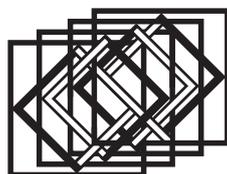


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PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Pak Tak International Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 together with the audited comparative figures for the year ended 31 December 2020 as follows:

** for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Note</i>	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Revenue	2	2,125,223	3,003,249
Other revenue	3	10,404	6,917
Other net gains/(losses)	3	6,043	5,357
Fair value gain on investment properties		16,421	16,671
Direct costs and operating expenses		(2,064,125)	(2,922,968)
Administrative expenses		(46,263)	(38,349)
		<hr/>	<hr/>
Profit from operations		47,703	70,877
Finance costs	4(a)	(47,974)	(36,991)
		<hr/>	<hr/>
(Loss)/profit before taxation	4	(271)	33,886
Income tax expense	5	(5,377)	(12,602)
		<hr/>	<hr/>
(Loss)/profit for the year		(5,648)	21,284
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
– Equity shareholders of the Company		(5,648)	21,284
– Non-controlling interests		–	–
		<hr/>	<hr/>
		(5,648)	21,284
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share	6		
– Basic and diluted		(0.15)	0.73
		<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	2021	2020
	HKD'000	HKD'000
(Loss)/profit for the year	(5,648)	21,284
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	11,377	27,382
Items that will not be reclassified subsequently to profit or loss:		
– Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	(88,327)	(12,338)
Total comprehensive (loss)/income for the year	(82,598)	36,328
Attributable to:		
Equity shareholders of the Company	(82,598)	36,328
Non-controlling interests	–	–
	(82,598)	36,328

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Note</i>	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Non-current assets			
Property, plant and equipment		65,744	67,779
Right-of-use assets		4,223	4,354
Investment properties	8	244,181	221,443
Financial assets at fair value through other comprehensive income	9	133,162	221,489
Finance lease receivables	10	12,546	26,509
		459,856	541,574
Current assets			
Trade and other receivables	11	880,213	818,306
Loan receivables	12	–	40,526
Current portion of finance lease receivables	10	13,842	19,060
Financial assets at fair value through profit or loss	13	84,546	274,005
Pledged bank deposits		97,960	47,676
Cash and cash equivalents		15,442	118,630
		1,092,003	1,318,203
Current liabilities			
Trade and bills payables	14	310,762	544,869
Other payables, accrued charges and deferred income		24,206	53,877
Contract liabilities		11,144	30,729
Bonds	15	–	189,927
Borrowings	16	493,502	437,622
Lease liabilities		1,614	2,071
Tax payable		218	7,334
		841,446	1,266,429
Net current assets		250,557	51,774
Total assets less current liabilities		710,413	593,348

	<i>Note</i>	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Non-current liabilities			
Borrowings	<i>16</i>	29,587	33,714
Lease liabilities		2,928	2,443
Deferred tax liabilities		31,482	26,402
		<u>63,997</u>	<u>62,559</u>
NET ASSETS		<u>646,416</u>	<u>530,789</u>
CAPITAL AND RESERVES			
Share capital		78,000	58,000
Reserves		568,414	472,787
Equity attributable to equity shareholders of the Company		646,414	530,787
Non-controlling interests		2	2
TOTAL EQUITY		<u>646,416</u>	<u>530,789</u>

1. BASIS OF PREPARATION

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

Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group as follows:

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

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Directors of the Company do not anticipate that the adoption of the amended HKFRSs will have a material impact on the consolidated financial statements for the current and prior periods and the related disclosures.

2. REVENUE

Revenue represents the net sales value of goods supplied to customers, interest income, rental income and other service income from different segments, net of discounts and related value added tax or other taxes, and is analysed as follows:

	2021	2020
	<i>HKD'000</i>	<i>HKD'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines (<i>Note</i>)		
– Sales of goods	2,103,228	2,975,532
– Handling fee income from supply chain financing arrangements	2,080	1,905
– Loan handling fee income	–	680
	<hr/> 2,105,308	<hr/> 2,978,117
Revenue from other sources		
Interest income form supply chain financing arrangements	9,521	6,181
Finance lease income	3,304	8,698
Gross rentals from investment properties		
– Lease payment that are fixed	4,250	4,627
Loan interest income	2,840	5,626
	<hr/> 19,915	<hr/> 25,132
	<hr/> 2,125,223	<hr/> 3,003,249

Note: The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for products or services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for products or services that had an original expected duration of one year or less.

