOHN HUAN
Chairman

Hong Kong, 31 March 2022

CORPORATE GOVERNANCE REPORT

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the of the Listing Rules as the basis of the Company's corporate governance practices.

Throughout the year ended 31 December 2021, the Company has complied with all the code provisions as set out in the CG Code contained in Appendix 14 of the Listing Rules in force during the year and as at 31 December 2021.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct which is on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules. Specific enquiry to all Directors has been made and the Company has confirmed that the Directors have complied with the required standard set out in the code of conduct during the year ended 31 December 2021.

BOARD OF DIRECTORS

Board Composition

Throughout the year ended 31 December 2021 and up to the date of this report, the Board comprises five Directors. The following are the members of the Board:

Executive Directors

- Mr. Zhao John Huan *(Chairman)*
- Dr. Lin Tun *(Chief Executive Officer)*
- Mr. Yuan Bing *(resigned on 31 March 2022)*
- Ms. Li Yin *(resigned on 31 March 2022)*

Independent Non-Executive Directors

- Mr. Jin Qingjun
- Mr. Lee Kin Ping Christophe
- Mr. Shu Wa Tung Laurence

The profile of the chairman of the Board (the "Chairman") and other Directors of the Board is set out in pages 40 to 42 of this report.

The Company has distinguished the roles of the Chairman and chief executive officer of the Company in accordance with the then applicable code provision A.2.1 of the CG Code. The Chairman and chief executive officer of the Company are Mr. Zhao John Huan and Dr. Lin Tun respectively.

In conformity to the board diversity policy adopted by the Company in August 2013, the composition of the Board reflects the necessary balance of skills, experience and diversity of perspectives desirable for effective leadership of the Company and independence in decision-making.

In addition, the functions of the Board and the management are clearly established and set out in writing for delegation of day-to-day operational responsibility to the management of the Company.

None of the members of the Board is related to one another.

Function and duties of the Board

The Board is responsible for the Company's business strategy, interim and annual results, succession planning, risk management, significant acquisitions, sales, capital transactions, and other significant operational and financial issues. The Board delegates to the Company's management the following duties: preparation of interim and annual reports for the Board's review before their publication, formulation of business execution strategy, definition and enforcement of company policies, implementation of adequate internal control systems, design of sound risk management, guidance, and compliance with the relevant laws and regulations.

The Directors may have access to the advice and services of the company secretary of the Company with a view to ensure that the board procedures, and all applicable rules and regulations, are followed.

In addition, the Directors may, upon reasonable request, seek independent professional advice in appropriate circumstance at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

Appointment, Re-election and Removal of Directors

In compliance with Rules 3.10(1) and (2) of the Listing Rules, the Company has appointed sufficient number of independent non-executive Directors with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards and that appropriate systems are in place to protect the interest of the Company and its shareholders. The Company has received an annual confirmation of independence from each of the independent non-executive Directors and considers that their independence is in compliance with the Listing Rules as at the date of this report.

The term of appointment of each non-executive Director (including independent non-executive Director) is for a period of one year, subject to retirement by rotation and re-election at the AGM in accordance with the Articles.

In accordance with the Articles, at each AGM one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the AGM. All Directors appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Board Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve interim and annual results, and other significant matters. Notices of regular Board meetings are duly given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides Directors information on activities and development of the businesses of the Group. The company secretary records the proceedings of each Board meeting by keeping minutes, including the record of all decisions by the Board together with concerns raised and dissenting views expressed (if any). Draft of Board minutes are circulated to all Directors for comment and approval as soon as practicable after the meeting. All minutes are open for inspection at any reasonable time on request by any Director.

Each Director ensures that he/she can give sufficient time, commitments and attention to the affairs of the Company for the year.

During the year under review, the Board of Directors held four meetings. The following is the attendance record of the Board meetings:

Name of Directors	Number of Meetings Attended
Mr. Zhao John Huan *(Executive Director and Chairman)*	4/4
Dr. Lin Tun *(Executive Director and Chief Executive Officer)*	4/4
Mr. Yuan Bing *(Executive Director) (resigned on 31 March 2022)*	4/4
Ms. Li Yin *(Executive Director) (resigned on 31 March 2022)*	4/4
Mr. Jin Qingjun *(Independent Non-Executive Director)*	4/4
Mr. Lee Kin Ping Christophe *(Independent Non-Executive Director)*	4/4
Mr. Shu Wa Tung Laurence *(Independent Non-Executive Director)*	4/4

Besides the meetings held above, Directors will hold meetings for special issues as appropriate.

Director's Training

As part of an ongoing process of directors' training, the Directors are updated with latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance of the same by all Directors. All Directors are encouraged to attend external forum or training courses on relevant topics which may count towards continuous professional development training. Continuing briefings and professional development to Directors will be arranged whenever necessary.

Pursuant to the then applicable code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. During the year and up to the date of this report, all Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

The participation by individual Directors during the year ended 31 December 2021 is recorded in the table below.

Name of Directors	Attending
Mr. Zhao John Huan *(Executive Director and Chairman)*	✔
Dr. Lin Tun *(Executive Director and Chief Executive Officer)*	✔
Mr. Yuan Bing *(Executive Director)* (resigned on 31 March 2022)	✔
Ms. Li Yin *(Executive Director)* (resigned on 31 March 2022)	✔
Mr. Jin Qingjun *(Independent Non-Executive Director)*	✔
Mr. Lee Kin Ping Christophe *(Independent Non-Executive Director)*	✔
Mr. Shu Wa Tung Laurence *(Independent Non-Executive Director)*	✔

Note:

- seminar(s)/course(s)/conference(s)/forums relevant to the business or directors' duties and responsibilities
- reading newspaper, journals, regulatory updates and relevant materials

Directors' and Officers' Liabilities Insurance

Pursuant to the then applicable code provision A.1.8 of the CG Code, appropriate insurance cover for the Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company arising out of corporate activities of the Group has been arranged by the Company.

BOARD COMMITTEES

The Company has established three Board committees (the "Board Committees"), namely the audit committee, the remuneration committee and the nomination committee to assist the Board in discharging its duties and responsibilities. The Board Committees are provided with sufficient resources to discharge their duties and are able to obtain outside independent professional advice in connection with their duties at the Company's expenses.

Audit Committee

The Company has established an audit committee ("Audit Committee) with written terms of reference in accordance with the requirements of the CG Code. The primary duties of the Audit Committee are among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The Audit Committee consists of the three independent non-executive Directors of the Company, namely, Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence. Mr. Shu Wa Tung Laurence is chairman of the Audit Committee.

During the year under review, the Audit Committee held two meetings to review the Company's interim and annual reports and the consolidated financial statements of the Group and consider any significant or unusual items and discuss with external auditors before submission to the Board, review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement and review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

During the year under review, the Audit Committee held two meetings and the attendance record of the meetings is as follows:

Name of Directors	Number of Meetings Attended
Mr. Shu Wa Tung Laurence *(Independent Non-Executive Director and Chairman of the Audit Committee)*	2/2
Mr. Jin Qingjun *(Independent Non-Executive Director)*	2/2
Mr. Lee Kin Ping Christophe *(Independent Non-Executive Director)*	2/2

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021 and is of the opinion that the audited consolidated financial statements complied with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

Auditors' Remuneration

The audit committee of the Company is responsible for considering the appointment of the external auditors and reviewing other non-audit functions performed by the external auditors, including whether such non-audit functions have any potential significant negative impact on the Company.

Remuneration for auditing services and non-auditing services provided by the external auditors for the year ended 31 December 2021 are set out in note 10 to the consolidated financial statements. Auditors' remuneration for non-auditing services includes remuneration paid/payable to auditors for providing certain tax advisory service and others.

Nomination Committee

The Company has established a nomination committee ("Nomination Committee") with written terms of reference in accordance with the requirements of the CG Code. The Nomination Committee comprises one executive Director namely Mr. Zhao John Huan and two independent non-executive Directors namely Mr. Jin Qinjun and Mr. Shu Wa Tung Laurence. Mr. Zhao John Huan has been appointed as the chairman of the Nomination Committee. The Nomination Committee is mainly responsible for (i) formulating nomination policy which sets out the selection criteria and process in relation to nomination and appointment of Directors of the Company for the Board's consideration and implementing the Board's approved nomination policy; (ii) reviewing the structure, size and composition of the Board and the board diversity policy; (iii) make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (iv) identify individuals suitably qualified to become Board members; and (v) assess the independence of independent non-executive Directors.

The Nomination Committee met once during the year under review to review the structure, size and composition of the Board and the independence of the independent non-executive directors, and to consider the qualifications of the retiring directors standing for election at the AGM and to consider and recommend to the Board on the appointment of new directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Pursuant to the then applicable code provision A.4.3 of the CG Code, (a) having served the Company for more than 9 years could be relevant to the determination of an independent non-executive Director's independence; and (b) if an independent non-executive Director has served more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders.

Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence, being Directors to retire in rotation in accordance with the Articles, will retire and being eligible, offer themselves for re-election at the forthcoming AGM.

During the year under review, the Nomination Committee held one meeting and the attendance record of the meeting is as follows:

The attendance record of the meeting is as follows:

Name of Directors	Number of Meeting Attended
Mr. Zhao John Huan *(Executive Director, Chairman of Board and Nomination Committee)*	1/1
Mr. Jin Qingjun *(Independent Non-Executive Director)*	1/1
Mr. Shu Wa Tung Laurence *(Independent Non-Executive Director)*	1/1

Furthermore, the Nomination Committee has reviewed the annual confirmation of independence submitted by the independent non-executive Directors, assessed their independence and reviewed the structure, size and composition including the skills knowledge and experience of the Board.

The Company has recognised the importance of diversity in the boardroom and its benefits to the Company, and the Board has revised the terms of reference of the Nomination Committee to incorporate the elements of board diversity. Thereafter, the board diversity policy was adopted in August 2013. The following is a summary of the board diversity policy:

- reviewing and assessing the composition of the Board to maintain an appropriate range and balance of talents, skills, experience and background on the Board;

- recommending candidates for appointment to the Board by considering merit against objective criteria and with due regard for the benefits of diversity on the Board; and

- conducting the annual review of the effectiveness of the Board by considering the balance of talents, skills, experience, independence and knowledge of the Board and the diversity of the Board.

The achievement of these criteria will be measurable on an objective review, which can enhance the diversity of background and experience of individual directors and the effectiveness of the Board in promoting shareholders' interests.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;

- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and

- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board Committee(s).

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

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

Remuneration Committee

The Company has established a remuneration committee ("Remuneration Committee") with written terms of reference in compliance with the CG Code. The Remuneration Committee comprises one executive Director, namely, Mr. Yuan Bing (resigned on 31 March 2022), and two independent non-executive Directors, namely Mr. Jin Qingjun and Mr. Lee Kin Ping Christophe. Mr. Jin Qingjun has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

During the year under review, the Remuneration Committee held one meeting and the attendance record of the meeting is as follows:

Name of Directors	Number of Meeting Attended
Mr. Yuan Bing *(Executive Director) (resigned on 31 March 2022)*	1/1
Mr. Jin Qingjun *(Independent Non-Executive Director and Chairman of the Remuneration Committee)*	1/1
Mr. Lee Kin Ping Christophe *(Independent Non-Executive Director)*	1/1

The Remuneration Committee members have considered and reviewed the service contracts of the executive Directors, the independent non-executive Directors and senior management. The Remuneration Committee members are of the opinion that the provisions of the service contracts of the executive Directors, the independent non-executive Directors and senior management and are fair.

In addition, the Remuneration Committee has made recommendations to the Board to establish a more formal and transparent procedure for determining the remuneration packages of individual senior management.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 8 and 35(a) to the consolidated financial statements.

In addition, pursuant to the then applicable code provision B.1.5 of the CG Code, the annual remuneration of members of the senior management by band for the year ended 31 December 2021 is set out below:

Remuneration band	Number of individuals
HK$ Nil to HK$500,000	4
HK$5,000,001 to HK$5,500,000	1

CORPORATE GOVERNANCE FUNCTIONS

The Board has delegated the corporate governance functions to the Audit Committee with the following duties:

- to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
- to review and monitor the training and continuous professional development of Directors;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board are responsible.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirements under the Listing Rules. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner as required by the Listing Rules.

The external auditor's statement about reporting responsibility is set out on pages 44 and 47 of this report.

COMPANY SECRETARY

Ms. Chan Wai Ching ("Ms. Chan") is an employee of the Company and has been appointed as the company secretary of the Company since 1 June 2007. As the company secretary, Ms. Chan supports the Board, ensures good information flow within the Board and Board policy and procedures are followed, advises the Board on governance matters, facilitates induction and, monitors the training and continuous professional development of Directors. Ms. Chan has resigned and Ms. Lai Janette Tin Yun ("Ms. Lai") has been appointed as the company secretary to take up the duties of the company secretary with effect from 28 January 2022. Dr. Lin Tun, an executive director and Chief Executive Officer has been designated as the primary contact person at the Company.

The biographical details of Ms. Lai is set out in the section of Profile of Directors and Senior Management on pages 40 and 43 of this report.

Pursuant to Rule 3.29 of the Listing Rules during the year under review, Ms. Chan has undertaken not less than 15 hours of relevant professional training to update her skill and knowledge.

BUSINESS STRATEGIES AND OBJECTIVES

The Group's objectives are to expand its geographical coverage, customer base and type of services. The current business strategy is disclosed in the section of Management Discussion and Analysis of this report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests and reviewing the effectiveness of the Company's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives; and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the internal control and risk management systems.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

(1) Identify significant risks in the Company's operation environment that potentially impact the business and various aspects including key operational and financial processes, regulatory compliance and information security;

(2) Evaluate the impacts of those risks on the Company's business and the likelihood of occurrence;

(3) Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks; and

(4) Perform ongoing monitoring, review and revise the strategies and processes in case of any significant change of situation, ensuring effective communication to the Audit Committee and the Board on all findings and the effectiveness of the systems regularly.

The Company has conducted a review of its system of internal control periodically (at least annually) to ensure the effectiveness and adequacy of the internal control system. The Company convened meetings periodically to discuss financial, operational and risk management control.

During the year ended 31 December 2021, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. The Directors are of the opinion that the existing internal control and risk management systems are adequate and effective.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

INTERNAL AUDIT FUNCTIONS

The Company has engaged an independent external professional firm to perform internal audit ("IA") function, which is consisted of professional staffs with relevant expertise. The IA is independent of the Group's daily operation and carries out assessment of the risk management and internal control systems. It provides objective assurance to the Board that a sound internal control system is in place and operated by the management by conducting interviews, walkthroughs and tests of operating effectiveness.

INVESTOR RELATIONS

The Company has disclosed necessary information in compliance with the Listing Rules. The Company meets the media and investors on a regular basis and answers questions of the shareholders of the Company.

The attendance of members of the Board to the general meetings held during the year ended 31 December 2021 is as follows:

Name of Directors	Number of Meeting Attended
Mr. Zhao John Huan *(Executive Director and Chairman)*	2/2
Dr. Lin Tun *(Executive Director and Chief Executive Officer)*	2/2
Mr. Yuan Bing *(Executive Director) (resigned on 31 March 2022)*	2/2
Ms. Li Yin *(Executive Director) (resigned on 31 March 2022)*	2/2
Mr. Jin Qingjun *(Independent Non-Executive Director)*	2/2
Mr. Lee Kin Ping Christophe *(Independent Non-Executive Director)*	2/2
Mr. Shu Wa Tung Laurence *(Independent Non-Executive Director)*	2/2

In addition, interim/annual reports, announcements and press releases are posted on the Company's website at https://www.goldstreaminvestment.com/ as well as the website of the Stock Exchange at www.hkexnews.hk which are constantly being updated in a timely manner and contain additional information on the Group's business.

SHAREHOLDERS' RIGHT

Convening an extraordinary general meeting

Pursuant to article 58 of the Articles, extraordinary general meetings of the Company (the "EGM(s)") shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

Shareholders may at any time make enquiries to the Board or make a request for the Company's information to the extent such information is publicly available. Any such questions shall be directed to the Board at the Company's head office and principal place of business in Hong Kong at Suite 08, 70/F, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong. Shareholders should provide their full name, contact details and identification in order to give effect thereto.

Putting forward proposals at general meeting

The procedures for shareholders to put forward proposals at general meeting include a written notice of proposals being submitted by shareholders, addressed to the Company Secretary of the Company at our head office. Specific enquiries by shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Company's head office. Other general enquiries can be directed to the Company through the Company's website.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2021, there has not been any change in the Company's memorandum and articles of association. The Company's memorandum and articles of association are available on the website of the Company and that of the Stock Exchange.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

MR. ZHAO JOHN HUAN (趙令歡), aged 59, is an executive Director of the Company and the chairman of the Board. He is the chairman and chief executive officer of Hony Capital Limited ("Hony Capital") which is an alternative investment management group focusing on opportunities in China.

Mr. Zhao has extensive experience in senior management positions at several public companies, including as a non-executive director of Legend Holdings Limited (stock code: 3396.HK), a non-executive director of China Glass Holdings Limited (stock code: 3300.HK) a non-executive director of Lenovo Group Limited (stock code: 992.HK), a non-executive director of Zoomlion Heavy Industry Science and Technology Co., Ltd. (stock code: 1157.HK, 000157.SZ), a non-executive director of Shanghai Jin Jiang International Hotels Co., Ltd. (stock code: 600754.SH), an executive director and the chairman of the board of Best Food Holding Company Limited (stock code: 1488.HK), a non-executive director of ENN Natural Gas Co., Ltd. (SSE: 600803), a non-executive director of Simcere Pharmaceutical Group Limited (stock code: 2096.HK), a non-executive director of Eros STX Global Corporation (NYSE: ESGC).

Mr. Zhao graduated with a bachelor's degree in science from Nanjing University. He also obtained dual Master's degrees in Electronic Engineering and Physics from Northern Illinois University, and a master of management degree from the Kellogg School of Management at Northwestern University.