3. OTHER REVENUE AND OTHER NET GAINS/(LOSSES)

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Other revenue		
Dividend income from equity investments	8,000	5,148
Interest income	2,369	1,317
Government grants	–	441
Sundry income	35	11
	<u>10,404</u>	<u>6,917</u>
Other net gains/(losses)		
Gain/(loss) on disposal of property, plant and equipment	3	(10)
Fair value gain of financial assets at fair value through profit or loss (<i>see Note 13</i>)	5,633	5,262
Gain on early termination of leases	195	–
Others	212	105
	<u>6,043</u>	<u>5,357</u>

4. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived after charging/(crediting):

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
(a) Finance costs:		
Interest on bonds	3,176	13,876
Interest on borrowings	44,403	22,372
Interest on lease liabilities	322	388
Amortised cost of handling fee for issuance of bonds	73	355
	<u>47,974</u>	<u>36,991</u>

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
(b) Staff costs (including directors' remuneration):		
Salaries, wages, bonus and allowances	17,233	20,163
Contributions to defined contribution retirement plans	1,045	736
Staff welfare and benefits	648	558
	<u>18,926</u>	<u>21,457</u>
(c) Other items:		
Auditor's remuneration	1,115	1,115
Cost of inventories sold	2,063,892	2,922,474
Depreciation on property, plant and equipment	2,056	2,109
Depreciation on right-of-use assets	2,057	1,809
Reversal of expected credit loss ("ECL") allowance on finance lease receivables	(317)	(250)
Loss allowance for ECL on trade receivables	6,813	1,752
Loss allowance for ECL on other receivables	511	627
	<u>511</u>	<u>627</u>

5. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss represents:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Current tax – Hong Kong Profits Tax		
– Over-provision in respect of prior years	–	(83)
Current tax – the PRC Enterprise Income Tax		
– Current income tax	799	8,766
– Under/(over)-provision in respect of prior years	289	(221)
	<u>1,088</u>	<u>8,545</u>
Deferred tax		
– Hong Kong	–	(28)
– The PRC	4,289	4,168
	<u>4,289</u>	<u>4,140</u>
Income tax expense	<u>5,377</u>	<u>12,602</u>

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated or domiciled in Hong Kong have no assessable profits or sustained tax losses for taxation purpose for both years.

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

6. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/earnings attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the year.

	2021 <i>HKD’000</i>	2020 <i>HKD’000</i>
(Loss)/earnings		
(Loss)/profit attributable to equity shareholders of the Company	<u><u>(5,648)</u></u>	<u><u>21,284</u></u>
Number of shares	<i>’000</i>	<i>’000</i>
Weighted average number of ordinary shares in issue	<u><u>3,675,342</u></u>	<u><u>2,900,000</u></u>

Basic earnings per share are the same as diluted (loss)/earnings per share as the Company has no dilutive potential shares.

7. SEGMENT REPORTING

The chief operating decision-maker (“**CODM**”) has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting for purpose of allocating resources to, and assessing the performance of, the Group’s various businesses.

The Group is organised into business units based on their products and services and has five reportable operating segments under HKFRS 8, Operating Segments which were as follows:

- (i) Supply chain business;
- (ii) Leasing business;
- (iii) Property investment;
- (iv) Money lending business; and
- (v) Securities investment;

The Group’s operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the consolidated financial statements.

The CODM assesses the performance of the operating segments based on a measure of reportable segment results. This measurement basis excludes certain other net gains/losses, finance costs, other revenue and unallocated expenses.

Segment assets mainly exclude certain assets that are managed on a central basis. Segment liabilities mainly exclude deferred tax liabilities, bonds and certain other liabilities that are managed on a central basis.

(a) Operating segment

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

Year ended 31 December 2021	Supply chain business HKD'000	Leasing business HKD'000	Property investment HKD'000	Money lending business HKD'000	Securities investment HKD'000	Total HKD'000
Disaggregated by timing of revenue recognition						
Point in time	2,105,308	161	–	–	–	2,105,469
Over time	9,521	3,143	4,250	2,840	–	19,754
Revenue from external customers	2,114,829	3,304	4,250	2,840	–	2,125,223
Segment result	27,522	(682)	20,221	(3,205)	371	44,227
Reconciliation:						
Interest income						2,369
Unallocated other net gains						201
Corporate and other unallocated expenses						(7,129)
Finance costs						(47,974)
Other revenue						8,035
Loss before taxation						(271)
Income tax expense						(5,377)
Loss for the year						(5,648)
Year ended 31 December 2020	Supply chain business HKD'000	Leasing business HKD'000	Property investment HKD'000	Money lending business HKD'000	Securities investment HKD'000	Total HKD'000
Disaggregated by timing of revenue recognition						
Point in time	2,977,437	1,591	–	680	–	2,979,708
Over time	6,181	7,107	4,627	5,626	–	23,541
Revenue from external customers	2,983,618	8,698	4,627	6,306	–	3,003,249
Segment result	50,797	4,131	20,633	(1,092)	(135)	74,334
Reconciliation:						
Interest income						1,317
Unallocated other net gains						95
Corporate and other unallocated expenses						(10,469)
Finance costs						(36,991)
Other revenue						5,600
Profit before taxation						33,886
Income tax expense						(12,602)
Profit for the year						21,284

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

At 31 December 2021	Supply chain business <i>HKD'000</i>	Leasing business <i>HKD'000</i>	Property investment <i>HKD'000</i>	Money lending business <i>HKD'000</i>	Securities investment <i>HKD'000</i>	Total <i>HKD'000</i>
Segment assets	1,061,679	28,705	248,040	12,573	133,546	1,484,543
Reconciliation:						
Corporate and other unallocated assets						67,316
Total assets						1,551,859
Segment liabilities	819,776	10,228	35,766	976	–	866,746
Reconciliation:						
Deferred tax liabilities						31,482
Corporate and other unallocated liabilities						7,215
Total liabilities						905,443
At 31 December 2020	Supply chain business <i>HKD'000</i>	Leasing business <i>HKD'000</i>	Property investment <i>HKD'000</i>	Money lending business <i>HKD'000</i>	Securities investment <i>HKD'000</i>	Total <i>HKD'000</i>
Segment assets	1,237,117	48,195	225,395	52,641	226,899	1,790,247
Reconciliation:						
Corporate and other unallocated assets						69,530
Total assets						1,859,777
Segment liabilities	987,971	11,235	39,455	2,327	–	1,040,988
Reconciliation:						
Deferred tax liabilities						26,402
Bonds						189,927
Corporate and other unallocated liabilities						71,671
Total liabilities						1,328,988

The following is an analysis of the Group's other segment information by reportable segments:

Year ended 31 December 2021	Supply chain business <i>HKD'000</i>	Leasing business <i>HKD'000</i>	Property investment <i>HKD'000</i>	Money lending business <i>HKD'000</i>	Securities investment <i>HKD'000</i>	Total <i>HKD'000</i>
Other information						
Additions to non-current segment assets	3,652	1,006	–	–	–	4,658
Depreciation	1,433	699	–	11	–	2,143
Unallocated depreciation						1,970
						4,113
Provision for/(reversal of) ECL allowances	7,324	(317)	–	–	–	7,007
Other information						
Additions to non-current segment assets	3,917	1,998	–	–	–	5,915
Depreciation	1,209	696	–	42	–	1,947
Unallocated depreciation						1,971
						3,918
Provision for/(reversal of) ECL allowances	2,379	(250)	–	–	–	2,129

(b) Geographical information

The Group's revenue from external customers by geographical market is as follows:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
The PRC	2,122,283	2,996,943
Hong Kong	2,840	6,306
	<u>2,125,223</u>	<u>3,003,249</u>

The Group's information about its non-current assets (excluding financial assets at fair value through other comprehensive income and finance lease receivables) by geographic location is as follows:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
The PRC	248,495	226,076
Hong Kong	65,653	67,500
	<u>314,148</u>	<u>293,576</u>

(c) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Customer A ¹	852,670	N/A
Customer B ¹	344,088	N/A
Customer C ²	N/A	989,810
	<u></u>	<u></u>

¹ The corresponding revenue from these customers did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2020.

² Revenue from this customer contributed less than 10% of the total revenue of the Group for the year ended 31 December 2021.

8. INVESTMENT PROPERTIES

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
At the beginning of the year	221,443	191,056
Exchange realignment	6,317	13,716
Fair value gain	16,421	16,671
	<hr/>	<hr/>
At the end of the year	244,181	221,443
	<hr/> <hr/>	<hr/> <hr/>

The investment properties are situated in the PRC and are held under a medium-term lease.

At 31 December 2021, all of the Group's investment properties above were pledged to bank for loans granted to the Group (see Note 16 (a)).

(a) Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair value of the Group's investment properties at 31 December 2021 and 2020 has been arrived at on the basis of valuation performed by 深圳市國正信資產評估土地房地產估價有限公司, an independent qualified professional valuer not connected with the Group. A valuation report with analysis of changes in fair value measurement has been prepared by the valuer and reviewed and approved by management.