DR. LIN TUN (林暾), aged 47, is an executive Director and chief executive officer of the Company. Prior to Goldstream, he was a managing director of Hony Capital. Dr. Lin also worked at China International Capital Corporation, Asian Development Bank, the World Bank, the University of Cambridge and China Development Bank. Dr. Lin has about 20 years' experience in finance, project investment, market analysis and policy research. Dr. Lin obtained his doctoral degree and master of philosophy degree in economics from the University of Cambridge. He also received a master of science degree from the University of Vermont, and a bachelor degree from Renmin University of China.

MR. YUAN BING (袁兵), aged 53, had been an executive Director of the Company up to 31 March 2022. He is also a director of two subsidiaries of the Company. He is a managing director of Hony Capital, and a member of Hony Capital's Executive Committee, responsible for its equity investment operations. Mr. Yuan is currently a non-executive director of Haichang Ocean Park Holdings Ltd. (Stock Code: 2255). Mr. Yuan joined Hony Capital in April 2009 and has served as a managing director of private equity department since January 2010. Prior to joining Hony Capital, Mr. Yuan served as a managing director of the fixed income division of Morgan Stanley Asia Limited from October 2006 to 2009. Before that, Mr. Yuan worked at Morgan Stanley Asia Limited from April 2004 to June 2006. Mr. Yuan also served as a vice president of the investment banking division of Credit Suisse First Boston (Hong Kong) Limited from September 2001 to March 2004. During his investment banking time, Mr. Yuan has assisted numerous prominent Chinese state-owned enterprises and private sector companies in completing their IPO, corporate finance and M&A transactions. Mr. Yuan received a Bachelor of Arts degree in English from Nanjing University in July 1990. He also obtained a Master's degree in International Relations in June 1993 and a Juris Doctorate's degree in October 1998 from Yale University. Mr. Yuan was a non-executive director of Hydoo International Holding Limited (Stock Code: 1396) from July 2011 to October 2019.

MS. LI YIN (李燕), aged 47, had been an executive Director of the Company up to 31 March 2022. She was also the chairwoman and the general manager of China Elite, a subsidiary of the Company. She was responsible for the Group's overall management, corporate planning and business development. Ms. Li obtained a diploma in Finance from Guangzhou University in 1998. Ms. Li has over 22 years of experience in the telecommunications industry. She resigned as the chief operation officer of the Company in December 2018. She had been the assistant to the general manager of the Company from 2000 to 2018. She is the sister of Mr. Li Kin Shing, a former executive Director and former chief executive officer of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. JIN QINGJUN (靳慶軍), Mr. Jin, aged 64, is currently a partner of King & Wood Mallesons. His major areas of practice include securities, finance, investment, corporate, insolvency as well as foreign-related legal affairs. Mr. Jin has solid jurisprudence theory base and extensive legal practice experience. He has been adhering to work on major jobs in the past three decades, winning a higher reputation in the industry and among peers. Mr. Jin is one of the first lawyers who are granted Security Qualification Certificate in the PRC, focusing on securities-related legal affairs for more than 31 years. Mr. Jin has previously worked as general counsel of Shenzhen Stock Exchange and a member of its Listing Supervisory Council, and he is currently a legal counsel for various financial institutions, securities companies, and listed companies at home and abroad.

Mr. Jin currently serves as an independent non-executive director of Times China Holdings Limited (a company listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), stock code: 1233), Central Development Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 475), Sino-Ocean Group Holding Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 3377) and Bank of Tianjin Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1578); an independent director of Shenzhen Cheng Chung Design Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002811) and Invesco Great Wall Fund Management Company Limited, and a director of Shenzhen Kingkey Smart Agriculture Times Co., Ltd (a company listed on the Shenzhen Stock Exchange, stock code: 000048). Mr. Jin was an independent director of Gemdale Corporation (a company listed on the Shanghai Stock Exchange, stock code: 600383), Masterwork Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300195), Konka Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000016, 200016), Xi'an Dagang Road Machinery Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300103), CSG Holding Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000012, 200012) and Guotai Junan Securities Co., Ltd. (a company listed on Hong Kong Stock Exchange, stock code: 2611; a company listed on the Shanghai Stock Exchange, stock code: 601211), and was an external supervisor of China Merchants Bank Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 3968; a company listed on the Shanghai Stock Exchange, stock code: 600036).

Mr. Jin is the adjunct professor at China University of Political Science and Law and the School of Law, Renmin University of China; co-tutor for students of master's degree at the School of Law, Tsinghua University; arbitrator of Shenzhen Court of International Arbitration, mediator of Shenzhen Securities and Futures Dispute Resolution Centre; the PRC legal counsel of US Court of Appeals for the Washington D.C Circuit, and a member of the National Equities Exchange and Quotations Review Committee. Mr. Jin obtained his B.A. in English from Anhui University in 1982. He received his master's degree in International Law from China University of Political Science and Law in 1987. Mr. Jin also received a completion certificate for a program from Harvard Kennedy School of Harvard University in 2009.

MR. LEE KIN PING CHRISTOPHE (李建平), aged 52, is currently the chief executive officer of Lotus Asset Management Limited responsible for its overall management, as well as its responsible officer for Type 4 and Type 9 regulated activities under the SFO. He has over 17 years of experience in asset management. Since 9 July 2021, he has been appointed as an Independent Non-Executive Director of Gracell Biotechnologies Inc. (a company listed on NASDAQ, stock code: GRCL). From June 2019 to September 2019, he was a licensed representative of Zheng He Capital Management Limited for Type 4 and Type 9 regulated activities under the SFO. From January 2019 to May 2019, he was a responsible officer of Lotus Asset Management Limited for Type 4 and Type 9 regulated activities under the SFO. From July 2015 to July 2018, he was a responsible officer of MZ Asset Management Limited for Type 9 regulated activities under the SFO. From May 2014 to August 2014, he was a responsible officer of Fenex Capital Management Limited for Type 9 regulated activities under the SFO. He was a licensed representative for Type 9 regulated activities under the SFO from September 2010 to November 2011 and a responsible officer for Type 9 regulated activities under the SFO from November 2010 to March 2011 of FrontPoint Management (Hong Kong), Ltd. He was the chief financial officer of OrbusNeich Medical Company Ltd. from March 2012 to March 2017, and its senior advisor from March 2017 to June 2018. He worked in Sun Hung Kai & Co. group companies from August 2000 to August 2010 with his last position as Head of Corporate Development. He worked in Goldman Sachs (Asia) LLC from February 1997 to July 2000 with his last position as executive director of the Investment Management Division. Mr. Lee was appointed as a committee member of the New Business Committee of the Financial Services Development Council of Hong Kong by the Hong Kong SAR government from March 2013 to March 2019. He was the chairman of the Hong Kong Branch of the Alternative Investment Management Association from September 2004 to August 2012. Mr. Lee was appointed as a member of the Securities and Futures Commission Advisory Committee by the Hong Kong SAR government from June 2007 to May 2009. He obtained a Bachelor of Applied Science Degree from the University of Pennsylvania in 1991.

MR. SHU WA TUNG LAURENCE (舒華東), Mr. Shu, aged 49, is the chief financial officer of CONTIOCEAN ENVIRONMENTAL TECH. CO., LIMITED, primarily responsible for its financial and investment divisions. Mr. Shu has over 25 years of experience in audit, corporate finance, investment banking and financial management. He joined Deloitte Touche Tohmatsu ("Deloitte") in 1994 and later became a manager of the Reorganisation Services Group of Deloitte and joined Deloitte & Touche Corporate Finance Limited (a corporate finance service company of Deloitte) as a manager from 2001 to 2002. From 2002 to 2005, Mr. Shu was an associate director of Goldbond Capital (Asia) Limited. From May 2005 to July 2008, he served as the chief financial officer and company secretary of Texhong Textile Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2678) overseeing the group's financial management functions. From July 2008 to June 2010, Mr. Shu served as the chief financial officer of Rongsheng Heavy Industries Holdings Limited (熔盛重工控股有限公司) and oversaw the group's financial management functions and corporate finance activities as well as the daily management of the group's finance department. From July 2010 to July 2018, he served as the chief financial officer of Petro-king Oilfield Services Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2178) and was responsible for the group's financial, accounting and legal functions. From August 2018 to November 2019, Mr. Shu served as the chief financial officer of Brainhole Technology Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2203) and was responsible for its overall financial strategies and daily financial function. Mr. Shu is an independent non-executive director of Chengdu Expressway Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1785), Riverine China Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1417) and Twintek Investment Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 6182).

Mr. Shu graduated from Deakin University, Australia in 1994 with a bachelor degree in Business majoring in Accounting. He received his CPA accreditation from the Hong Kong Institute of CPAs in 1997 and is currently a member of the Hong Kong Institute of CPAs. He also completed his CFO Programme at 中歐國際工商學院 (China Europe International Business School) in 2009. He became a member of the Hong Kong Independent Non-Executive Directors Association since May 2019.

SENIOR MANAGEMENT

MR. LAM TSAN FAI FERGUS (林贊輝), aged 61, is the chief financial officer and the chief operating officer of the Company. He is also a director of GCML. He is responsible for the business operations of GCML and GSL, both SFC licensed corporations and subsidiaries of the Company. Mr. Lam joined Hony Capital in 2015 with over 25 years of experience in the financial sector serving various senior management positions. He is experienced in business and risk management, compliance, back office operations, technology and finance. Before joining Hony Capital, Mr. Lam worked at Keywise Capital Management (HK) Limited for 5 years as managing director, chief compliance officer and chief operating officer. Prior to that, Mr. Lam served as chief operating officer and director of business operations for 6 years at Chi Capital Securities Limited, a SFC licensed corporation. Before that, Mr. Lam worked at Goldman Sachs, Hong Kong and New York from 1994 to 2002 as executive director. He was head of Asia Equities Technology responsible for Goldman Sachs' global institutional sales and trading systems development. Mr. Lam received a First Class Honor Bachelor degree in Computing Science from Imperial College, University of London in 1982 and a Master degree in Computing from Birkbeck College, University of London in 1985.

MS. CHAN WAI CHING (陳惠貞), aged 60, joined the Group in 2007 and has been the company secretary of the Company until 28 January 2022. Ms. Chan has over 38 years of experience in accounting, finance, taxation and corporate governance and is an associate member of the Hong Kong Institute of Certified Public Accountant and a fellow member of the Association of Chartered Certified Accountants. Ms. Chan obtained a master's degree of professional accounting from The Hong Kong Polytechnic University in 2008. Ms. Chan had been the company secretary of Directel Holdings Limited from August 2009 to June 2016. She is also the company secretary of Global Link Communications Holdings Limited since 2016.

MS. XUAN JING SHAN (禤靜珊), aged 53, joined the Group in 1999 and is the finance manager of the China Elite. Ms. Xuan worked as the accounts manager in Guangzhou Talent Information Engineering Company (廣州天龍信息工程公司) from 1992 to 1999. Ms. Xuan graduated from the Guangzhou Radio and TV University (廣州市廣播電視大學) with a diploma in Financial Accounting in 1992. She has over 23 years of experience in the finance field.

MS. LIN YUAN YI (林原翼), aged 47, joined the Group in 2005 and is the assistant general manager and manager of customer service department of China Elite. Ms. Lin graduated from the Tai Shan Panshi TV University with a Diploma in Pedagogic English in 1994. Ms. Lin has 27 years of experience in customer relationship management. Prior to joining the Group, Ms. Lin worked for a Telecommunications service provider for over 10 years.

MS. PENG JIAN TAO (彭健濤), aged 46, joined the Group in 2005 and is the assistant general manager and manager of mobile relationship management centre of China Elite. Ms. Peng obtained a Certificate in Administrative Management from the University of Macau in 2000. And in 2018, she obtained a Diploma in Human Resource Management from South China Normal University. Ms. Peng has 24 years of experience in customer relationship management. Prior to joining the Group, Ms. Peng worked for a Telecommunications service provider for 7 years.

MS. LAI JANETTE TIN YUN (賴天恩), aged 33, has been the company secretary of the Company since 28 January 2022. She is currently a manager of Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated Business, Corporate and Investor Services. Ms. Lai has over 10 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lai is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (formerly "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute in the United Kingdom.

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

Independent Auditor's Report
To the Shareholders of Goldstream Investment Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Goldstream Investment Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 48 to 131, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

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 International Financial Reporting Standards ("IFRSs") 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 International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to impairment assessment of goodwill arising from the acquisition of Goldstream Capital Management Limited and Goldstream Securities Limited (collectively the "Goldstream Companies").

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill arising from the acquisition of Goldstream Companies Refer to Notes 2.6(a), 4(a)(ii) & 17(a) to the consolidated financial statements As at 31 December 2021, the Group has a goodwill of HK$197,833,000 arising from the acquisition of the Goldstream Companies in November 2018. Goodwill with an indefinite useful life is subject to impairment assessment annually. Management performed goodwill impairment assessment on an operating segment — the investment management business of Goldstream Companies, and assessed the recoverable amount based on value in use with reference to a valuation report prepared by an independent external valuer. The value in use were determined by using the discounted cash flow forecast and various key assumptions and estimates including revenue growth rate, discount rate and terminal growth rate. The recoverable amount of the operating segment estimated by management exceeded the carrying value and the directors were of the opinion that no impairment was necessary as at 31 December 2021. We focused on this area because the judgements and assumptions adopted in the impairment assessments are subject to high degree of uncertainty.	We obtained an understanding of the management's assessment process of impairment assessment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. We evaluated the independent external valuer's competency, capabilities and objectivity. We read the valuation report issued by the independent external valuer and involved our in-house valuation expert in our discussion with management and the independent external valuer to understand and assess the methodology used and the key assumptions applied in the discounted cash flow forecast. Based on our knowledge of the financial services business and industry, we assessed the reasonableness of the key assumptions applied in the discounted cash flow forecast. For revenue growth rate, we compared these assumptions to the historical performance of the Goldstream companies and the approved budget prepared by management. For the discount rate, we compared it to the cost of capital of the Goldstream companies and other comparable companies. For terminal growth rate, we compared it to the industry research and market data. We evaluated the sensitivity analysis prepared by management on the key assumptions used in the discounted cash flow forecast to understand the impact of changes in key assumptions on the estimated recoverable amount of the operating segment, and to consider if any impairment loss would be resulted by such changes. We tested the mathematical accuracy of the calculations of recoverable amount based on the discounted cash flow forecast. Based on the procedures performed above, we considered the key assumptions and estimates applied by management in the impairment assessment of goodwill were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in Goldstream Investment Limited 2021 Annual Report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including "Corporate Information", "Report of Directors", "Corporate Governance Report","Management Discussion and Analysis", "Profile of Directors and Senior Management", "Chairman's Statement", "Five-year Financial Summary" prior to the date of this auditor's report. The remaining other information, including the "Environmental, Social and Governance Report", is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the "Environmental, Social and Governance Report", if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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 IFRSs 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.

The Audit Committee is 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. We report our opinion solely to you, as a body, 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and 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 the Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is Lam Hiu Yam, Winnie.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2022

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2021

	Note	2021 HK$'000	(Restated) 2020 HK$'000
Continuing operations			
Income			
Investment management ("IM") services income		68,778	112,159
Dividend income from investments	21(ii)	2,923	12,006
Net fair value (losses)/gains on financial assets at fair value through profit or loss	21(ii)	(59,192)	22,993
Share of net (losses)/profits of associates accounted for using the equity method		(8,370)	20,426
Consultancy services fee income		6,565	–
	5, 6(a)(b)	10,704	167,584
Other income	7	23,058	4,733
Expenses			
Employee benefits expenses	8	(48,000)	(93,644)
Depreciation of right-of-use-assets	15(ii)	(2,812)	(1,947)
Depreciation of property, plant and equipment	14	(2,180)	(1,368)
Amortisation of intangible assets	16	(10,158)	(15,379)
Impairment provision for intangible assets	16	(2,506)	(20,745)
Write off of intangible assets	16	(658)	(7,204)
Provision for loss allowances	3.1	–	(3,952)
Operating lease charges	15(ii)	(7)	(440)
Utilities		–	(157)
Legal and professional fees		(4,522)	(7,334)
Other expenses	10	(15,095)	(14,642)
Total expenses		(85,938)	(166,812)
Operating (loss)/profit from continuing operations		(52,176)	5,505
Finance income		–	8,648
Finance costs		(6,233)	(6,467)
Finance (costs)/income, net	11	(6,233)	2,181
(Loss)/profit before income tax from continuing operations		(58,409)	7,686
Income tax credit	12	2,911	8,480
(Loss)/profit for the year from continuing operations		(55,498)	16,166
(Loss)/profit for the year from discontinued operation	23	(12,231)	1,088
(Loss)/profit attributable to:			
Owners of the Company		(67,729)	17,254
(Loss)/earnings per share from continuing operations attributable to the owners of the Company during the year (expressed in HK cents per share)			
Basic	13(a)	(0.49)	0.14
Diluted	13(b)	(0.49)	0.14
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company:			
Basic	13(a)	(0.60)	0.15
Diluted	13(b)	(0.60)	0.15

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	2021 HK$'000	(Restated) 2020 HK$'000
(Loss)/profit for the year		**(67,729)**	17,254
Other comprehensive income			
Item that may be reclassified to profit or loss			
– Currency translation differences		**133**	(39)
– Currency translation differences from discontinued operation	23(i)	**5,465**	11,419
Other comprehensive income for the year, net of tax		**5,598**	11,380
Total comprehensive (loss)/income for the year attributable to owners of the Company, net of tax		**(62,131)**	28,634
Total comprehensive (loss)/income for the year attributable to owners of the Company arises from:			
– Continuing operations		**(55,365)**	16,127
– Discontinued operation		**(6,766)**	12,507
		(62,131)	28,634

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	14	456	44,141
Right-of-use assets	15	1,641	10,609
Goodwill	17	197,965	197,965
Intangible assets	16	16,667	29,989
Deferred tax assets	18	2,678	1,371
Long term deposits	19	–	867
Interests in associates	22	74,456	98,426
Financial assets at fair value through profit or loss	21	52,150	91,798
		346,013	475,166
Current assets			
Trade receivables and contract assets	19	28,162	133,637
Amounts due from brokers	19	68,763	118,093
Prepayments, deposits and other receivables	19	20,623	45,281
Financial assets at fair value through profit or loss	21	249,177	253,612
Cash and cash equivalents	20	159,409	232,805
		526,134	783,428
Assets classified as held for sale	23(ii)	227,769	–
		753,903	783,428
Total assets		1,099,916	1,258,594
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	24	113,465	113,465
Reserves	26	661,744	716,317
Total equity		775,209	829,782
Liabilities			
Non-current liabilities			
Borrowings from a former director	28	–	206,823
Lease liabilities	15	–	6,335
Deferred tax liabilities	18	2,660	4,735
		2,660	217,893
Current liabilities			
Borrowing from a director	28	212,562	–
Trade and other payables	27	36,855	127,938
Amounts due to brokers	27	17,381	73,814
Lease liabilities	15	1,656	4,617
Contract liabilities		–	325
Financial liabilities at fair value through profit or loss	21	3,051	3,923
Income tax payable		489	302
		271,994	210,919
Liabilities directly associated with assets classified as held for sale	23(ii)	50,053	–
		322,047	210,919
Total liabilities		324,707	428,812
Total equity and liabilities		1,099,916	1,258,594

The consolidated financial statements on pages 48 to 131 were approved by the Board of Directors on 31 March 2022 and were signed on its behalf.