The fair value of the Group's investment properties situated in the PRC is determined using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a discount specific to the quality and location of the properties compared to the recent sales, and are therefore grouped into Level 3 of fair value measurement.

There were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 for both reporting periods. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation technique	Significant unobservable inputs	Range	Sensitivity
Investment properties for commercial use, situated in the PRC	Direct comparison approach	Selling price of similar properties in the nearest locality	RMB11,100/m ² to RMB13,800/m ² (2020: RMB10,526/m ² to RMB14,800/m ²)	The higher the selling price of similar properties in the nearest locality used, the higher the fair value
		Adjustment to price per square meter in relation to quality of properties (e.g. location, size, level and condition with reference to comparables)	-5% to 5% (2020: 10% to 19%)	The higher the quality of properties with reference to the comparables, the higher the fair value <i>(N.B. The higher adjustment percentage, the lower price per square meter)</i>

(b) Assets leased out under operating lease

The Group leases out investment properties under an operating lease. The lease runs for an initial period of 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. The lease does not include variable lease payments.

Total future minimum lease payments receivable under the non-cancellable operating lease is as follows:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Within 1 year	4,188	5,764
After 1 year but within 2 years	–	3,843
	<u>4,188</u>	<u>9,607</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Financial assets at fair value through other comprehensive income (“FVOCI”)		
– Listed equity securities in Hong Kong	23,162	41,366
– Unlisted equity securities in Hong Kong	110,000	180,123
	<u>133,162</u>	<u>221,489</u>

At 31 December 2021, Certain listed equity securities with an aggregate carrying amount of approximately HKD3,796,000 (2020: HKD10,950,000) were pledged to an independent third party to secure for other borrowings granted to the Group (see Note 16(b)).

The unlisted equity securities are 13,921,278 (2020: 13,921,278) ordinary shares held in Golden Affluent Limited (“**Golden Affluent**”). Golden Affluent is incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding and its subsidiaries are engaged in the provision of financial and bullion services in Hong Kong and private investment management services in the PRC. The Group designated its investment in Golden Affluent at FVOCI (non-recycling) as the investment is held for strategic purposes.

At 31 December 2020, all unlisted equity securities were pledged to an independent third party to secure for the bonds (see Note 15). During the year ended 31 December 2021, the pledge terms were released upon full settlement of relevant bonds.

In July 2021, Golden Affluent allotted and issued new ordinary shares by way of placing of new shares and the Group’s interest was diluted from 15.90% to 14.73% accordingly.

Changes in fair value of those equity securities are recognised in other comprehensive income and accumulated within the financial assets at fair value reserve within equity. The Group transfers amounts from this reserve to retained profits when the relevant equity securities are derecognised.

10. FINANCE LEASE RECEIVABLES

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Non-current finance lease receivables	12,763	26,957
Current finance lease receivables	14,084	19,372
	<u>26,847</u>	<u>46,329</u>
Less: Expected credit loss allowance		
– Non-current portion	(217)	(448)
– Current portion	(242)	(312)
	<u>(459)</u>	<u>(760)</u>
	<u><u>26,388</u></u>	<u><u>45,569</u></u>

The total minimum lease payments receivable under finance leases and their present values are as follows:

	Minimum lease payments receivable		Present value of minimum lease payments	
	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Within one year	14,598	23,198	14,084	19,372
After 1 year but within 2 years	6,898	13,750	8,969	15,562
After 2 years but within 3 years	4,263	5,800	3,675	8,275
After 3 years but within 4 years	1,628	5,124	119	3,120
	<u>27,387</u>	47,872	<u>26,847</u>	46,329
Less: Unearned interest income	<u>(540)</u>	(1,543)	–	–
Present value of minimum lease payments receivable	<u><u>26,847</u></u>	<u><u>46,329</u></u>	<u><u>26,847</u></u>	<u><u>46,329</u></u>

Certain motor vehicles and machineries are leased out under finance leases with lease terms of 24 to 48 months (2020: 24 to 48 months). The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The interest rate is ranging from 6.2% to 12% (2020: 6.2% to 12%) per annum.

Finance lease receivables are secured over the motor vehicles and machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

11. TRADE AND OTHER RECEIVABLES

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Trade receivables, net of ECL allowance	624,462	685,397
Other receivables, net of ECL allowance	109,453	78,203
	<hr/>	<hr/>
	733,915	763,600
Deposits and prepayments	146,298	54,706
	<hr/>	<hr/>
	880,213	818,306
	<hr/> <hr/>	<hr/> <hr/>

Ageing analysis

The ageing analysis of trade receivables (net of ECL allowances) as at the end of the reporting period, based on invoice date, is as follows:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Within 1 month	271,387	418,540
1 to 3 months	188,058	30,438
3 to 12 months	160,444	235,192
Over 12 months	4,573	1,227
	<hr/>	<hr/>
	624,462	685,397
	<hr/> <hr/>	<hr/> <hr/>

12. LOAN RECEIVABLES

At 31 December 2020, the loan receivables from the money lending business were provided to an independent third party after credit assessment on the respective borrower which were interest-bearing at 10% per annum and were secured by charge over certain listed equity securities owned by the borrower.

During the year ended 31 December 2021, all loan receivables were fully settled by the relevant borrower.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Held for trading investments stated at fair value		
– Listed equity securities in Hong Kong	82	108
– Listed equity securities in the PRC	841	–
	<u>923</u>	<u>108</u>
Other investments stated at fair values:		
– Structured deposits	72,847	273,897
– Wealth management products	10,776	–
	<u>83,623</u>	<u>273,897</u>
	<u>84,546</u>	<u>274,005</u>

The movements during the year in the balance as follows:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
At the beginning of the year	274,005	243
Additions – structured deposits	69,913	253,058
Additions – wealth management products	10,608	–
Additions – listed equity securities	828	–
Disposals	(280,861)	–
Exchange realignment	4,420	15,442
Fair value gain	5,633	5,262
	<u>84,546</u>	<u>274,005</u>

Note:

At 31 December 2021, the structured deposits and wealth management products issued by the banks with the aggregate amount of RMB59,492,000 (equivalent to HKD72,847,000) (2020: RMB229,798,000 (equivalent to HKD273,897,000)) and RMB8,800,000 (equivalent to HKD10,776,000) (2020: nil) respectively, which their expected annual returns are ranging from 1.9% to 4.1% (2020: 1% to 3.6%) and 2.61% (2020: nil) respectively. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The fair values are based on cash flows discounted using the expected return based on the management judgement and are within Level 2 of fair value hierarchy.

All of the structured deposits are pledged to the banks as guarantee deposits for certain bills payables made available to the Group (see Note 14).

14. TRADE AND BILLS PAYABLES

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Trade payables	90,062	36,948
Bills payable	220,700	507,921
	<u>310,762</u>	<u>544,869</u>

The ageing analysis of trade and bills payables as at the end of the reporting period, based on invoice date, is as follows:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Within 1 month	35,005	25,717
1 to 3 months	32,653	1,064
3 to 12 months	240,639	517,167
Over 12 months	2,465	921
	<u>310,762</u>	<u>544,869</u>

At 31 December 2021, the Group has HKD220,700,000 (2020: HKD507,921,000) bills payable in which amount of HKDnil (2020: HKD184,745,000) were secured by corporate guarantee executed by the Company and amount of HKD220,700,000 (2020: HKD323,176,000) were secured by structured deposits and pledged bank deposits respectively.

15. BONDS

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Bonds carried at fixed coupon rate of 7% to 7.5% per annum	–	189,927
	<u>–</u>	<u>189,927</u>

The Company issued 7.5% and 7% coupon unlisted bonds with the principal amount of HKD100,000,000 and HKD90,000,000 respectively which were originally repayable in 2020. On 31 March 2020, the Company entered into supplemental agreements to extend the maturity date of the 7.5% and the 7% coupon unlisted bonds to 17 January 2021 and 14 April 2021 respectively. On 30 November 2020, the Company entered into second supplemental agreements to revise the maturity date of both the 7.5% and the 7% coupon unlisted bonds to 17 March 2021, which were also secured by the financial assets at FVOCI of the Group (Note 9). On 15 March 2021, the Company entered into third supplemental agreements to extend the maturity date of both the 7.5% and the 7% coupon unlisted bonds to 25 March 2021. Subsequently, the bonds were fully settled by the Company on 24 March 2021.

16. BORROWINGS

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Bank loans, secured (<i>Note (a)</i>)	517,089	428,336
Other borrowings, secured (<i>Note (b)</i>)	6,000	43,000
	<u>523,089</u>	<u>471,336</u>

The maturity profile of borrowings, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Within 1 year	493,502	437,622
After 1 year but within 2 years	5,385	4,915
After 2 years but within 5 years	24,202	28,799
	<u>523,089</u>	<u>471,336</u>
Less: Amount due within one year or repayable on demand classified as current liabilities	<u>(493,502)</u>	<u>(437,622)</u>
Amount due for settlement after one year	<u>29,587</u>	<u>33,714</u>

Notes:

- (a) At 31 December 2021, bank loans comprised Bank Loan 1, Bank Loan 2 and Bank Loan 3 with principal amount of RMB28,286,000 (equivalent to HKD34,636,000) (2020: RMB32,152,000 (equivalent to HKD38,322,000)), RMB280,000,000 (equivalent to HKD342,860,000) (2020: RMB200,000,000 (equivalent to HKD238,380,000)) and RMB114,000,000 (equivalent to HKD139,593,000) (2020: RMB127,220,000 (equivalent to HKD151,634,000)) respectively.