Zhao John Huan
Director

Lin Tun
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Attributable to owners of the Company							
	Share capital (Note 24(a)) HK$'000	Shares held for employee share scheme (Note 25) HK$'000	Share premium HK$'000	Other reserves (Note 26(ii)) HK$'000	Statutory reserve (Note 26(i)) HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2020	113,465	–	1,709,869	1,458,416	4,605	(2,337)	(2,491,076)	792,942
Comprehensive income								
Profit for the year	–	–	–	–	–	–	17,254	17,254
Other comprehensive income								
Currency translation differences	–	–	–	–	–	11,380	–	11,380
Total other comprehensive income, net of tax	–	–	–	–	–	11,380	–	11,380
Total comprehensive income	–	–	–	–	–	11,380	17,254	28,634
Transactions with owners in their capacity as owners								
Acquisition of shares under a share award scheme (the "Share Award Scheme") (Note 25)	–	(379)	–	–	–	–	–	(379)
Share Award Scheme and a share option scheme's (the "2020 Share Option Scheme") value of employee services	–	–	–	8,572	–	–	–	8,572
Excess deferred tax of Share Award Scheme and 2020 Share Option Scheme (Note 18)	–	–	–	13	–	–	–	13
Transfer to statutory reserve (Note 26(i))	–	–	–	–	1,206	–	(1,206)	–
Total transactions with owners in their capacity as owners	–	(379)	–	8,585	1,206	–	(1,206)	8,206
Balance at 31 December 2020	113,465	(379)	1,709,869	1,467,001	5,811	9,043	(2,475,028)	829,782

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the year ended 31 December 2021

	Attributable to owners of the Company							
	Share capital (Note 24(a)) HK$'000	Shares held for employee share scheme (Note 25) HK$'000	Share premium HK$'000	Other reserves (Note 26(ii)) HK$'000	Statutory reserve (Note 26(i)) HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2021	113,465	(379)	1,709,869	1,467,001	5,811	9,043	(2,475,028)	829,782
Comprehensive loss								
Loss for the year	–	–	–	–	–	–	(67,729)	(67,729)
Other comprehensive income								
Currency translation differences	–	–	–	–	–	5,598	–	5,598
Total other comprehensive loss, net of tax	–	–	–	–	–	5,598	(67,729)	(62,131)
Total comprehensive loss	–	–	–	–	–	5,598	(67,729)	(62,131)
Transactions with owners in their capacity as owners								
Acquisition of shares under a share award scheme (the "Share Award Scheme") (Note 25)	–	(35)	–	–	–	–	–	(35)
Share Award Scheme and a share option scheme's (the "2020 Share Option Scheme") value of employee services	–	–	–	7,421	–	–	–	7,421
Excess deferred tax of Share Award Scheme and 2020 Share Option Scheme (Note 18)	–	–	–	172		–	–	172
Transfer to statutory reserve (Note 26(i))	–	–	–	–	1,345	–	(1,345)	–
Total transactions with owners in their capacity as owners	–	(35)	–	7,593	1,345	–	(1,345)	7,558
Balance at 31 December 2021	113,465	(414)	1,709,869	1,474,594	7,156	14,641	(2,544,102)	775,209

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Note	2021 HK$'000	(Restated) 2020 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	29(a)	33,844	(50,501)
Income tax paid		–	–
Net cash (used in)/generated from operating activities from discontinued operation	23(i)	(23,743)	18,197
Net cash generated from/(used in) operating activities		10,101	(32,304)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	17(b)	–	35
Payment for property, plant and equipment		(163)	(3,076)
Interest received		4,024	4,258
Interest paid		(426)	(561)
Net payment for financial assets at fair value through profit or loss		(15,981)	(151,369)
Dividend income received from financial assets at fair value through profit or loss	21(ii)	2,923	12,006
Withdrawal/(payment) for investments in associates		15,600	(78,000)
Net cash used in investing activities from discontinued operation	23(i)	(1,466)	(147)
Net cash generated from/(used in) investing activities		4,511	(216,854)
Cash flows from financing activities			
Acquisition of shares for employee share scheme	25	(35)	(379)
Principal elements of lease payments	29(c)	(2,812)	(1,947)
Interest element of lease payments	29(c)	(68)	(52)
Net cash used in financing activities from discontinued operation	23(i)	(3,573)	(3,553)
Net cash used in financing activities		(6,488)	(5,931)
Net increase/(decrease) in cash and cash equivalents		8,124	(255,089)
Cash and cash equivalents at beginning of year	20	232,805	484,375
Exchange gain on cash and cash equivalents		3,045	3,519
Cash and cash equivalents of assets classified as held for sale	23(ii)	(84,565)	–
Cash and cash equivalents at end of year	20	159,409	232,805

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Goldstream Investment Limited (the "Company") and its subsidiaries (collectively, the "Group") is principally engaged in the provision of CRM services, which include inbound services and outbound services, to companies in various service-oriented industries, and the provision of IM services following the acquisition of Goldstream Companies in November 2018. To support the growth of IM business, the Group commenced to engage in strategic direct investment ("SDI") during 2019.

The Company was incorporated in the Cayman Islands on 18 September 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands. The Company has been listed on the Main Board of the Hong Kong Stock Exchange since 25 May 2009.

These consolidated financial statements are presented in Hong Kong thousand dollars ("HK$'000"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss ("FVPL") measured at fair value and assets classified as held for sale that are measured at the lower of their previous carrying amount and fair value less costs to sell at the end of each reporting period.

On 22 December 2021, the Company entered into a sale and purchase agreement (the "Share Purchase Agreement") with Ms. Li Yin ("Ms. Li") to dispose of the Group's 100% equity interest in Honor Crest Holdings Limited (together with its subsidiaries, the "Disposal Group") to Ms. Li at a consideration of HK$219,464,000. The transaction was completed subsequently on 22 March 2022. Accordingly, the financial results of the Disposal Group are presented in the consolidated income statement and consolidated statement of cash flows as "Discontinued Operation" in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations". Comparative figures for 2020 have also been restated.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(i) Amended standards adopted by the Group

The following amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2021:

IFRS 16 (Amendments)	Covid-19-Related Rent Concessions
IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 (Amendments)	Interest Rate Benchmark Reform – Phase 2

The adoption of amended standards and new interpretation did not have any material impact on the current year or any prior periods.

(ii) New and amended standards and amended accounting guideline that have been issued but are not yet effective during the year and have not been early adopted by the Group

IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current[2]
IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use[1]
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract[1]
IFRS 3 (Amendments)	Reference to the Conceptual Framework[1]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
IFRS 17	Insurance Contracts[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[2]
IAS 8 (Amendments)	Definition of Accounting Estimates[2]
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations[1]
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Annual Improvements Project	Annual Improvements to IFRS Standards 2018-2020[1]

Note:

(1) Effective for annual period beginning on 1 January 2022
(2) Effective for annual period beginning on 1 January 2023
(3) Effective for annual period beginning on or after a date to be determined

The Group will adopt the new and amended standards and amended accounting guideline when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new and amended standards and amended accounting guideline, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (see Note 2.2.2).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

2.2.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

2.2.2 Business combination (continued)

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of comprehensive income.

2.2.3 Change in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement or transferred to another category of equity as specified/permitted by applicable IFRSs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

2.2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. In addition, the contribution to the Company's Trust (as defined in Note 2.17(d)), a controlled structured entity, is stated at cost in "Investment in subsidiaries", and will be transferred to the "Shares held for employee share scheme" under equity when the contribution is used for the acquisition of the Company's shares.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.5 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The Group has invested in certain investment funds that it manages or advises. As an investment manager or investment advisor, the Group may put seed capital in investment funds that it manages or advises in order to facilitate their launch. The purpose of seed capital is to ensure that the investment funds can have a reasonable starting fund size to operate and to build track record. The Group may subsequently vary the holding of these seed capital investments depending on the market conditions and various other factors.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as key management team that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balance

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated income statement.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (continued)

(d) Disposal of foreign operation and partial disposal

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, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, where appropriate, over their estimated useful lives as follows:

Buildings	39 years
Leasehold improvements	The shorter of the unexpired term of lease or 5 years
Facilities equipment	5 years
Office equipment	3 – 5 years
Vehicles and other equipment	3 – 5 years

Construction in progress represented leasehold improvements under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.2.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 6).

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to ten years. Cost associated with maintaining computer software programmes are recognised as an expense as incurred.

(c) Research and development cost

Research costs are expensed as incurred. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development of the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product cost includes employee costs for software development and on appropriate portion of relevant overheads.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an assets in a subsequent period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets (continued)

(c) *Research and development cost* (continued)

The Group will amortise the intangible asset from the point at which the asset is ready for use on a straight-line basis over its estimated useful lives.

The Group had developed an artificial intelligence "CallVu" system and the related development expenditures were capitalised as intangible assets. CallVu is a visual customer service system and an extension of the Group's call center system and CRM system. The amount initially recognised for intangible assets was the sum of the expenditure incurred from the date when the intangible asset first met the recognition criteria listed above. The development of CallVu was completed in January 2016 and was amortised over 5 years until there was change in the estimated useful life to 10 months in 2018.

(d) *Licenses*

The licenses acquired in a business combination are recognised at fair value at the acquisition date. Subsidiaries of the Company, GSL and GCML are licensed corporation under the Securities and Futures Ordinance ("SFO") to engage Type 1 (dealing in securities) and Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined under the SFO respectively. The licenses have an indefinite useful life and therefore they will not be amortised until their useful life is determined to be finite.

(e) *Customer contracts*

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Those customer contracts have a finite useful lives and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the expected lives of 4 years.

2.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows are largely independent of the cash inflows from other assets or group of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.8 Disposal group held for sale and discontinued operation

Disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. It is measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the disposal group is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidation statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidation statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation are presented separately in the consolidated income statement.

2.9 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. The fair value of quoted financial assets is based on last traded market prices.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in administrative and other operating expenses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in administrative and other operating expenses and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within income in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets (continued)

(iii) *Measurement* (continued)

Equity instruments

The Group subsequently measures all equity investments at FVPL. Changes in the fair value of the financial assets at FVPL are recognised as income in the consolidated income statement. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised as income in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVPL. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1.3(c) and Note 19 for further details.

2.10 Offsetting financial instruments

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

As at 31 December 2021 and 2020, there were no financial assets or financial liabilities which were subject to offsetting, enforceable master netting or similar agreements.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1 for description of the Group's impairment policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, short-term bank deposits with original maturities of three months or less and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.15 Current and deferred income tax (continued)

(b) *Deferred income tax* (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.16 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

2.17 Employee benefits

(a) *Pension and employee social security and benefits obligations*

The subsidiaries in Hong Kong participate in a defined contribution scheme as defined in mandatory provident fund scheme ("MPF Scheme"). The assets of the MPF Scheme are held separately from those of the Group under independently administered funds. Contributions to the schemes by the employers and employees are calculated as a percentage of employees' basic salaries. Under the MPF Scheme, each of the company (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employees are subject to a cap of HK$1,500 and thereafter contributions are voluntary. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

The subsidiaries in the People's Republic of China ("PRC") participate in defined contribution retirement plans and other employee social security plans, including pension, medical, other welfare benefits, organised and administered by the relevant governmental authorities for employees in the PRC. The Group contributes to these plans based on certain percentages of the total salary of employees, subject to a certain ceiling, as stipulated by the relevant regulations.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits (continued)

(b) *Bonus plan*

The Group recognises a provision for bonus when contractually obliged or where there is a past practice that has created a constructive obligation.

(c) *Share-based payments*

The Group operates two equity-settled, share-based compensation plans (the Share Award Scheme and 2020 Share Option Scheme), under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted including any market performance conditions (for example, an entity's share price); but excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and retaining an employee of the entity over a specified time period).

Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

For the share option scheme, when the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(d) *Shares held for employee share scheme*

The consideration paid by the Share Scheme Trust (see Note 25 and Note 31.1) for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Shares held for employee share scheme" and the amount is deducted from total equity.

When the Trust transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for employee share scheme", with a corresponding adjustment made to "Share premium".

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.19 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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. Other borrowing costs are expensed in the period in which they are incurred.

2.20 Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) *CRM services*

CRM services comprise inbound services which include customer hotline services and built-in secretarial services, a personalised message taking services, and outbound services which include telesales services and market research services under fixed-price and variable price contracts.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised over time because the customer receives and uses the benefits simultaneously. For variable-price contracts, which charges based on actual volume of transactions provided is recognised at point in time when the transaction is delivered, the service has rendered.

(b) *IM services*

Revenue comprise (1) management income, and (2) performance fee income. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. Management income is recognised when services are performed over time. Performance fees are recognised on the performance fee valuation day of the investment funds and managed accounts when there is a positive performance for the relevant performance period and it is determined that they are no longer highly probable of significant reversal in a subsequent period, taking into consideration the relevant basis of calculation for the investment funds and managed accounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue recognition (continued)

(c) Interest income

Interest income is recognised as it accrues using the effective interest method. Imputed interest income recognised in respect of borrowings from a former director is presented as finance income, see Note 11 and Note 28 below. Any other interest income is included in "other income" in the consolidated income statement.

(d) Dividend income

Dividends are received from financial assets measured at FVPL. Dividends are recognised as income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

(e) Consultancy services fee income

The Group provides investment management system consultancy, design, implementation and support services.

Consultancy services fee income is recognised at point in time when the system design and implementation is completed, and the system is passed to the customer and all criteria for acceptance have been satisfied.

Consultancy services fee income is recognised over time when the Group arranged consultants to provide technical support and charge customers on an hourly basis. Such income is recognised over the accounting period in which the services are rendered, based on the input method because the customer receives and uses the benefits simultaneously.

Progress billings are raised and recognised as trade receivables in accordance with the terms of the contract. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

2.21 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.21 Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

2.22 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Group considers certain of its investments funds to be investments in unconsolidated structured entities. The Group invests in certain investment funds whose objectives range from achieving medium to long term capital growth. The private investment funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The private investment funds finance their operations by issuing redeemable shares which are puttable at the holder's option and entitles the holder to a proportional stake in the respective investment fund's net assets. The Group holds redeemable shares in certain of its investment funds.

The change in fair value of certain investment funds is included in the consolidated income statement as "Income".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.23 Amounts due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Group shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various foreign currency exposures, primarily with respect to Renminbi ("RMB") and United States dollars ("US$"). As the HK$ is pegged to the US$, the Group believes the exposure of transactions denominated in US$ which are entered into by Group companies with a functional currency of HK$ to be insignificant. Foreign exchange risk arises from recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency.

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group is presently not using any forward exchange contracts to hedge against foreign exchange risk as management considers its exposure minimal.

At 31 December 2021, if HK$ had strengthened/weakened by 3% (2020: 6%) against RMB with all other variables held constant, the Group's post-tax (loss)/profit for the year would have been HK$735,000 higher/lower (2020: HK$2,296,000 lower/higher) mainly as a result of foreign exchange losses/gains on translation of RMB denominated recognised assets and liabilities.

3.1.2 Interest rate risk

The Group's interest rate risk arises from cash balances placed with reputable banks and financial institutions.

As at 31 December 2021, if the interest rate on the cash at bank and financial institutions and had been 25 basis points (2020: 25 basis points.) higher or lower with all other variables held constant, the impact on the Group's post-tax (loss)/profit for the year would have been approximately HK$610,000 higher/lower (2020: HK$582,000 lower/higher).

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.3 *Credit risk*

The credit risk of the Group mainly arises from cash and cash equivalents, trade receivables and contracts assets, deposits and other receivables carried at amortised cost, amounts due from brokers and financial assets at FVPL.

(a) Risk management

Credit risk is managed on a group basis. For credit exposures to cash and cash equivalents, bank deposits are only placed with reputable banks which are independently rated with a high credit rating. For credit exposures to customers, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer.

At 31 December 2021, the Group had a concentration of credit risk as 60% (2020: 68%) of the total trade receivables were due from the Group's five largest customers and 36% (2020: 28%) of the total trade receivables were due from the Group's largest customer.

(b) Security of financial assets

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any guarantees which would expose the Group to credit risk.

(c) Impairment of financial assets

Trade receivables and contract assets, deposits and other receivables are subject to expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets related to unbilled receivables and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.3 *Credit risk* (continued)

(c) Impairment of financial assets (continued)

Trade receivables and contract assets (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product index of the countries, Consumer Price Index, and expected default rate of the telecommunication and financial service industry in which it sells its goods and services to be the most relevant factors, and accordingly adjust the historical loss rate based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery includes, amongst other, the failure of a debtor to engage in a repayment plan within the Group, and a failure to make contractual payments for a period of greater than 180 to 365 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating (loss)/profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group uses two categories to present those trade receivables and contract assets with respective credit risks characteristics and basis of determining the credit loss allowance as follow:

Individual basis

The Group assessed individually for impairment allowance for trade receivables and contract assets relating to corporate customers which are of different credit risk characteristics individually. These customers are assessed with lower default rate as they are usually customers with long term business relationship or the Group expects to secure long term transactions with them. The credit terms granted are generally longer for customers which are individually assessed when compared with the customers under the collective basis, as the Group assessed that these customers are generally financially sound and have the ability to repay the outstanding balances to the Group.

The gross carrying amounts of the individually assessed trade receivables and contract assets amounted to HK$23,728,000 and HK$ nil respectively for continuing operations (2020: HK$107,768,000 and HK$8,566,000 respectively for both continuing operations and discontinued operation).

The gross carrying amounts of the individually assessed trade receivables and contract assets amounted to HK$47,072,000 and HK$15,231,000 respectively for discontinued operation.

As at 31 December 2020, the account receivables from an individual customer amounted to HK$13.3 million. Due to slow progress in the settlement of the account receivables from this customer, the ageing profile of the receivables from this individual customer deteriorated. A settlement arrangement was agreed in the next 12 months. Accordingly, the Group specifically made approximately HK$4.0 million of impairment loss provision on the remaining balance with no settlement arrangement as at 31 December 2021 and 2020.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.3 *Credit risk* (continued)

(c) *Impairment of financial assets* (continued)

Trade receivables and contract assets (continued)

Collective basis

Other than those trade receivables and contract assets which were disclosed in Note 3.1.3(c) "Individual basis", remaining trade receivables and contract assets are assessed collectively for impairment allowances.

As at 31 December 2021 and 2020, the loss allowance for trade receivables and contract assets assessed collectively was determined as follows, the expected credit losses below also incorporated forward looking information.

Continuing operations

		Past due						
	Not yet due	Within 30 days	31-60 days	61-180 days	181-365 days	366-730 days	Over 730 days	Total
31 December 2021								
Expected loss rate	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	
Gross carrying amount (HK$'000)								
– Trade receivables	3,301	1,865	2,990	78	152	–	–	8,386
Loss allowance (HK$'000)	–	–	–	–	–	–	–	–
31 December 2020								
Expected loss rate	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	
Gross carrying amount (HK$'000)								
– Trade receivables	3,392	8,418	3,054	1,187	184	11	14	16,260
– Contract assets	5,053	327	–	–	–	–	–	5,380
Loss allowance (HK$'000)	–	–	–	–	–	–	–	–

* Close to zero

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.3 *Credit risk* (continued)

(c) ***Impairment of financial assets*** (continued)

Trade receivables and contract assets (continued)

Collective basis (continued)

Discontinued operation

		Past due						
	Not yet due	Within 30 days	31-60 days	61-180 days	181-365 days	366-730 days	Over 730 days	Total
31 December 2021								
Expected loss rate	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	0.00%*	
Gross carrying amount (HK$'000)								
– Trade receivables	2,419	269	549	674	14	12	14	3,951
– Contract assets	1,915	251	–	–	–	–	–	2,166
Loss allowance (HK$'000)	–	–	–	–	–	–	–	–

* Close to zero

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.3 *Credit risk* (continued)

(c) *Impairment of financial assets* (continued)

Trade receivables and contract assets (continued)

The loss allowances for trade receivables and contract assets as at 31 December 2021 and 31 December 2020 as follows:

Continuing operations

	2021 HK$'000	2020 HK$'000
Opening loss allowance at 1 January	(4,337)	(385)
Reclassification to discontinued operation	385	–
Increase in loss allowance recognised in profit or loss during the year	–	(3,952)
Closing loss allowance at 31 December	(3,952)	(4,337)

Discontinued operation

	2021 HK$'000	2020 HK$'000
Opening loss allowance at 1 January	–	–
Reclassification from continuing operations	(385)	–
Decrease in loss allowance recognised in profit or loss during the year	204	–
Closing loss allowance at 31 December	(181)	–

Net reversal of impairment losses on trade receivables and contract assets amounted HK$nil and HK$204,000 for continuing operations and discontinued operation respectively, are included in the consolidated income statement.

Other receivables and amounts due from brokers

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which was immaterial.

The directors of the Company consider the probability of default upon initial recognition of the asset and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at each reporting period with the risk of default as at the date of initial recognition. Management considers that the credit risk of other receivables and amounts due from brokers have not increased significantly since initial recognition.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.4 *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy to managing liquidity risk is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from shareholders to meet its liquidity requirements in the short and longer term. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year HK$'000	Over 1 year and within 2 years HK$'000	Over 2 years and within 5 years HK$'000	Total HK$'000
At 31 December 2021				
Lease liabilities	**1,680**	**–**	**–**	**1,680**
Financial liabilities at fair value through profit or loss	**3,051**	**–**	**–**	**3,051**
Trade and other payables	**27,162**	**–**	**–**	**27,162**
Amounts due to brokers	**17,381**	**–**	**–**	**17,381**
Borrowing from a director	**214,999**	**–**	**–**	**214,999**
At 31 December 2020				
Lease liabilities	5,002	5,144	1,589	11,735
Financial liabilities at fair value through profit or loss	3,923	–	–	3,923
Trade and other payables	57,122	–	–	57,122
Amounts due to brokers	73,814	–	–	73,814
Borrowings from a former director	–	214,999	–	214,999

3.1.5 *Price risk*

The Group's exposure to equity securities, contracts for difference, exchange traded funds, collateralized mortgage obligation, corporate bonds, forward foreign exchange contracts, depository receipts and investment funds price risk arises from investments held by the Group and classified in the consolidated statement of financial position at FVPL (Note 21).

To manage its price risk arising from investments in equity securities, contracts for difference, exchange traded funds, collateralised mortgage obligation, corporate bonds, forward foreign exchange contracts, depository receipts and investment funds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.5 *Price risk* (continued)

The table below summarises the Group's investments by industry category as at 31 December 2021 and 2020.

	Fair value 2021 HK$'000	Fair value 2020 HK$'000
Financial assets at FVPL		
Utilities	32	–
Communications	28,076	32,533
Financial	24,904	30,721
Industrials	12,323	9,797
Consumer, Non-cyclical	2,176	8,297
Specialty Retail	3,474	4,354
Beverages	4,128	3,957
Energy	4,035	3,354
Pharmaceuticals	2,432	3,108
Consumer, Cyclical	2,002	3,081
Food Products	2,238	2,877
Health Care	2,081	2,769
Banks	2,574	2,441
Household Durables	1,474	2,105
Transportation Infrastructure	1,651	2,051
Insurance	1,172	1,970
Electronic Equipment, Instruments	1,759	1,588
Real Estate Management & Development	892	1,262
Technology	59	1,120
Automobiles	681	786
Construction Materials	628	783
Machinery	994	766
Food & Staples Retailing	268	463
Diversified	–	260
Basic Materials	959	52
Investment of funds	188,234	203,028
Collateralised Mortgage Obligations	11,543	21,226
Forward Foreign Exchange Contracts	398	661
Listed Options	31	–
Listed Futures	109	–
Total financial assets at FVPL	301,327	345,410
Financial liabilities at FVPL		
Forward foreign exchange contracts	(1,552)	(2,727)
Financial	(96)	(875)
Consumer, Non-cyclical	(466)	(210)
Consumer, Cyclical	(320)	(76)
Industrial	(55)	(9)
Technology	(26)	(9)
Energy	(6)	(6)
Communications	(1)	(4)
Utilities	–	(4)
Basic Materials	(20)	(3)
Fund	(96)	–
Listed Options	(19)	–
Listed Futures	(394)	–
Total financial liabilities at FVPL	(3,051)	(3,923)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

3.1.5 *Price risk* (continued)

Sensitivity

The Group held multi strategic funds and they had diversity portfolio. For the sole purpose of sensitivity analysis, there are no standardised benchmarks can be adopted. The table below summarises the impact of increases/decreases of the price of investments on the funds' post-tax loss for the year. The analysis presented is based upon the portfolio composition as at 31 December 2021 and 2020. The Group expects to have movements in the price of the investments and that movements in those prices will have a proportional impact on the post-tax loss of the Group.

	Impact on post-tax (loss)/profit	
	2021	2020
	HK$'000	HK$'000
Movement in price of investments – increase/(decrease) 9.4% (2020: 13.1%)	**-/+ 5,537**	+/- 2,947

Post-tax loss for the period would decrease/increase as a result of gains/losses on financial assets classified as at FVPL.

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from 2020.

In addition, subsidiaries of the Group licensed by the SFC are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") at all times.

For the licensed subsidiaries, the Group ensures each of them maintains a liquid capital level adequate to support the activities level with sufficient buffer to accommodate the increase in liquidity requirements arising from potential increases in business activities. SF(FR)R returns are filed to the SFC by the licensed subsidiaries on a monthly or semi-annually basis as required. During the current and prior financial years, all the licensed subsidiaries complied with the liquid capital requirements under the SF(FR)R.

The Group defines capital as total equity attributable to equity holders of the Company, comprising issued share capital and reserves, as shown in the consolidated statement of financial position. The Group actively and regularly reviews and manages its capital structure to ensure capital and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, projected operating cash flows and projected capital expenditures.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents of the continuing operations. Total capital is calculated as "equity" as shown in the consolidated statement of financial position.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (continued)

As as 31 December 2021 and 31 December 2020, the gearing ratios were as follows:

	2021 HK$'000	2020 HK$'000
Net debt/(cash)	**54,809**	(15,030)
Total capital	**775,209**	829,782
Gearing ratio	**7.1%**	N/A

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

3.3 Fair value estimation

(i) Fair value hierarchy

The carrying amounts of the Group's financial assets, including cash and cash equivalents, and trade and other receivables and amounts due from brokers and financial liabilities including trade and other payables and amounts due to brokers approximate to their fair values due to their short maturities. The fair value of non-current borrowings from a former director is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(i) *Fair value hierarchy* (continued)

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2021				
Financial assets at FVPL				
Current assets				
Investment funds				
– British Virgin Islands ("BVI")	–	24,915	–	24,915
– Cayman Islands	–	71,756	–	71,756
– PRC	–	5,565	–	5,565
Contracts for differences				
– PRC	–	975	–	975
Listed equity securities				
– PRC	65,964	–	–	65,964
– Hong Kong	25,708	–	–	25,708
– The United States (The "US")	637	–	–	637
– The United Kingdom (The "UK")	2,008	–	–	2,008
Exchange traded funds				
– Hong Kong	1,976	–	–	1,976
– The US	31,055	–	–	31,055
– PRC	180	–	–	180
Collateralised mortgage obligation				
– The US	–	–	11,543	11,543
Corporate bonds				
– PRC	–	6,357	–	6,357
Listed option				
– The US	31	–	–	31
Futures	109	–	–	109
Forward foreign exchange contract	–	398	–	398
	127,668	109,966	11,543	249,177
Non-current assets				
Investment funds				
– The US	–	52,150	–	52,150
Total financial assets	127,668	162,116	11,543	301,327
At 31 December 2021				
Financial liabilities at FVPL				
Current Liabilities				
Contracts for differences				
– PRC	–	(1,086)	–	(1,086)
Index futures				
– Hong Kong	(394)	–	–	(394)
Listed options				
– The US	(19)	–	–	(19)
Forward foreign exchange contracts	–	(1,552)	–	(1,552)
Total financial liabilities	(413)	(2,638)	–	(3,051)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(i) *Fair value hierarchy* (continued)

Recurring fair value measurements	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2020				
Financial assets at FVPL				
Current assets				
Investment funds				
– BVI	–	22,382	–	22,382
– Cayman Islands	–	51,085	–	51,085
– Ireland	538	–	–	538
Contracts for differences				
– PRC	–	44,252	–	44,252
– Hong Kong	–	17,061	–	17,061
Listed equity securities				
– PRC	47,445	–	–	47,445
– Hong Kong	3,491	–	–	3,491
Exchange traded funds				
– Hong Kong	5,552	–	–	5,552
– The US	31,673	–	–	31,673
Collateralised mortgage obligation				
– The US	–	–	21,226	21,226
Corporate bonds				
– PRC	7,859	–	–	7,859
Depository receipts				
– PRC	387	–	–	387
Forward foreign exchange contract	–	661	–	661
	96,945	135,441	21,226	253,612
Non-current assets				
Investment funds				
– The US	–	91,798	–	91,798
Total financial assets	96,945	227,239	21,226	345,410
At 31 December 2020				
Financial liabilities at FVPL				
Current Liabilities				
Listed equity securities				
– The US	(2)	–	–	(2)
Contracts for differences				
– Hong Kong	–	(276)	–	(276)
– Singapore	–	(165)	–	(165)
– PRC	–	(349)	–	(349)
Index futures				
– Hong Kong	(404)	–	–	(404)
Forward foreign exchange contracts	–	(2,727)	–	(2,727)
Total financial liabilities	(406)	(3,517)	–	(3,923)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(i) *Fair value hierarchy* (continued)

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during 2021 and 2020.

(ii) *Investment in other funds that are not traded in an active market*

The right of the Group to request redemption of its investment funds ranges in frequency from monthly to quarterly.

The exposures to investment funds as classified by the Group by strategy were disclosed in the following table. These investments are included in financial assets at fair value through profit or loss in the consolidated statement of financial position.

Strategy	**Number of Investee Funds**	**31 December 2021 Investment fair value HK$'000**
Multi strategies	**5**	**108,911**
Fund of funds	**4**	**17,712**
Credit strategies	**1**	**24,915**
China long only	**1**	**2,848**
	11	**154,386**

Strategy	Number of Investee Funds	31 December 2020 Investment fair value HK$'000
Multi strategies	3	132,523
Credit strategies	1	22,383
Fixed income	1	7,842
China long only	1	2,517
	6	165,265

The Group's holding in investment funds, as a percentage of the respective investment fund's total net asset value, will vary from time to time depending on the volume of subscriptions and redemptions at the investment funds level. It is possible that the Group may, at any point in future, hold a majority of an investment fund's total shares/units in issue.

The Group's maximum exposure to loss from its interests in investment funds is equal to the total fair value of its investments in investment funds.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(iii) Valuation of investments in other funds

The Group's investments in other funds ("Investee Funds") are subject to the terms and conditions of the respective Investee Fund's offering documentation. The investments in Investee Funds are valued based on the latest available redemption price of such units for each Investee Fund, as determined by the Investee Funds' administrators. The Group reviews the details of the reported information obtained from the Investee Funds and considers:

- the liquidity of the Investee Fund or its underlying investments;
- the value date of the net asset value ("NAV") provided;
- any restrictions on redemptions; and
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investee Fund's advisors.

If necessary, the Group makes adjustments to the NAV of various Investee Funds to obtain the best estimate of fair value. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the consolidated statement of comprehensive income include the change in fair value of each Investee Fund.

(iv) Valuation techniques and process used to determine fair values

The finance department of the Group includes a team that performs the valuation of financial assets or liabilities carried at FVPL required for financial reporting purposes, including level 3 fair values. This team reports directly to the board of directors. Discussions of valuation processes and results are held between the board of directors and the valuation team.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- quoted bid prices (or net asset value) provided by fund administrators for unlisted investment funds

(v) Valuation inputs and relationships to fair value (level 3)

The financial instruments valued at fair value (level 3) represents collateralised mortgage obligation which is a highly complex and illiquid interest-only agency mortgage back security. Management took reference to the pricing data developed from a wealth of market observations of several reputable data analysis platforms. The higher the pricing date quoted in these data analysis platforms, the higher the fair value of these financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities are discussed below.

(a) Provision for impairment of assets

(i) Estimated impairment of non-financial assets that are subject to amortisation

The Group tested assets that are subject to amortisation and depreciation whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as set out in Note 2.7. The Group uses judgement in assessing the impairment and making inputs to the impairment calculation, based on the historical performance and the future cash flows of the assets.

As at 31 December 2021, the carrying amount of customer contracts is approximately HK$6,147,000 (2020: HK$19,469,000) (Note 16). During the year ended 31 December 2021, management had fully written off one customer contract (2020: one) with the corresponding carrying amount by HK$658,000 (2020: HK$7,204,000), and impaired one customer contracts (2020: two) and had made full provision of HK$2,506,000 (2020: HK$20,745,000).

(ii) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. Significant judgement is required in assessing the recoverable amount on which the goodwill is allocated to the specific CGUs.

(iii) Trade and other receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1.3(c).

(b) Estimation of the fair value of financial assets at FVPL

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Estimation of the fair value of the share awards and share options

The determination of the fair value of the share awards and share options granted require estimates in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate for the life of the share awards and options and the number of share awards and options that are expected to be vested. Where the outcome of the number of share awards and options that are vested is different, such difference will impact the consolidated statement of comprehensive income in the subsequent remaining vesting period of the relevant share awards and options.

5 INCOME

The amount of each category of income recognised during the year is as follows:

	2021 HK$'000	2020 HK$'000
Continuing operations		
– IM services income	68,778	112,159
– Consultancy services fee income	6,565	–
– Dividend income from investments (Note 21(ii))	2,923	12,006
– Net fair value (losses)/gains on financial assets at FVPL (Note 21(ii))	(59,192)	22,993
– Share of net (losses)/profits of associates accounted for using the equity method	(8,370)	20,426
	10,704	167,584

The Group has three customers whose transactions accounted for 10% or more of the Group's aggregate revenue for 2021 (2020: four customers) for continuing operations. The amounts of revenue from the customers are as follows:

	2021 HK$'000	2020 HK$'000
Customer 1	25,904	19,417
Customer 2	12,153	N/A
Customer 3	9,482	39,709
Customer 4	N/A	18,221
Customer 5	N/A	16,861

6 SEGMENT INFORMATION

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management team of the Group. The CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The CODM assesses the performance of the operating segments based on the results and assets attributable to each operating segment. Interest expense are not allocated to segment, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The CODM has determined the operating segments based on these reports. The Group is organised into the following operating segments.

(i) IM business: this segment includes (a) advisory services on securities and asset management; (b) securities trading; and (c) provision of infrastructure of the investment management system.

(ii) SDI business: this segment includes provision of making proprietary investments in the financial markets.