Bank Loan 1 is secured by the investment properties of the Group (see Note 8) and is repayable by instalments up to 2027. Interest is charged at Prime rate of The People's Bank Of China ("PBOC") plus 30% of PBOC Prime rate per annum.

Bank Loan 2 is secured by corporate guarantee executed by the Company and certain properties owned by independent third parties and is repayable within one year. Interest is charged at a fixed rate of 5.4% (2020: 5.4%) per annum.

Bank Loan 3 is secured by properties owned independent third parties, and is repayable within one year. Interest is charged at a fixed rate of 6.5% (2020: 6.5%) per annum.

Above-mentioned third parties represent the business associates of the Group.

- (b) At 31 December 2021, other borrowings comprised Loan 1 and Loan 2 with principal amount of HKD6,000,000 (2020: HKD6,000,000) and HKDnil (2020: HKD37,000,000) respectively which are obtained from an independent third party.

Loan 1 is secured by certain listed equity securities classified as financial assets at fair value through other comprehensive income (see Note 9) and the corporate guarantee executed by the Company, and is repayable within one year.

Loan 2 is secured by a property held for own use of the Group and the corporate guarantee executed by the Company. During the year ended 31 December 2021, this loan was fully settled and the pledged terms were released accordingly.

Both loans above are interest-bearing at 10% (2020: 10%) per annum.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2021, the principal activities of the Group are: (i) supply chain business (the “**Supply Chain Business**”), (ii) leasing business (the “**Leasing Business**”), (iii) property investment (the “**Property Investment**”), (iv) money lending business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the “**Money Lending Business**”) and (v) securities investment (the “**Securities Investment**”).

Supply Chain Business

The Supply Chain Business, being the provision of supply chain services of non-ferrous metals and construction materials, continued to be the Group’s core business. Customers under this business include major non-ferrous metals mining and production companies and integrated infrastructure companies.

For the year ended 31 December 2021, the Supply Chain Business recorded a revenue of HKD2,114.8 million, a significant decrease of HKD868.8 million as compared with the corresponding period in 2020. Such decrease was due to high volatility in the price of non-ferrous metals in the first half 2021, resulting in a decrease in demand in the supply chain of non-ferrous metals. The situation stabilised steadily in the second half of the year. Regarding the supply chain services in respect of construction materials, while measures implemented to control the spread of the epidemic in the PRC were successful, some confirmed cases has still been recorded. Most customers are still under pressure by the impact of the epidemic and the enforcement of “three red lines” introduced in the PRC. The construction projects of Group’s customers were delayed and fell behind the schedule but on the other hand, the customers urged to place orders to achieve the completion of the construction as soon as possible. The overall construction period was extended, slowing down collection of the Group’s trade receivables from its customers in the Supply Chain Business. The Group will tighten the credit risk assessment and aims to expand business potential with more valuable customers.

Leasing Business

The Leasing Business is operated through direct lease or sale-and-leaseback arrangements. As at 31 December 2021, the aggregate finance lease receivables were HKD26.4 million and the recognised revenue of Leasing Business was HKD3.3 million for the year ended 31 December 2021. During the year under review, the new leasing business in construction and machinery were declined due to the slowdown of the construction projects in PRC. In order to safeguard the Group's resources and respond to the current market situation, the Group will continue to adopt a prudent approach by strengthening its post-lending management to the current customers, tightening the credit risk assessment for any new customers and promptly attend to any material adverse development in the Leasing Business to minimise its credit and business risks. Nevertheless, the Group will continue to develop the Leasing Business and strive to discover further potential business opportunities.

Property Investment

For the year ended 31 December 2021, the investment properties located in Yunfu, PRC recorded a revenue of rental income of HKD4.3 million, of which the Group had offered rent concessions due to the recent market conditions. As at 31 December 2021, the fair value of the above investment properties amounted to HKD244.2 million, representing a fair value gain of HKD16.4 million. The Group will continue to lease out the investment properties for rental income and may realise its properties investment to enhance its working capital if necessary as and when appropriate.