(iii) CRM services ("CRMS") business: this segment includes (a) inbound services which include customer hotline services and built-in secretarial services, a personalised message taking services; and (b) outbound services which include telesales services and market research services. This segment was classified under the discontinued operation during the year ended 31 December 2021.

No other operating segments have been aggregated to form the operating segments.

(a) Segment results and assets

The CODM assesses the performance of the operating segments based on the income and reportable segment (loss)/profit (i.e. earnings before interest, tax and amortisation and impairment provision for and write off of intangible assets).

Income and expenses are allocated to the reportable segments with reference to income generated by those segments and the expenses incurred by those segments including depreciation of assets attributable to those segments.

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets.

Information relating to segment liabilities is not disclosed as such information is not regularly reported to the CODM.

6 SEGMENT INFORMATION (CONTINUED)

(a) Segment results and assets (continued)

The following tables present income/(loss), reportable segment profit/(loss) and certain assets and expenditure information for the Group's business segments for the years ended 31 December 2021 and 2020:

	Continuing operations			Discontinued operation	
	IM business HK$'000	SDI business HK$'000	Total HK$'000	CRMS business HK$'000	Group HK$'000
For the year ended 31 December 2021					
CRM services income	–	–	–	237,396	237,396
IM services income	70,596	–	70,596	–	70,596
Inter-IM segment services income	(1,818)	–	(1,818)	–	(1,818)
Consultancy services fee income	6,565	–	6,565	–	6,565
Dividend income from investments	–	2,923	2,923	–	2,923
Net fair value losses on financial assets at FVPL	(18,962)	(40,230)	(59,192)	–	(59,192)
Share of net losses of associates accounted for using the equity method	–	(8,370)	(8,370)	–	(8,370)
Total segment income/ (loss)	56,381	(45,677)	10,704	237,396	248,100
Reportable segment profit/ (loss)	24,049	(62,903)	(38,854)	(11,988)	(50,842)
Depreciation and amortisation	10,445	4,705	15,150	5,904	21,054
Reversal of provision for loss allowances	–	–	–	(204)	(204)
Reportable segment assets	262,070	447,990	710,060	143,204	853,264
Additions to non-current segment assets during the year	163	2,812	2,975	3,249	6,224

	Continuing operations			Discontinued operation	
	IM business HK$'000	SDI business HK$'000	Total HK$'000	CRMS business HK$'000	Group HK$'000
For the year ended 31 December 2020					
CRM services income	–	–	–	215,202	215,202
Inter-CRM segment services income	–	–	–	(36)	(36)
IM services income	113,261	–	113,261	–	113,261
Inter-IM segment services income	(1,102)	–	(1,102)	–	(1,102)
Dividend income from investments	–	12,006	12,006	–	12,006
Net fair value gains on financial assets at FVPL	2,123	20,870	22,993	–	22,993
Share of net profits of associates accounted for using the equity method	–	20,426	20,426	–	20,426
Total segment income	114,282	53,302	167,584	215,166	382,750
Reportable segment profit	3,905	53,576	57,481	849	58,330
Depreciation and amortisation	16,583	2,111	18,694	6,386	25,080

6 SEGMENT INFORMATION (CONTINUED)

(a) Segment results and assets (continued)

	Continuing operations			Discontinued operation	
	IM business HK$'000	SDI business HK$'000	Total HK$'000	CRMS business HK$'000	Group HK$'000
Provision for loss allowances	3,952	–	3,952	–	3,952
Reportable segment assets	334,416	569,591	904,007	120,411	1,024,418
Additions to non-current segment assets during the year	769	119,979	120,748	5,616	126,364

(b) Reconciliations of reportable segment income, profit or loss and assets

Continuing operations	**2021 HK$'000**	2020 HK$'000
Income		
Reportable segment income	**10,704**	167,584
Consolidated income	**10,704**	167,584
(loss)/profit		
Reportable segment (loss)/profit	**(38,854)**	57,481
Impairment provision for and write off of intangible assets	**(3,164)**	(27,949)
Finance costs	**(6,233)**	(6,467)
Amortisation of intangible assets	**(10,158)**	(15,379)
Consolidated (loss)/profit before income tax	**(58,409)**	7,686
Assets		
Reportable segment assets	**710,060**	1,024,418
Cash and cash equivalents	**159,409**	232,805
Deferred tax assets	**2,678**	1,371
Asset classified as held for sale	**227,769**	–
Consolidated total assets	**1,099,916**	1,258,594

Discontinued operation	**2021 HK$'000**	2020 HK$'000
Income		
Reportable segment income	**237,396**	215,166
Consolidated income	**237,396**	215,166
(Loss)/profit		
Reportable segment (loss)/profit	**(11,988)**	849
Finance costs	**(378)**	(284)
(Loss)/profit before income tax	**(12,366)**	565
Assets		
Reportable segment assets	**143,204**	–
Cash and cash equivalents	**84,565**	–
Total assets of discontinued operation	**227,769**	–

6 SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

The following tables set out information about the geographical locations of (i) the Group's CRM services income and IM services income ("Services income") and (ii) the Group's property, plant and equipment, intangible assets, right-of-use assets, long term deposits and non-current financial assets at FVPL ("specified non-current assets"). The geographical location of customers is based on the location at which the services and goods were provided. The geographical location of the specified non-current assets is based on the location of the operation to which they are allocated.

	Continuing operations					Discontinued operation				
	Hong Kong HK$'000	The PRC HK$'000	The United States of America HK$'000	Others HK$'000	Total HK$'000	Hong Kong HK$'000	The PRC HK$'000	Macao and others HK$'000	Total HK$'000	Group HK$'000
Year ended 31 December 2021										
Services income	**39,915**	**35,428**	**–**	**–**	**75,343**	**129,741**	**102,784**	**4,871**	**237,396**	**312,739**
Specified non-current assets	**215,898**	**830**	**52,150**	**74,457**	**343,335**	**326**	**49,887**	**66**	**50,279**	**393,614**
Year ended 31 December 2020										
Services income	67,036	45,123	–	–	112,159	134,109	75,255	5,802	215,166	327,325
Specified non-current assets	232,038	51,532	91,798	98,427	473,795	–	–	–	–	473,795

(d) Disaggregation of revenue from contracts with customers

The Group derives services income over-time and at point in time for the following types.

	Continuing operations IM business HK$'000	Discontinued operation CRMS business HK$'000	Total HK$'000
For the year ended 31 December 2021			
At point in time	**24,673**	**141,260**	**165,933**
Over-time	**50,670**	**96,136**	**146,806**
	75,343	**237,396**	**312,739**
For the year ended 31 December 2020			
At point in time	87,042	151,412	238,454
Over-time	25,117	63,754	88,871
	112,159	215,166	327,325

7 OTHER INCOME

	2021 HK$'000	2020 HK$'000
Continuing operations		
Interest income from financial assets at FVPL	3,316	3,860
Bank interest income	708	398
Compensation from portfolio manager	18,962	–
Others	72	475
	23,058	4,733

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2021 HK$'000	2020 HK$'000
Continuing operations		
Share-based compensation expenses	7,421	8,572
Wages, salaries and other benefits	37,559	83,379
Contribution to retirement benefit schemes	3,020	1,693
Total employee benefits expenses	48,000	93,644

(a) Five highest paid individuals

The five individuals whose emoluments were the highest are as follows:

	Number of individuals 2021	 2020
Director of the Company	1	1
Employee	4	4

Out of the five individuals with the highest emoluments, one (2020: one) is director whose emolument is disclosed in Note 35(a). The aggregate emoluments in respect of the remaining four (2020: four) highest paid individuals are as follows:

	2021 HK$'000	2020 HK$'000
Salaries and other emoluments	9,921	53,031
Share-based compensation expenses	2,639	3,217
Retirement scheme contribution	452	411
	13,012	56,659

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

(a) Five highest paid individuals (continued)

The emoluments of the above-mentioned highest paid individuals (other than the director) with the highest emoluments fall within the following band:

	Number of individuals	
	2021	2020
HK$1,500,001-HK$2,000,000	**2**	–
HK$2,500,001-HK$3,000,000	**–**	1
HK$3,500,001-HK$4,000,000	**1**	–
HK$5,000,001-HK$5,500,000	**1**	–
HK$5,500,001-HK$6,000,000	**–**	1
HK$7,000,001-HK$7,500,000	**–**	1
HK$40,500,001-HK$41,000,000	**–**	1

9 DIVIDENDS

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

10 OTHER EXPENSES

	2021 HK$'000	2020 HK$'000
Continuing operations		
Auditors' remuneration		
– Audit services	**3,203**	3,061
– Non-audit services	**518**	150
Loss on disposal of property, plant and equipment	**–**	806
Information system expenses	**4,815**	5,562
Exchange differences, net	**(1,675)**	(791)
Travelling and entertainment	**1,115**	1,006
Telecommunication	**300**	419
Fund operation expenses	**3,428**	2,289
Staff benefits	**716**	140
Insurance	**651**	982
Others	**2,024**	1,018
	15,095	14,642

11 FINANCE (COSTS)/INCOME, NET

	2021 HK$'000	(Restated) 2020 HK$'000
Continuing operations		
Finance income		
– Imputed interest income from borrowings (Note 28)	–	8,648
Finance costs		
– Imputed Interest expense from borrowings (Note 28)	(5,739)	(5,854)
– Interest expense from leases (Note 15)	(68)	(52)
– Interest expense from financial liabilities at FVPL	(426)	(561)
	(6,233)	(6,467)
Finance (costs)/income, net	(6,233)	2,181

12 INCOME TAX CREDIT

	2021 HK$'000	2020 HK$'000
Current income tax:		
Hong Kong corporate income tax	451	150
Over provision in the prior year	(286)	(522)
Total current tax credit	165	(372)
Deferred tax (Note 18)	(3,211)	(8,631)
Income tax credit	(3,046)	(9,003)
Income tax credit is attributable to:		
(Loss)/profit from continuing operations	(2,911)	(8,480)
(Loss)/profit from discontinued operation	(135)	(523)
	(3,046)	(9,003)

(i) Hong Kong profits tax

The Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HK$2 million of assessable profits at 8.25% and assessable profits above the threshold will be subject to a rate of 16.5%. Hong Kong profits tax of other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits.

(ii) PRC corporate income tax

China Elite Info. Co. Ltd. ("China Elite") is eligible for a preferential income tax rate of 15% (2020: 15%) as a High and New Technology Enterprise for 2021.

Other than the above, remaining subsidiaries located in the PRC are subject to the PRC Corporate income tax rate of 25% (2020: 25%) on its assessable profits.

12 INCOME TAX CREDIT (CONTINUED)

(iii) Macao complementary tax

Since 1 January 2021, the Group is subject to Macau Complementary Tax due to termination of Article 12 of Decree-Law No. 58/99/M. However, the Group is exempted from Macao Complementary Tax since its taxable profits was below MOP 32,000 during the year.

Pursuant to Article 12 of Decree-Law No. 58/99/M issued by the Macao Government, the Group is exempted from Macao Complementary Tax. As a result, no provision for Macao Complementary Tax has been made by the Group for 2020.

(iv) Cayman Islands tax

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

The tax on the Group's (loss)/profit before income tax differs than the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2021 HK$'000	2020 HK$'000
(Loss)/profit before income tax expenses		
– Continuing operations	(58,409)	7,686
– Discontinued operation	(12,366)	565
	(70,775)	8,251
Tax calculated at Hong Kong tax rate of 16.5% (2020: 16.5%)	(11,678)	1,362
Effect of different tax rate of operations on other jurisdictions	11,798	(7,759)
Tax effects of:		
Income not subject to tax	(318)	(1,537)
Expenses not deductible for tax purposes	815	1,036
Over provision in the prior year	(287)	(522)
Tax losses for which no deferred tax asset was recognised	2,807	2,997
Written off of deferred tax assets previously recognised	–	202
Utilisation of tax loss for which no deferred tax assets was previously recognised	(4,152)	(3,258)
Special allowance and deduction	(2,031)	(1,374)
Concessionary tax rate	–	(150)
Income tax credit at Group	(3,046)	(9,003)
Tax credit from continuing operations	(2,911)	(8,480)
Tax credit from discontinued operation	(135)	(523)

13 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the profit/loss attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding during the year, excluding shares held for employee share scheme (Note 25).

	2021	(Restated) 2020
(Loss)/profit attributable to owners of the Company (HK$'000)		
– Continuing operations	(55,498)	16,166
– Discontinued operation	(12,231)	1,088
	(67,729)	17,254
Weighted average number of ordinary shares outstanding (thousand)	11,346,176	11,346,314
Basic (loss)/earnings per share (HK cents)		
– Continuing operations	(0.49)	0.14
– Discontinued operation	(0.11)	0.01
Total basic (loss)/earnings per share attributable to the ordinary equity holders of the Company (HK cents)	(0.60)	0.15

(b) Diluted (loss)/earnings per share

For diluted (loss)/earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares.

For the year ended 31 December 2021, the diluted loss per share equals the basic loss per share since the vesting of the share options and share awards under the Company's Schemes (the "2020 Share Option Scheme and the Share Award Scheme') would not have a dilutive effect on the loss per share.

For the year ended 31 December 2020, the diluted earnings per share was calculated by considering the impact of the 2020 Share Option Scheme and the Share Award Scheme, in which certain portion of the Company's share options was vested and is in the money and has dilutive impact on the earnings per share calculation. For the Company's share awards, they have dilutive impact on the earnings per share calculation. The diluted earnings per share would not consider those portion of the Company's share options which are expected to be vested and has anti-dilutive impact on the earnings per share calculation.

	2021	(Restated) 2020
(Loss)/profit attributable to owners of the Company (HK$'000)		
– Continuing operations	(55,498)	16,166
– Discontinued operation	(12,231)	1,088
	(67,729)	17,254
Weighted average number of ordinary shares outstanding (thousand)	11,346,176	11,379,242
Diluted (loss)/earnings per share (HK cents)		
– Continuing operations	(0.49)	0.14
– Discontinued operation	(0.11)	0.01
Total diluted earnings per share attributable to the ordinary equity holders of the Company (HK cents)	(0.60)	0.15

13 (LOSS)/EARNINGS PER SHARE (CONTINUED)

(c) Weighted average number of shares used as the denominator

	2021 '000	2020 '000
Weighted average number of ordinary shares used as the denominator in calculating basic (loss)/earnings per share	11,346,176	11,346,314
Adjustments for calculation of diluted (loss)/earnings per share:		
Share options	–	4,380
Share awards	–	28,548
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted (loss)/earnings per share	11,346,176	11,379,242

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Facilities equipment HK$'000	Office equipment HK$'000	Vehicles and other equipment HK$'000	Total HK$'000
At 1 January 2020						
Cost	46,669	32,503	28,595	14,298	9,871	131,936
Accumulated depreciation	(11,830)	(30,682)	(25,855)	(11,987)	(8,477)	(88,831)
Net book amount	34,839	1,821	2,740	2,311	1,394	43,105
Year ended 31 December 2020						
Opening net book amount	34,839	1,821	2,740	2,311	1,394	43,105
Additions	–	2,974	537	267	–	3,778
Depreciation	(1,199)	(1,429)	(681)	(535)	(548)	(4,392)
Disposals	–	(703)	(43)	(104)	–	(850)
Exchange differences	2,177	51	126	115	31	2,500
Closing net book amount	35,817	2,714	2,679	2,054	877	44,141
At 31 December 2020						
Cost	49,675	29,072	29,540	14,598	10,212	133,097
Accumulated depreciation	(13,858)	(26,358)	(26,861)	(12,544)	(9,335)	(88,956)
Net book amount	35,817	2,714	2,679	2,054	877	44,141
Year ended 31 December 2021						
Opening net book amount	35,817	2,714	2,679	2,054	877	44,141
Additions	–	423	372	1,160	78	2,033
Depreciation (Note b)	(1,280)	(2,278)	(594)	(437)	(196)	(4,785)
Reclassified as held for sale (Note 23(ii))	(35,570)	(883)	(2,213)	(2,694)	(775)	(42,135)
Exchange differences	1,033	24	63	66	16	1,202
Closing net book amount	–	–	307	149	–	456
At 31 December 2021						
Cost	–	2,776	1,793	216	–	4,785
Accumulated depreciation	–	(2,776)	(1,486)	(67)	–	(4,329)
Net book amount	–	–	307	149	–	456

Note a: As at 31 December 2021 and 2020, the Group had an unutilised banking facility of RMB20 million (equivalent to approximately HK$24.5 million) for financing its business operation. The facility was secured by the buildings in Guangzhou held by the Group.

Note b: As at 31 December 2021, the Group had HK$2.2 million depreciation for continuing operations (2020: HK$1.4 million) and HK$2.6 million depreciation for discontinued operation (2020: HK$3.0 million).

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2021 HK$'000	2020 HK$'000
Right-of-use assets		
Properties	1,641	10,450
Equipment	–	159
	1,641	10,609
Lease liabilities		
Current	1,656	4,617
Non-current	–	6,335
	1,656	10,952

Additions to the right-of-use assets during the year were approximately of HK$4,067,000 (2020: HK$7,725,000) and approximately of HK$7,152,000 was reclassified as asset held for sales (Note 23(ii)).

(ii) The consolidated income statement shows the following amounts relating to leases:

	2021 HK$'000	(Restated) 2020 HK$'000
Continuing operations		
Depreciation charge of right-of-use assets – Properties	2,812	1,947
Interest expense (included in finance cost (Note 11))	68	52
Expense relating to short-term and low-value assets leases	7	440

The total cash outflow for leases in 2021 was approximately of HK$2,887,000 (2020: HK$1,999,000) for continuing operations.

	2021 HK$'000	(Restated) 2020 HK$'000
Discontinued operation		
Depreciation charge of right-of-use assets – Properties (Note 23(i))	3,299	3,362
Interest expense (included in finance cost)	378	284
Expense relating to short-term and low-value assets leases (Note 23(i))	6,925	5,761

The total cash outflow for leases in 2021 was approximately of HK$3,573,000 (2020: HK$3,553,000) for discontinued operation.

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, staff quarters and transmission lines. Rental contracts are typically made for fixed periods of 1 to 5 years, but may have extension options as described in (iv) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

16 INTANGIBLE ASSETS

	Development expenditures HK$'000	Customer contracts HK$'000	Licenses HK$'000	Total HK$'000
At 1 January 2020				
Cost	900	95,552	9,978	106,430
Accumulated amortisation	(900)	(25,879)	–	(26,779)
Accumulated impairment	–	(6,876)	–	(6,876)
Net book amount	–	62,797	9,978	72,775
Year ended 31 December 2020				
Opening net book amount	–	62,797	9,978	72,775
Business combination (Note 17(b))	–	–	542	542
Amortisation for the year	–	(15,379)	–	(15,379)
Provision for impairment	–	(20,745)	–	(20,745)
Written off	–	(7,204)	–	(7,204)
Closing net book amount	–	19,469	10,520	29,989
At 31 December 2020				
Cost	900	74,968	10,520	86,388
Accumulated amortisation	(900)	(34,754)	–	(35,654)
Accumulated impairment	–	(20,745)	–	(20,745)
Net book amount	–	19,469	10,520	29,989
Year ended 31 December 2021				
Opening net book amount	**–**	**19,469**	**10,520**	**29,989**
Amortisation for the year	**–**	**(10,158)**	**–**	**(10,158)**
Provision for impairment	**–**	**(2,506)**	**–**	**(2,506)**
Written off	**–**	**(658)**	**–**	**(658)**
Closing net book amount	**–**	**6,147**	**10,520**	**16,667**
At 31 December 2021				
Cost	**–**	**72,095**	**10,520**	**82,615**
Accumulated amortisation	**–**	**(42,697)**	**–**	**(42,697)**
Accumulated impairment	**–**	**(23,251)**	**–**	**(23,251)**
Net book amount	**–**	**6,147**	**10,520**	**16,667**

16 INTANGIBLE ASSETS (CONTINUED)

Impairment charges on intangible assets

In accordance with the Group's accounting policy on asset impairment (Note 2.7), the carrying value of intangible assets were tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment charges on customer contracts

In 2021, one customer contract (2020: one) was fully written off as management forecasted that no future contractual cash flows will be generated by this contract. The expense related to the write-off was charged to the consolidated income statement, amounted to HK$658,000 (2020: HK$7,204,000). One customer contract (2020: two) had impairment indicator for the year ended 31 December 2021. Regarding the one customer contract which had impairment indicator for the year ended 31 December 2021, management assessed that services income earned will not be able to cover the recoverable amount of the customer contract, therefore, a full impairment provision of HK$2,506,000 was recognised in the consolidated income statement.

Regarding the two customer contracts which had impairment indicators for the year ended 31 December 2020, an impairment provision of HK$20,745,000 was recognised in the consolidated income statement. Key assumptions used for assessing the recoverable amounts are as follows:

2020	
Estimated services income growth rate of the contracts from 1 July 2020 to 31 December 2020	-29%
Estimated services income growth rate of the contracts from 1 January 2021 to 31 December 2021	-12%
Estimated services income growth rate of the contracts from 1 January 2022 to 31 December 2022	-1%
Discount rate	19.4%

Changing the discount rates and other assumptions selected by management in assessing impairment, including the growth rates assumption in the cash flow projections, could materially affect the net present value used in the impairment assessment. If services income growth rates for each of the years for the customer contract had been 1% lower than management's estimates with all other variables held constant, an additional impairment provision of HK$453,000 would have been made. If the discount rate had been 1% higher than management's estimate with all other variables held constant, an additional impairment provision of HK$113,000 would have been made.

17 BUSINESS COMBINATION AND GOODWILL

(a) Goodwill

	2021 HK$'000	2020 HK$'000
At 1 January	197,965	197,833
Business combination (Note b)	–	132
At 31 December	197,965	197,965

The goodwill of HK$197,965,000 arising from the acquisition of Goldstream Companies in November 2018 and Shenzhen JinCheng Enterprise Management Limited (深圳金晟企業管理有限公司) and its subsidiary, (the "JinCheng Acquisition") (Note (b)) is attributable to the synergies expected to arise from the business combination and future growth of IM businesses in Hong Kong and the PRC respectively. None of the goodwill recognised was expected to be deductible for income tax purposes.

Management reviews the business performance of the Group based on the services the respective businesses provide. Goodwill is monitored by management at the operating segment level.

The recoverable amount of goodwill was determined based on value in use. No impairment charge is noted as at 31 December 2021 (2020: Nil). Goodwill arising from the JinCheng Acquisition is considered immaterial by management.

As at 31 December 2021 and 2020, key assumptions used for assessing the recoverable amount of the goodwill arising from the acquisition of Goldstream Companies are as follows:

2021	
Estimated services income growth rate from 2021 to 2022	34.9%
Estimated services income growth rate from 2022 to 2023	61.1%
Estimated services income growth rate from 2023 to 2024	12.8%
Estimated services income growth rate from 2024 to 2025	5.1%
Estimated services income growth rate from 2025 to 2026	4.9%
Discount rate	20.04%
Terminal growth rate	2.5%
2020	
Estimated services income growth rate from 2020 to 2021	22.9%
Estimated services income growth rate from 2021 to 2022	17.7%
Estimated services income growth rate from 2022 to 2023	7.6%
Estimated services income growth rate from 2023 to 2024	4.4%
Estimated services income growth rate from 2024 to 2025	3.3%
Discount rate	20.04%
Terminal growth rate	3.0%

If expected discount rate for the projection period had been 0.5% lower/higher than management's estimates with all other variables held constant, the recoverable amount of goodwill would have been approximately HK$10,682,000 higher/lower respectively (2020: HK$10,447,000 higher/lower). If the services income growth rate had been 0.5% higher/lower than management's estimate at 31 December 2021 with all other variables held constant, the recoverable amount of goodwill would have been approximately HK$6,059,000 higher/lower respectively (2020: HK$6,838,000 higher/lower). If the terminal growth rate had been 0.5% higher/lower than management's estimate at 31 December 2021 with all other variables held constant, the recoverable amount of goodwill would have been approximately HK$7,232,000 higher and HK$6,750,000 lower respectively (2020: HK$2,080,000 higher and HK$975,000 lower).

17 BUSINESS COMBINATION AND GOODWILL (CONTINUED)

(b) Business combination

On 5 June 2020, Goldstream Investment Management (Shanghai) Limited (金涌投資管理(上海)有限公司), a wholly-owned subsidiary of the Company, completed the acquisition of the entire issued share capital of Shenzhen JinCheng Enterprise Management Limited (深圳金晟企業管理有限公司) and its subsidiary, companies principally engaged in the provision of mainland domestic asset management business in the PRC, for a total consideration of RMB10,000 (equivalent to approximately HK$12,000). Certain license and goodwill were recognised from the Jincheng Acquisition. The Group is expected to broaden and make new product offerings to the PRC investors.

The following table summarises the consideration paid for the Jincheng Acquisition, and the fair values of the assets acquired and liabilities assumed at the acquisition date.

	2020 HK$'000
Purchase consideration	
Cash paid	12
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	47
Intangibles assets	542
Trade and other receivables	11,521
Payables and other accruals	(12,230)
Total net liabilities assumed	(120)
Add: Goodwill (Note a)	132
Net assets acquired	12

18 DEFERRED TAX ASSETS AND LIABILITIES

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2021 HK$'000	2020 HK$'000
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	(2,678)	(1,371)
At 31 December	(2,678)	(1,371)
Deferred tax liabilities		
Deferred tax liability to be recovered more than 12 months	1,014	3,059
Deferred tax liability to be recovered within 12 months	1,646	1,676
At 31 December	2,660	4,735

The net movement in the deferred income tax account is as follows:

	2021 HK$'000	2020 HK$'000
At 1 January	3,364	12,008
Credited to consolidated income statement (Note 12)	(3,211)	(8,631)
Credited directly to equity	(172)	(13)
Reclassified as held for sale (Note 23(ii))	1	–
At 31 December	(18)	3,364

The gross movement in deferred income tax assets and liabilities during the financial years without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

Deferred tax liabilities	Accelerated tax depreciation HK$'000	Intangible assets valuation gain HK$'000	Total HK$'000
At 1 January 2020	205	12,008	12,213
Credited to the consolidated income statement	(146)	(7,150)	(7,296)
At 31 December 2020	59	4,858	4,917
At 1 January 2021	59	4,858	4,917
Credited to the consolidated income statement	(43)	(2,198)	(2,241)
Reclassified as held for sale	(3)	–	(3)
At 31 December 2021	13	2,660	2,673

18 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Deferred tax assets	Decelerated tax depreciation HK$'000	Employee benefits HK$'000	Tax loss and others HK$'000	Total HK$'000
At 1 January 2020	–	–	205	205
Credited/(charged) to the consolidated income statement	123	1,414	(202)	1,335
Credited directly to equity	–	13	–	13
At 31 December 2020	123	1,427	3	1,553
At 1 January 2021	123	1,427	3	1,553
Credited to the consolidated income statement	290	680	–	970
Credited directly to equity	–	172	–	172
Reclassified as held for sale	(1)	–	(3)	(4)
At 31 December 2021	412	2,279	–	2,691

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. During the current year, approximately HK$5,118,000 and HK$26,671,000 of tax losses were incurred for continuing operations and discontinued operation respectively (2020: HK$12,280,000 and HK$3,091,000 for continuing operations and discontinued operation respectively).

The Group has unrecognised tax losses of approximately HK$30,453,000 and HK$46,060,000 for continuing operations and discontinued operation respectively (2020: HK$29,441,000 and HK$18,066,000 for continuing operations and discontinued operation respectively) to carry forward against future taxable income.

The Group has not recognised deferred tax assets of HK$5,404,000 and HK$5,085,000 for continuing operations and discontinued operation respectively (2020: HK$5,586,000 and HK$2,939,000 for continuing operations and discontinued operation respectively) in respect of the unrecognised tax losses. Among the tax losses, HK$4,462,000 and HK$14,240,000 for continuing operation and discontinued operation respectively (2020: HK$8,568,000 and HK$2,768,000 for continuing operations and discontinued operation respectively) have expiry dates from 2022 to 2027 (2020: 2021 to 2026). HK$17,047,000 of tax loss for discontinued operation have expiry dates in 2024. The remaining tax losses have no expiry date.

Deferred income tax liabilities have not been recognised for the withholding tax that would be payable on the distributable retained profits amounting to HK$75,294,000 (2020: HK$79,526,000) of the subsidiaries under Disposal Group in Mainland China earned after 1 January 2008 because the Group does not have a plan to distribute these earnings from its PRC subsidiaries and the Group has the discretion to do so.

The above consolidated income statement should be read in conjunction with the accompanying notes.

19 TRADE AND OTHER RECEIVABLES, PREPAYMENT, DEPOSITS AND AMOUNTS DUE FROM BROKERS

	Note	2021 HK$'000	2020 HK$'000
Trade receivables			
– related parties	33(c)	10,634	12,299
– third parties		21,480	111,729
		32,114	124,028
Loss allowances (see Note 3.1.3)	(b)	(3,952)	(4,337)
Trade receivables, net		28,162	119,691
Contract assets			
– third parties		–	13,946
	(a)	28,162	133,637
Other financial assets at amortised cost			
Amounts due from brokers		68,763	118,093
Deposits and other receivables			
– related parties	33(c)	17,228	16,551
– third parties		1,061	23,681
Prepayments		2,334	5,916
Less: Non-current deposits		–	(867)
		20,623	45,281
		117,548	297,011

(a) Ageing analysis

Included in trade receivables and contract assets are trade debtors (net of loss allowance) with the following ageing analysis based on the dates on which the relevant services income was recognised:

	2021 HK$'000	2020 HK$'000
Aged within 1 month	4,327	89,177
Aged between 1 to 3 months	9,355	19,839
Aged between 3 to 6 months	1,091	7,468
Aged between 6 months to 1 year	10,187	6,125
Aged over 1 year	3,202	11,028
	28,162	133,637

19 TRADE AND OTHER RECEIVABLES, PREPAYMENT, DEPOSITS AND AMOUNTS DUE FROM BROKERS (CONTINUED)

(b) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Note 3.1.3(c) provides for details about the calculation of the allowance.

The loss allowance for trade receivables are HK$3,952,000 and HK$181,000 for continuing operations and discontinued operation respectively.

Information about the impairment of trade receivables and the Group's exposure to credit risk is disclosed in Note 3.1.3(c).

The carrying amounts of the Group's trade and other receivables, contract assets and amounts due from brokers excluding prepayments, are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
HK$	**12,904**	41,550
US$	**87,517**	161,451
RMB	**14,793**	88,961
	115,214	291,962

20 CASH AND CASH EQUIVALENTS

	2021 HK$'000	2020 HK$'000
Cash at banks and on hand	**99,535**	171,163
Short-term bank deposits	**46,795**	46,038
Money market funds (Note a)	**13,079**	15,604
	159,409	232,805
Maximum exposure to credit risk	**159,408**	232,146

Note a: Money market funds represent the investment in highly liquid money instruments, which are readily convertible to cash and have insignificant risk of changes in value.

The interest rates on short-term bank deposits at 2.4% (2020: ranged from 1.8%-2.7%) per annum. These deposits have a maturity of 34 days (2020: 33-62 days).

The carrying values of cash and cash equivalents, bank deposits and money market funds approximate their fair values.

20 CASH AND CASH EQUIVALENTS (CONTINUED)

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
HK$	19,184	105,855
US$	73,737	78,393
RMB	66,488	48,525
Other currencies	–	32
	159,409	232,805

As at 31 December 2021, cash and cash equivalents of approximately HK$43,483,000 (2020: HK$37,819,000) of the Group were deposited with banks in the PRC and denominated in RMB. The conversion of these bank balances into foreign currencies and remittance out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by The State Administration for Exchange Control.

21 FINANCIAL ASSETS/(LIABILITIES) AT FVPL

(i) Classification of financial assets/(liabilities) at FVPL

The Group classifies the following financial assets/(liabilities) at FVPL:

- debt investments that do not qualify for measurement at either amortised cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

21 FINANCIAL ASSETS/(LIABILITIES) AT FVPL (CONTINUED)

(i) Classification of financial assets/(liabilities) at FVPL (continued)

Financial assets/(liabilities) measured at FVPL include the following:

	2021 HK$'000	2020 HK$'000
Non-current assets		
Investment funds		
– US investment funds	52,150	91,798
Current assets		
Investment funds		
– Cayman Islands investment funds	71,756	51,085
– BVI investments funds	24,915	22,382
– Ireland investments funds	–	538
– PRC funds	5,565	–
Contracts for difference		
– PRC contracts for difference	975	44,252
– Hong Kong contracts for difference	–	17,061
Listed equity securities		
– US listed equity securities	637	–
– UK listed equity securities	2,008	–
– PRC listed equity securities	65,964	47,445
– Hong Kong listed equity securities	25,708	3,491
Listed options		
– US options	31	–
Listed futures		
– PRC futures	109	–
Exchange traded funds		
– US exchange traded funds	31,055	31,673
– Hong Kong exchange traded funds	1,976	5,552
– PRC exchange traded funds	180	–
Collateralised mortgage obligation		
– US collateralised mortgage obligation	11,543	21,226
Corporate bonds		
– PRC corporate bonds	6,357	7,859
Forward foreign exchange contracts (Note)	398	661
Depository receipts		
– PRC depository receipts	–	387
	249,177	253,612
	301,327	345,410

21 FINANCIAL ASSETS/(LIABILITIES) AT FVPL (CONTINUED)

(i) Classification of financial assets/(liabilities) at FVPL (continued)

	2021 HK$'000	2020 HK$'000
Current liabilities		
Forward foreign exchange contracts (Note)	(1,552)	(2,727)
Contracts for difference		
– PRC contracts for difference	(1,086)	(349)
– Hong Kong contracts for difference	–	(276)
– Singapore contracts for difference	–	(165)
Index futures		
– Hong Kong Index futures	(394)	(404)
Listed equity securities		
– US listed equity securities	–	(2)
Listed options		
– US listed options	(19)	–
– Hong Kong listed equity securities	–	–
	(3,051)	(3,923)

Note: Forward foreign exchange contracts are derivatives which do not meet the hedging accounting criteria, they are classified as financial assets/(liabilities) measured at FVPL.

(ii) Amounts recognised in the consolidated income statement

During the year, the following income was recognised in the consolidated income statement:

	2021 HK$'000	2020 HK$'000
Net fair value (losses)/gains on financial assets at FVPL (Note 5)	(59,192)	22,993
Dividend income from investments (Note 5)	2,923	12,006
Interest income from financial assets at FVPL (Note 7)	3,316	3,860
Interest expense from financial assets at FVPL (Note 11)	(426)	(561)

(iii) Risk exposure and fair value measurement

Information about the Group's exposure to price risk is provided in Note 3.1.5. For information about the methods and assumptions used in determining fair value refer to Note 3.3.

22 INTERESTS IN ASSOCIATES

On 1 March 2020, the Group invested in Goldstream Healthcare Focus Fund SP and Goldstream Macro Fund SP for cash consideration of USD5 million (equivalent to approximately HK$39 million) and USD5 million (equivalent to approximately HK$39 million) respectively. The Group redeemed USD2 million (equivalent to approximately HK$15.6 million) from Goldstream Macro Fund SP during year ended 31 December 2021. As at 31 December 2021, the Group held 8.0% and 4.4% (2020:19.6% and 12.2%) equity interest in these funds and has the power to participate in the financial and operating policy decision. Accordingly, the Group has significant influence over these two funds.