Money Lending Business

For the year ended 31 December 2021, a new loan of HKD30 million was made and drawn down during the year and recognised revenue of HKD2.8 million in the Money Lending Business. As at 31 December 2021, no loan receivables balances was recorded. The interest of the Money Lending Business was at 10% for the year. The Group will continue to adopt a prudent risk management policy with reference to the prevailing market condition and tighten the loan approval procedures to ensure the healthy development of the Money Lending Business.

Securities Investment

The Group conducts securities investment activities including investments in listed securities by subscription in the initial public offerings. The Group adopts a prudent investment strategy for both short-term investments and long-term investments and will closely monitor the market changes and adjust its investment portfolio as and when necessary.

FINANCIAL REVIEW

Below is an analysis of the Group's key financial information including but not limited to revenue, expenses and loss for the year, which reflects the financial position of the Group's business.

Revenue

For the year ended 31 December 2021, the Group recorded a total revenue of HKD2,125.2 million, representing a decrease of 29.2% as compared with that for the year ended 31 December 2020 of HKD3,003.2 million. Such decrease was mainly due to the decline in revenue generated in the Supply Chain Business of HKD2,114.8 million as compared with HKD2,983.6 million for the year ended 31 December 2020.

The total revenue from Money Lending Business, Securities Investment, Leasing Business, and Property Investment amounted to approximately HKD10.4 million as compared with that for the year ended 31 December 2020 of HKD19.6 million.

Expenses

The Group's direct costs and operating expenses significantly decreased by HKD858.9 million from HKD2,923.0 million for the year ended 31 December 2020 to HKD2,064.1 million for the year ended 31 December 2021. The decrease in direct costs and operating expenses was mainly due to the significant decline in revenue of the Supply Chain Business, which accounted for over 99% of the Group's total revenue.

The Group's administrative expenses increased by HKD8.0 million from HKD38.3 million for the year ended 31 December 2020 to HKD46.3 million for the year ended 31 December 2021 mainly attributable to the ECL allowance on receivables and operating cost for providing supply chain financing arrangements.

The Group's finance cost increased by HKD11.0 million from HKD37.0 million for the year ended 31 December 2020 to HKD48.0 million for the year ended 31 December 2021. The increase in finance cost was mainly due to the increase of interest expense for borrowings used in the development of Supply Chain Business starting from the second half year in 2020.

Loss for the year

For the year ended 31 December 2021, the Group recorded a net loss of approximately HKD5.6 million as compared to a net profit of approximately HKD21.3 million for the year ended 31 December 2020. Such net loss was mainly due to (i) the reduction in revenue contribution from the Supply Chain Business for the year ended 31 December 2021; (ii) the recognition of the ECLs on trade receivables of HKD6.8 million caused by the slowdown of the trade receivables collection from the customers in the supply chain business; and (iii) the increase in finance cost.

Trade and other receivables

The increase in trade and other receivables of HKD61.9 million was primarily due to the increase in the deposits and prepayments amounting to HKD91.6 million, which mainly comprise prepayments made to the suppliers in Supply Chain Business. In addition, there was an increase in other receivables of HKD31.3 million, which represented the growth in the supply chain financing arrangements. The Group seeks to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by the management, which performs assessment of recoverability on a case-by-case basis.

Financial assets at fair value through profit or loss

As at 31 December 2021, the Group's financial assets at fair value through profit or loss significantly decreased by HKD189.5 million from HKD274.0 million as at 31 December 2020 to HKD84.5 million. Such decrease was mainly due to the maturity of structured deposits in the amount of RMB225.0 million (equivalent to HKD275.5 million) in the current year.

Trade and bills payables

As at 31 December 2021, the Group's trade and bills payable significantly decreased by HKD234.1 million from HKD544.9 million as at 31 December 2020 to HKD310.8 million. Such decrease was in line with the slowdown of the Supply Chain Business in the current year.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2021, the cash and cash equivalents of the Group were HKD15.4 million (2020: HKD118.6 million) and interest-bearing borrowings, including the unlisted bonds, borrowings and lease liabilities were HKD527.6 million (2020: HKD665.8 million). The following table details the cash and cash equivalents, the bonds, the borrowings and the lease liabilities of the Group as at 31 December 2021 denominated in original currencies:

	As 31 December 2021	
	<i>HKD</i> (<i>'000</i>)	<i>RMB</i> (<i>'000</i>)
Cash	15,113	269
Bond	—	—
Borrowings	6,000	422,286
Lease liabilities	—	3,709
	As 31 December 2020	
	<i>HKD</i> (<i>'000</i>)	<i>RMB</i> (<i>'000</i>)
Cash	18,517	83,995
Bond	189,927	—
Borrowings	43,000	359,372
Lease liabilities	—	3,788