(i) Details of such investment funds are summarised as follows:

	Place of incorporation	Interests held 2021 %	Interests held 2020 %	Measurement method	Carrying amount 2021 HK$'000	Carrying amount 2020 HK$'000
Goldstream Healthcare Focus Fund SP	Cayman Islands	8.0	19.6	Equity method	46,254	54,496
Goldstream Macro Fund SP	Cayman Islands	4.4	12.2	Equity method	28,202	43,930
					74,456	98,426

(i) Summarised financial information of associates

The tables below provide summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	31 December 2021 Goldstream Healthcare Focus Fund SP HK$'000	31 December 2020 Goldstream Healthcare Focus Fund SP HK$'000	31 December 2021 Goldstream Macro Fund SP HK$'000	31 December 2020 Goldstream Macro Fund SP HK$'000
Summarised balance sheet				
Current assets				
Cash and cash equivalents	121,748	110,796	21,114	17,736
Other current assets	516,900	289,764	708,463	402,984
Total current assets	638,648	400,560	729,577	420,720
Current liabilities				
Financial liabilities (excluding trade payables)	(53,000)	(111,078)	(24,507)	(59,186)
Other current liabilities	(4,353)	(10,942)	(70,015)	(1,381)
Total current liabilities	(57,353)	(122,020)	(94,522)	(60,567)
Net assets	581,295	278,540	635,055	360,153

22 INTERESTS IN ASSOCIATES (CONTINUED)

(i) Details of such investment funds are summarised as follows: (continued)

(i) Summarised financial information of associates (Continued)

	31 December 2021 Goldstream Healthcare Focus Fund SP HK$'000	31 December 2020 Goldstream Healthcare Focus Fund SP HK$'000	31 December 2021 Goldstream Macro Fund SP HK$'000	31 December 2020 Goldstream Macro Fund SP HK$'000
Reconciliation to carrying amounts:				
Opening net assets 1 January	278,540	126,916	360,153	269,120
(Loss)/profit for the year	(124,522)	61,373	(12,036)	47,247
Subscription, net	427,253	90,251	286,912	43,786
Exchange differences	24	–	26	–
Closing net assets	581,295	278,540	635,055	360,153
Group's share in %	8.0%	19.6%	4.4%	12.2%
Group's share in HK$'000	46,254	54,496	28,202	43,930
Carrying amount	46,254	54,496	28,202	43,930
Summarised income statement				
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(109,116)	67,512	(2,064)	53,261
Interest income	152	201	62	305
Interest expense	(1,008)	(323)	(3,090)	(1,780)
(Loss)/profit for the year	(124,522)	61,373	(12,036)	47,247
Total comprehensive (loss)/income	(124,522)	61,373	(12,036)	47,247

23 DISCONTINUED OPERATION

On 22 December 2021, the Company and Ms. Li entered into the Share Purchase Agreement, pursuant to which the Company conditionally agreed to sell, and Ms. Li conditionally agreed to purchase the entire issued share capital of Honor Crest Holdings Limited, at the Consideration of HK$219,464,000. The disposal transaction was completed subsequently on 22 March 2022 and the Disposal Group is reported in the current year as a discontinued operation. Financial information relating to the discontinued operation for the year is set out below.

(i) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 31 December 2021 and 2020.

	2021 HK$'000	2020 HK$'000
Revenue	237,396	215,166
Other income	3,829	6,411
Expenses		
– Employee benefit expenses	(202,012)	(147,036)
– Depreciation of right-of-use-assets (Note 15)	(3,299)	(3,362)
– Depreciation of property, plant and equipment (Note 14)	(2,605)	(3,024)
– Operating lease charges (Note 15)	(6,925)	(5,761)
– Utilities	(4,704)	(4,104)
– Legal and professional fees	(64)	(206)
– Advertising expenses for customers' projects	(5,084)	(26,461)
– Other expenses	(28,520)	(30,774)
	(253,213)	(220,728)
Operating (loss)/profit from discontinued operation	(11,988)	849
Finance cost		
– Interest expense	(378)	(284)
(Loss)/profit before income tax	(12,366)	565
Income tax credit (Note 12)	135	523
(Loss)/profit after income tax of discontinued operation	(12,231)	1,088
Exchange differences on translation of discontinued operation	5,465	11,419
Total comprehensive (loss)/income from discontinued operation	(6,766)	12,507
Net cash (outflow)/inflow from operating activities	(23,743)	18,197
Net cash outflow from investing activities	(1,466)	(147)
Net cash outflow from financing activities	(3,573)	(3,553)
Net cash (used in)/generated from Disposal Group	(28,782)	14,497

23 DISCONTINUED OPERATION (CONTINUED)

(ii) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2021:

	2021 HK$'000
Assets classified as held for sale	
Property, plant and equipment (Note 14)	42,135
Right-of-used assets (Note 15)	7,152
Trade receivables and contract assets	68,239
Prepayment, deposits and other receivables	25,677
Deferred tax asset (Note 18)	1
Cash and cash equivalents (Note 29(c))	84,565
Total assets of Disposal Group held for sale	227,769
Liabilities directly associated with assets classified as held for sale	
Trade payables	6,782
Other payables and accruals	35,343
Contract liabilities	334
Lease liabilities (Note 29(c))	7,594
Total liabilities of Disposal Group held for sale	50,053

The cumulative foreign exchange gain recognised in other comprehensive income in relation to the discontinued operation as at 31 December 2021 were HK$5,465,000.

24 SHARE CAPITAL

(a) Authorised and issued share capital

	2021		2020	
	Number of shares '000	Nominal value HK$'000	Number of shares '000	Nominal value HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At 1 January and end of the year	20,000,000	200,000	20,000,000	200,000
Issued and fully paid:				
At 1 January and end of the year	11,346,472	113,465	11,346,472	113,465

24 SHARE CAPITAL (CONTINUED)

(b) Share options

2020 Share Option Scheme

After the expiration of 2010 Share Option Scheme, the Company has adopted the 2020 Share Option Scheme on 4 June 2020 to attract, retain and impel talents whom are needed to achieve the strategic targets of the Company; and recognise the existing employees' contribution to the success and development of the Group. Unless otherwise cancelled or amended, the 2020 Share Option Scheme will remain in force for 10 years from 4 June 2020.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the 2020 Share Option Scheme is 1,134,647,232 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the 2020 Share Option Scheme.

The maximum number of shares issuable under share options granted to each eligible participant in the 2020 Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue.

On 21 September 2020, the Board of Directors granted options to two grantees and communicated the details of the scheme including the performance criteria in details with the grantees, accordingly, 21 September 2020 is recognised as the grant date of the 2020 Share Option Scheme (the "Grant date") in accordance with IFRS 2.

24 SHARE CAPITAL (CONTINUED)

(b) Share options (continued)

2020 Share Option Scheme (Continued)

The share options granted are exercisable for a period of 10 years from 21 September 2020.

The exercise price of the share options shall be HK$0.07 per share.

The share options granted consist of 5 tranches, which are subject to certain performance criteria and service condition of the employees. Each tranche of the share options granted are vested on 21 September 2020, 31 December 2020, 31 December 2021, 31 December 2022, and 31 December 2023 respectively. The performance criteria are determined by the Board of Directors. Evaluations are made after each reporting period to assess the likelihood of the performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of the original estimates in each reporting period.

Set out below are summaries of options granted under the plan:

	Average exercise price per share option HK$'	Number of shares '000
Opening balance as at 1 January 2021	0.07	226,920
Granted during the year	–	–
Balance as at 31 December 2021	0.07	226,920
Vested and exercisable at 31 December 2021	0.07	90,768
Vested but not exercisable at 31 December 2021	0.07	45,384

Set out below is the summary of options granted under the 2020 Share Option Scheme:

			At the Grant date 21 September 2020		
	Vesting period	Expiry date	Fair value per share option HK$	Average exercise price per share option HK$	Number of options granted '000
Tranche 1	21 September 2020	20 September 2030	0.0402	0.07	45,384
Tranche 2	21 September 2020 – 31 December 2020	20 September 2030	0.0402	0.07	45,384
Tranche 3	21 September 2020 – 31 December 2021	20 September 2030	0.0406	0.07	45,384
Tranche 4	21 September 2020 – 31 December 2022	20 September 2030	0.0413	0.07	45,384
Tranche 5	21 September 2020 – 31 December 2023	20 September 2030	0.0422	0.07	45,384
Total					226,920

24 SHARE CAPITAL (CONTINUED)

(b) Share options (continued)

No share options are expired during the periods covered by the above summary.

The fair value at Grant date is independently determined using an adjusted form of the Binomial Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The model inputs for options granted on 21 September 2020 included:

(a) exercise price: HK$0.07

(b) Grant date: 21 September 2020

(c) expiry date: 20 September 2030

(d) share price at Grant date: HK$0.07

(e) expected price volatility of the Company's shares: 57.49%

(f) expected dividend yield: 0.0%

(g) risk-free interest rate: 0.57%

(c) Share award

On 21 September 2020, the Share Award Scheme was approved and adopted by the Board of Directors of the Company to attract, retain and impel talents whom are needed to achieve the strategic targets of the Company; and recognise the existing employees' contribution to the success and development of the Group. Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 10 years from the date of adoption.

On 21 September 2020, the Board of Directors granted share awards to 2 grantees and communicated the details of the scheme including the performance criteria in details with the grantees, accordingly 21 September 2020 is recognised as the grant date of the Share Award Scheme (the "Grant date") in accordance with IFRS 2. The vesting period of the Share Award Scheme started on 21 September 2020, which is the date when the grantees were aware of the Share Award Scheme, agreed the details of the scheme and have begun providing services to satisfy the condition attached to the scheme.

At end of 31 December 2020, the total number of share awards granted under the Share Award Scheme was 334,720,000 shares.

During the year ended 31 December 2021 and 2020, the Share Award Scheme is also administered by the Bank of Communications Trustee Limited (the "Share Scheme Trust"). The Share Scheme Trust is consolidated in accordance with Note 2.2.4.

Shares issued by the Share Scheme Trust to the employees are acquired on-market prior to the issue. Shares held by the Share Scheme Trust and not yet issued to employees at the end of the reporting period are shown as shares held for employee share scheme in the consolidated financial statements (See Note 25).

24 SHARE CAPITAL (CONTINUED)

(c) Share award (continued)

There were 2 batches of share awards granted to an executive director of the Company, and one batch of share awards granted to a senior management of the Company. The performance criteria are determined by the Board of Directors. Evaluations are made after each reporting period to assess the likelihood of the performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of the original estimates in each reporting period.

For Batch A share awards granted to an executive director, the share awards granted consist of 5 tranches, which are subject to certain performance criteria and service condition of the employees. Each tranche of the share awards granted are vested on 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 respectively. The performance criteria are determined by the Board of Directors. Evaluations are made after each reporting period to assess the likelihood of the performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of the original estimates in each reporting period. The exercise price of these share awards shall be HK$0.0345 per share.

For Batch B share awards granted to an executive director, the share awards granted consist of 3 tranches, which are subject to certain performance criteria and service condition of the employees. Each tranche of the share awards granted are vested on 31 December 2020, 31 December 2021 and 31 December 2022 respectively. The performance criteria are determined by the Board of Directors. Evaluations are made after each reporting period to assess the likelihood of the performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of the original estimates in each reporting period. There is no exercise price of these share awards.

For the share awards granted to a senior management, the share awards granted consist of 5 tranches, which are subject to certain performance criteria and service condition of the employees. Each tranche of the share awards granted are vested on 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 respectively. The performance criteria are determined by the Board of Directors. Evaluations are made after each reporting period to assess the likelihood of the performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of the original estimates in each reporting period. The exercise price of these share awards shall be HK$0.0345 per share.

Set out below are summaries of awards granted under the plan:

	Average exercise price per share award HK$'	Number of shares '000
Opening balance as at 1 January 2021	0.0287	334,720
Granted during the year	–	–
Balance as at 31 December 2021	0.0287	334,720
Vested and exercisable at 31 December 2021	0.0257	74,511
Vested but not exercisable at 31 December 2021	0.0257	74,511

24 SHARE CAPITAL (CONTINUED)

(c) Share award (continued)

Set out below is the summary of share awards granted under the Share Award Scheme:

	Vesting period	Expiry date	At the Grant date 21 September 2020 Fair value per share award HK$	Average exercise price per share award HK$	Number of share awards granted '000
An executive director – Batch A					
Tranche 1	21 September 2020 – 31 December 2020	30 December 2021	0.0356	0.0345	32,906
Tranche 2	21 September 2020 – 31 December 2021	30 December 2022	0.0376	0.0345	32,906
Tranche 3	21 September 2020 – 31 December 2022	30 December 2023	0.0396	0.0345	32,904
Tranche 4	21 September 2020 – 31 December 2023	30 December 2024	0.0418	0.0345	32,904
Tranche 5	21 September 2020 – 31 December 2024	30 December 2025	0.0436	0.0345	32,904
Total					164,524
An executive director – Batch B					
Tranche 1	21 September 2020 – 31 December 2020	30 December 2021	0.07	–	18,911
Tranche 2	21 September 2020 – 31 December 2021	30 December 2022	0.07	–	18,911
Tranche 3	21 September 2020 – 31 December 2022	30 December 2023	0.07	–	18,910
Total					56,732
A senior management					
Tranche 1	21 September 2020 – 31 December 2020	30 December 2021	0.0356	0.0345	22,694
Tranche 2	21 September 2020 – 31 December 2021	30 December 2022	0.0376	0.0345	22,694
Tranche 3	21 September 2020 – 31 December 2022	30 December 2023	0.0396	0.0345	22,692
Tranche 4	21 September 2020 – 31 December 2023	30 December 2024	0.0418	0.0345	22,692
Tranche 5	21 September 2020 – 31 December 2024	30 December 2025	0.0436	0.0345	22,692
Total					113,464

24 SHARE CAPITAL (CONTINUED)

(c) Share award (continued)

100% Tranche 1 share awards were vested, no unvested share awards are expired during the periods covered by the above summary.

During the year, the Group purchased 300,000 (2020: 3,720,000) of its own shares through the Share Scheme Trust from the open market. The total amount paid to acquire the shares was approximately HK$35,000 (2020: HK$379,000) and has been deducted from shareholders' equity as at 31 December 2021. The shares purchased by the Group that are not yet vested for this Share Award Scheme were recorded as treasury shares of the Group.

As at 31 December 2021, except for the abovementioned treasury shares, the Company has not yet purchased its own shares through the Share Scheme Trust for those shares awards that have been vested.

25 SHARES HELD FOR EMPLOYEE SHARE SCHEME

These shares are shares in the Company that are held by the Bank of Communications Trustee Limited for the purpose of issuing shares under the Share Award Scheme (see Note 24(c) for further information). Shares issued to employees are recognised on a first-in-first-out basis.

	Number of shares '000	HK$'000
Balance as at 1 January 2020	–	–
Acquisition of shares by the Share Scheme Trust during the year	3,720	379
Balance as at 31 December 2020	3,720	379
Acquisition of shares by the Share Scheme Trust during the year	300	35
Balance as at 31 December 2021	4,020	414

26 RESERVES

(i) Statutory reserve

The Group's wholly owned subsidiaries in Macau are required to transfer not less than 25% of their net profits, as determined in accordance with Commercial Code of Macau, to their statutory reserve funds until the balance reaches 50% of the registered capital. The balances of statutory reserve in the subsidiaries had already reached 50% of the respective registered capital and no more transfer was required to be made to the statutory reserve funds of these subsidiaries.

The statutory reserve can be used to make up for previous years' losses of the subsidiaries, if any. This fund can also be used to increase capital of the subsidiaries, if approved. This fund is non-distributable until liquidation. Transfer to this fund must be made before distributing dividends to the equity holders.

Pursuant to the applicable regulations in the PRC, the Group's wholly owned subsidiary in the PRC, namely China Elite, is required to transfer at least 10% of its after-tax profit determined under the relevant accounting regulations in the PRC (after offsetting prior year losses) to the statutory reserve until the balance reaches 50% of the registered capital. As China Elite is profit making, HK$1,345,000 was transferred to the statutory reserve during the year (2020: HK$1,206,000).

(ii) Other reserve

In 2016, the Group distributed to shareholders 12.17% equity interest in GLCH as distribution in specie. The carrying amount of the non-controlling interests in GLCH on the date of disposal was HK$60,215,000. The Group recognised an increase in non-controlling interests of HK$15,924,000 and an increase in equity attributable to owners of HK$45,880,000 due to revaluation of the non-controlling interest to its fair value prior to the distribution. The increase in equity of HK$45,880,000 was recognised in other reserves, which was then released and transferred to accumulated losses upon the Distribution in Specie in 2018.

In 2021, share-based compensation reserve comprises the fair value of share options and share awards granted which are yet to be exercised. The amount will be transferred to retained earnings when the related options are exercised, expired or forfeited.

27 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO BROKERS

	Note	**2021 HK$'000**	2020 HK$'000
Trade payables			
– Third parties		**–**	3,873
		–	3,873
Other payables			
– Related parties	33(c)	**1,910**	3,865
– Third parties		**18,493**	48,136
Accruals			
– Accrued salaries		**9,335**	69,435
– Accrued audit fee		**3,303**	2,050
– Others		**3,814**	579
		36,855	127,938
Amounts due to brokers		**17,381**	73,814

27 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO BROKERS (CONTINUED)

The carrying amounts of trade and other payables and amounts due to brokers are considered to be approximated to their fair values, due to their short-term nature.

The carrying amounts of the Group's trade and other payables and amounts due to brokers are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
USD	33,814	115,642
RMB	4,506	45,428
HK$	15,916	40,581
GBP	–	101
	54,236	201,752

Ageing analysis

The ageing analysis of trade payables based on invoice date are follows:

	2021 HK$'000	2020 HK$'000
0–30 days	–	2,966
31–90 days	–	368
91–180 days	–	407
181 days –1 year	–	81
Over 1 year	–	51
	–	3,873

28 BORROWINGS FROM A FORMER DIRECTOR AND BORROWING FROM A DIRECTOR

	2021 HK$'000	2020 HK$'000
Borrowing from a director	212,562	–
Borrowings from a former director	–	206,823

As at 31 December 2020, the amount due represented balance with a former director, Mr. Li Kin Shing and denominated in HK$. He was a director of the Company until he resigned on 28 December 2018. The amount is unsecured, non-interest bearing and repayable in its full principal amount of HK$214,999,000 on 29 November 2020. On 30 November 2020, the loan was extended by 18 months from 30 November 2020 to 29 May 2022. On 10 December 2021, this loan facility was assigned from Mr. Li to Ms. Li Yin, an Executive Director of the Company, all the terms of this loan facility remain unchanged.

The imputed interest of HK$nil is unwinded (2020: HK$8,648,000), incurring a finance cost of HK$5,739,000 for the year ended 31 December 2021 (2020: HK$5,854,000).

As at 31 December 2021, the Group has a fully utilised borrowing facility of HK$215 million (2020: HK$215 million from Mr. Li) from Ms. Li for financing its business operation. The borrowing was offset against the consideration of the disposal transaction which was subsequently completed on 22 March 2022.

29 CASH FLOW INFORMATION

(a) Cash generated from/(used in) operations

	2021 HK$'000	(Restated) 2020 HK$'000
(Loss)/profit before income tax		
– Continuing operations	(58,409)	7,686
Adjustments for:		
– Depreciation of property, plant and equipment	2,180	1,368
– Depreciation of right-of-use assets	2,812	1,947
– Amortisation of intangible assets	10,158	15,379
– Fair value loss/(gain) on financial assets at FVPL	59,192	(22,993)
– Dividend income from financial assets at FVPL	(2,923)	(12,006)
– Loss on sale of property, plant and equipment	–	806
– Impairment provision for intangible assets	2,506	20,745
– Write off of intangible assets	658	7,204
– Provision for loss allowances	–	3,952
– Share of net loss/(profit) of associates accounted for using the equity method	8,370	(20,426)
– Compensation from portfolio manager	(18,962)	–
– Non-cash employee benefits expense – share based payments	7,421	8,572
– Interest expense	6,233	6,467
– Interest income	(4,024)	(12,906)
– Exchange difference	(1,351)	(1,624)
Changes in working capital		
– Trade receivables, prepayments, deposits and other receivables	109,646	(141,290)
– Trade and other payables and contract liabilities	(89,663)	86,618
Cash generated from/(used in) operations	33,844	(50,501)

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2021 HK$'000	(Restated) 2020 HK$'000
Net book amount	–	806
Loss on sales of property, plant and equipment	–	(806)
Proceeds from sales of property, plant and equipment	–	–

29 CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash transactions

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets – Note 15;
- options and shares issued to employees under the 2020 Share Option Scheme and the Share Award Scheme for no cash consideration – Note 24; and
- assignment of the loan from Mr. Li to Ms. Li – Note 28.

(c) Net (debt)/cash reconciliation

This section sets out an analysis of net (debt)/cash and the movements in net (debt)/cash for each of the periods presented.

	2021 HK$'000	2020 HK$'000
Cash and cash equivalents	159,409	232,805
Borrowing from a director – at gross amount and interest-free	(212,562)	–
Borrowings from a former director – at gross amount and interest-free	–	(206,823)
Leases liabilities	(1,656)	(10,952)
Net (debt)/cash	(54,809)	15,030

	Other assets	Liabilities from financing activities			
	Cash HK$'000	Borrowing due within 1 year HK$'000	Borrowing due after 1 year HK$'000	Leases liabilities (Note 1) HK$'000	Total HK$'000
Net cash as at 1 January 2020	484,375	(209,617)	–	(7,907)	266,851
Reclassification	–	209,617	(209,617)	–	–
Cash flows	(255,089)	–	–	5,552	(249,537)
Acquisition – leases	–	–	–	(7,725)	(7,725)
Foreign exchange adjustment	3,519	–	–	(536)	2,983
Other charges	–	–	2,794	(336)	2,458
Net cash as at 31 December 2020 and 1 January 2021	232,805	–	(206,823)	(10,952)	15,030
Reclassification	–	(206,823)	206,823	–	–
Cash flows	8,124	–	–	6,453	14,577
Acquisition – leases	–	–	–	(4,067)	(4,067)
Foreign exchange adjustment	3,045	–	–	(238)	2,807
Reclassification as held for sales (Note 23(ii))	(84,565)	–	–	7,594	(76,971)
Other charges	–	(5,739)	–	(446)	(6,185)
Net debt as at 31 December 2021	159,409	(212,562)	–	(1,656)	(54,809)

Note 1:

The cash outflow in financing activities for leases in 2021 was approximately of HK$2,880,000 and HK$3,573,000 (2020: HK$1,999,000 and HK$3,553,000) for continuing operations and discontinued operation, respectively.

30 CAPITAL COMMITMENTS

As at 31 December 2021, there was no capital commitment contracted for.

As at 31 December 2020, there was approximately HK$83,000 capital commitments contracted for and not recognised as liabilities.

31 SUBSIDIARIES

31.1 The following is a list of the principal subsidiaries at 31 December 2021:

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Interest held by the Company Directly 2021	Directly 2020	Indirectly 2021	Indirectly 2020
China Elite Info Co., Limited(1)	PRC, limited liability company	Services relating to information |and telecommunications system network technology; data communications technology services in the PRC	Registered and paid-up capital of HK$94,000,000	–	–	100%	100%
International Elite Limited – Macao Commercial Offshore	Macau Special Administrative Region ("Macao") of the PRC, limited liability company	Call centre for customer support and back offices in Macau	Authorised and paidup capital of Macau Patacus ("MOP") 100,000	–	–	100%	100%
Honor Crest Holdings Limited	British Virgin Islands, limited liability company	Dormant	Authorised US$50,000 and paid-up capital of US$1	100%	100%	–	–
Keithick Profits Limited	British Virgin Islands, limited liability company	Investment holding and provision of telecommunication services in Hong Kong	Authorised capital of US$50,000 and paid-up capital of HK$2	100%	100%	–	–
Winet Engineering Limited	Hong Kong, limited liability company	Marketing and technical support services for telecommunications companies in Hong Kong	Paid-up capital of HK$2	–	–	100%	100%
Goldstream Capital Management Limited	Hong Kong, limited liability company	Advising on securities and asset management in Hong Kong	Paid-up capital of HK$49,354,824	100%	100%	–	–
Goldstream Securities Limited	Hong Kong, limited liability company	Dormant	Paid-up capital of HK$8,000,001	100%	100%	–	–
Redwood Elite Limited	Cayman Islands, limited liability company	Strategic direct investment in Cayman Islands	Authorised capital of US$50,000 and paid up capital of US$1	100%	100%	–	–
Hony Goldstream Asset Management (Shenzhen) Limited(1 & 2)	PRC, limited liability company	Advising on securities and asset management in the PRC	Paid-up capital of RMB12,000,000 Registered capital of RMB40,000,000	–	–	100%	100%

Notes:

(1) These entities was established as a wholly foreign owned enterprise in the PRC. The English name of this entity incorporated in Mainland China is direct translation of the Chinese name.

(2) This entity was acquired on 5 June 2020. Please refer to Note 17(b) for further details.

Due to the implementation of the Share Award Scheme of the Group as disclosed in Note 24, the Company has consolidated a structured entity ("Share Scheme Trust") and its particulars are as follows:

Structured entity	Principal activities
Share Scheme Trust	Administering and holding the Company's shares acquired for the Share Award Scheme which is set up for the benefits of eligible persons of the scheme

31 SUBSIDIARIES (CONTINUED)

31.2 Interests in structured entities

As at 31 December 2021, the Group is deemed to hold controlling interest in the following investment funds. All assets and liabilities of these funds are consolidated within the Group's consolidated statement of financial position.

Name	Place of incorporation	2021 Directly	2021 Indirectly	2020 Directly	2020 Indirectly
Goldstream Appreciation Fund SP	Cayman Islands	–	100%	–	100%
Goldstream China A Share Equity Fund SP	Cayman Islands	–	100%	–	100%
Goldstream Stable Fixed Income Fund I SP	Cayman Islands	–	89%	–	89%
Goldstream Multi Strategy Fund SP	Cayman Islands	–	100%	–	100%

32 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the date of consolidated statement of financial position are as follows:

	2021 HK$'000	2020 HK$'000
Assets as per consolidated statement of financial position		
Financial assets at amortised costs		
– Trade and other receivables, excluding prepayments	46,451	173,869
– Amounts due from brokers	68,763	118,093
– Cash and cash equivalents	159,409	232,805
Financial assets at FVPL	301,327	345,410
Total	575,950	870,177
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost		
– Trade and other payables	27,162	57,122
– Amounts due to brokers	17,381	73,814
– Borrowing from a director	212,562	–
– Borrowings from a former director	–	206,823
– Lease liabilities	1,656	10,952
Financial liabilities at FVPL	3,051	3,923
Total	261,812	352,634

33 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. The related parties and the related party transactions are as follow:

(a) Relationship between the Group and related parties

(i) *Ultimate shareholders of the Group*

Mr. Zhao John Huan

(ii) *Ultimate parent*

Name	Place of incorporation	Principal place of business	Ownership interest 2021	2020
Hony Capital Group, L.P.	Cayman Islands	Cayman Islands	68.76%	68.76%

(iii) *Subject to common control of ultimate shareholders*

Exponential Fortune Group Limited
Goldstream Segregated Portfolio Company
Hony Capital Limited
Hony Capital Management (Cayman) Limited
Hony Group Management Limited
Hony Gold Holdings, L.P.
Hony Gold GP Limited
Hony Gold Management Limited
Hony Managing Partners Limited
弘毅金涌金廣私募證券投資基金
金涌多策略1號私募證券投資基金
金涌全球醫療健康1號私募證券投資基金
金涌穩固精選1號私募證券投資基金
金涌消費醫藥基金1號私募證券投資基金
金涌大中華量化穩健收益1號私募證券投資基金
金涌港股通1號私募證券投資基金
金涌循道1號私募證券投資基金
金涌絕對價值投資1號私募證券投資基金

(iv) *Associates*

Goldstream Healthcare Focus Fund SP
Goldstream Marco Fund SP

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

The following transactions were carried out with related parties:

	Note	2021 HK$'000	2020 HK$'000
Services income	(i)		
– Associates		**6,930**	3,877
– Other related parties		**12,530**	2,953
		19,460	6,830
Rental and management services expenses for properties	(ii)		
– Other related parties		**2,880**	1,999

Notes:

(i) Services income from related parties mainly represents the provision of IM service, at a price mutually agreed.

(ii) The Group rented properties from related parties, Hony Capital Limited, at a price mutually agreed.

(c) Balances with related parties

The outstanding balances arising from the above transactions at the date of consolidated statement of financial position are as follows:

	2021 HK$'000	2020 HK$'000
Trade receivables		
– Associates	**1,852**	3,366
– Other related parties	**8,782**	8,933
	10,634	12,299
Deposits and other receivables		
– Ultimate holding company	**16,000**	16,000
– Other related parties	**1,228**	551
	17,228	16,551
Other payables		
– Other related parties	**1,910**	3,865

Balances with related parties are unsecured, interest-free, repayable on demand and denominated in HK$, USD and RMB.

(d) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	2021 HK$'000	2020 HK$'000
Wages, salaries and other benefits	**17,377**	20,885
Contribution to retirement benefit schemes	**655**	585
	18,032	21,470

34 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2021 HK$'000	2020 HK$'000
Assets		
Non-current assets		
Property, plant and equipment	149	2,040
Investments in subsidiaries	472,440	468,336
Right-of-use assets	1,641	1,641
Deferred tax assets	412	–
	474,642	472,017
Current assets		
Trade and other receivables	736	802
Amounts due from subsidiaries	344,245	397,109
Cash and cash equivalents	74,785	22,297
	419,766	420,208
Total assets	894,408	892,225
Equity		
Capital and reserves attributable to owners of the Company		
Share capital	113,465	113,465
Reserves (Note a)	553,562	557,269
Total equity	667,027	670,734
Liabilities		
Non-current liabilities		
Borrowings from a former director	–	206,823
Deferred tax liabilities	–	122
	–	206,945
Current liabilities		
Borrowing from a director	212,562	–
Trade and other payables	13,115	12,842
Amounts due to subsidiaries	10	10
Lease liabilities	1,656	1,656
Current income tax liabilities	38	38
	227,381	14,546
Total liabilities	227,381	221,491
Total equity and liabilities	894,408	892,225

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2022 and was signed on its behalf.

Zhao John Huan
Director

Lin Tun
Director

34 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

(a) Reserve of the Company

	Shares held for employee share HK$'000	Share premium HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2021	(379)	1,709,869	1,460,075	(2,612,296)	557,269
Loss for the year	–	–	–	(11,093)	(11,093)
Acquisition of shares under Share Award Scheme	(35)	–	–	–	(35)
Share Award Scheme and 2020 Share Option Scheme value of employee services	–	–	7,421	–	7,421
At 31 December 2021	**(414)**	**1,709,869**	**1,467,496**	**(2,623,389)**	**553,562**
At 1 January 2020	–	1,709,869	1,451,503	(2,607,329)	554,043
Loss for the year	–	–	–	(4,967)	(4,967)
Acquisition of shares under Share Award Scheme	(379)	–	–	–	(379)
Share Award Scheme and 2020 Share Option Scheme value of employee services	–	–	8,572	–	8,572
At 31 December 2020	(379)	1,709,869	1,460,075	(2,612,296)	557,269

(i) Distribution of reserves

Under the Companies Law of the Cayman Islands, the share premium of the Company is available for distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Other reserves

It mainly represented the equity component which was arose the issuance of convertible notes on 26 July 2011. All the convertible notes were fully converted in 2011.

35 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622G), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS), REGULATION (CAP. 622G) AND HK LISTING RULES)

(a) Directors' and chief executive's emoluments

The remuneration of every directors and the chief executive is set out below:

For the year ended 31 December 2021:

Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Share-based payment HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000	Benefit scheme HK$'000
Executive directors								
Ms. Li Yin (i)	80	1,320	–	–	–	66	–	1,466
Mr. Zhao John Huan	–	–	–	–	–	–	–	–
Dr. Lin Tun	–	4,177	–	4,782	48	311	–	9,318
Mr. Yuan Bing (i)	–	–	–	–	–	–	–	–
Independent and non-executive directors								
Mr. Jin Qingjun	250	–	–	–	–	–	–	250
Mr. Lee Kin Ping Christophe	220	–	–	–	–	–	–	220
Mr. Shu Wa Tung Laurance	220	–	–	–	–	–	–	220

For the year ended 31 December 2020:

Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Share-based payment HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000	Benefit scheme HK$'000
Executive directors								
Ms. Li Yin	80	1,320	110	–	–	72	–	1,582
Mr. Zhao John Huan	–	–	–	–	–	–	–	–
Dr. Lin Tun	–	4,055	1,014	5,355	48	322	–	10,794
Mr. Yuan Bing	–	–	–	–	–	–	–	–
Independent and non-executive directors								
Mr. Jin Qingjun	250	–	–	–	–	–	–	250
Mr. Lee Kin Ping Christophe	220	–	–	–	–	–	–	220
Mr. Shu Wa Tung Laurance	220	–	–	–	–	–	–	220

Notes:

(i) Ms. Li Yin and Mr. Yuan Bing resigned as executive director with effect from 31 March 2022.

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

35 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622G), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS), REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year ended 31 December 2021 (2020: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2021, the Company does not pay consideration to any third parties for making available directors' services (2020: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2021, there are no loans, quasi-loans and other dealing arrangements entered into by the Company or subsidiary undertaking of the Company in favour of directors, controlled bodies corporate by and controlled entities with such directors (2020: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Except as disclosed in Note 33 to the consolidated financial statements, there is no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

36 EVENTS AFTER THE REPORTING PERIOD

Following the outbreak of novel coronavirus ("COVID-19"), its variant "Omicron" has developed severely in early 2022. The Russia/Ukraine situation has also been deteriorated in early 2022. The Group will pay close attention to the development of the outbreak and the Russia/Ukraine situation and evaluate the impact on the financial position and operating results of the Group in 2022. Pending development of such subsequent non-adjusting events, the Group's financial results for the year ending 31 December 2022 may be affected, the extent of which could not be estimated as at the date of approval of these consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Income	**10,704**	382,750	314,317	270,915	258,371
(Loss)/profit from operations	**(52,176)**	6,354	(48,183)	(28,234)	(18,605)
Finance (costs)/income, net	**(6,233)**	1,897	2,364	2,555	–
(Loss)/profit before taxation	**(58,409)**	8,251	(45,819)	(25,679)	(18,605)
Income tax credit/(expenses)	**2,911**	9,003	6,967	(840)	1,951
(Loss)/profit from continuing operations	**(55,498)**	17,254	(38,852)	(26,519)	(16,654)
(Loss)/profit from discontinued operation	**(12,231)**	–	–	100,908	(44,168)
(Loss)/profit for the year	**(67,729)**	17,254	(38,852)	74,389	(60,822)
Allocated as:					
Loss for the year attributable to non-controlling interest	**–**	–	–	(2,057)	(11,622)
(Loss)/profit for the year attributable to owners of the Company	**(67,729)**	17,254	(38,852)	76,446	(49,200)

	At 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Property, plant and equipment	**456**	44,141	43,105	47,379	55,085
Goodwill	**197,965**	197,965	197,833	197,833	41,459
Intangible assets	**16,667**	29,989	72,775	115,208	45,205
Financial assets at fair value through profit or loss, net	**298,276**	341,487	167,125	–	–
Long term deposit	**–**	867	490	615	632
Right-of-use assets	**1,641**	10,609	7,676	–	–
Deferred tax assets	**2,678**	1,371	–	–	2,972
Net current assets	**431,856**	572,509	409,185	540,634	530,142
Total assets less current liabilities	**777,869**	1,047,675	809,064	901,669	675,495
Lease liabilities	**1,656**	10,952	7,907	–	–
Deferred tax liabilities	**2,660**	4,735	12,008	18,891	2,025
Borrowings from a former director	**–**	206,823	209,617	47,445	–
Borrowing from a director	**212,562**	–	–	–	–
Net assets	**775,209**	829,782	792,942	835,333	673,470
Capital and reserves					
Share capital	**113,465**	113,465	113,465	113,465	90,835
Reserves	**661,744**	716,317	679,477	721,868	518,839
Non-controlling interest	**–**	–	–	–	63,796
Total equity	**775,209**	829,782	792,942	853,333	673,470