The Group principally satisfies its demand for operating capital with cash inflow from its operations and borrowings. As at 31 December 2021, the gearing ratio, which is calculated on the basis of total debts (including interest-bearing bonds, borrowings and lease liabilities) over total shareholders' fund of the Group, was 81.6% (2020: 125.4%). The gearing ratio dropped in comparison to previous year mainly due to the placing and subscription of new shares in the Company during the year, which have enlarged the amount of shareholder's fund of the Group. The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.30 (2020: 1.04). The liquidity ratio improved in comparison to that as at 31 December 2020 due to the repayment of bonds during the year.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no material contingent liabilities (2020: nil).

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollar, and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in Renminbi. While the Group's operations in the PRC, the location of its production, are primarily conducted in Renminbi, its Hong Kong operations are conducted in Hong Kong dollar. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from bonds and borrowings, which, being obtained at variable rates and at fixed rates, expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through a variety of means.

PLEDGES ON GROUP ASSETS

As at 31 December 2021, the investment properties of the Group located in Yunfu, PRC with carrying amount of HKD244.2 million (2020: HKD221.4 million) were pledged to banks for loans granted to the Group.

As at 31 December 2021, the property held for own use and financial assets at fair value through other comprehensive income of the Group with carrying amount of HKDnil (2020: HKD67.4 million) and HKD3.8 million (2020: HKD11.0 million) respectively were pledged to an independent third party to secure for other borrowings granted to the Group.

As at 31 December 2021, the structured deposits and pledged bank deposits of the Group with carrying amount of HKD72.8 million (2020: HKD273.9 million) and HKD98.0 million (2020: HKD47.7 million) were pledged as guarantee deposits for bills payable made available to the Group.

FINANCIAL GUARANTEES PROVIDED

As at 31 December 2021, the Company had provided corporate guarantees amounting to HKD342.9 million (2020: HKD435.0 million) and HKD6 million (2020: HKD43 million) in favour of certain banks and an independent third party respectively in connection with facilities granted to certain subsidiaries of the Group.

CAPITAL EXPENDITURES AND COMMITMENTS

During the year ended 31 December 2021, the Group invested HKD25,000 (2020: HKD28,000) on property, plant and equipment, which included furniture, fixtures and equipment. As at 31 December 2021 and 2020, the Group had no capital commitments.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2021, the significant investments held by the Group are as follows:

	As 31 December 2021 <i>HKD'000</i>	As 31 December 2020 <i>HKD'000</i>
Financial assets at fair value through other comprehensive income	133,162	221,489
Financial assets at fair value through profit or loss		
— Listed equity securities	923	108
— Structured deposits	72,847	273,897
— Wealth management products	10,776	—
	<u>217,708</u>	<u>495,494</u>

Information in relation to the equity securities under the financial assets at fair value through other comprehensive income and the financial assets at fair value through profit or loss as at 31 December 2021 are set out as follows:

Stock Code	Name of investee company	Nature of investment	Number of shares held	Percentage of shareholding in such stock	Fair value as at 31 December 2021 HKD '000	Percentage to the Group's total assets as at 31 December 2021	Change in fair value for the year ended 31 December 2021 HKD '000
Financial assets at fair value through other comprehensive income							
Listed equity securities							
1282.HK	Glory Sun Financial Group Limited ("Glory Sun")	Investment in shares	85,000,000	0.27%	17,000	1.10%	(11,050)
	Others				6,162		(7,154)
Unlisted equity securities							
	Golden Affluent	Investment in shares	13,921,278	14.73%	110,000	7.09%	(70,123)
					<u>133,162</u>		<u>(88,327)</u>
Financial assets at fair value through profit or loss							
					<u>923</u>		<u>(86)</u>

The principal activities of the securities are as follows:

1. Glory Sun is an investment holding company and its subsidiaries are principally engaged in the business of financial services, property investment and development, automation, securities investment, trading of commodities, yacht club and education.
2. Golden Affluent is principally engaged in investment holding and its subsidiaries are engaged in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Future Ordinance and provision of bullion services in Hong Kong and private investment management services in the PRC.

Save as disclosed above, the Group also invested in other shares listed on the Stock Exchange. Each of the fair value of these shares represented less than 1% of the total assets of the Group as at 31 December 2021.

As at 31 December 2021, the Group subscribed for structured deposit and wealth management products under financial assets at fair value through profit or loss. Each of the fair value of these structured deposit and wealth management products represented less than 5% of the total assets of the Group as at 31 December 2021.

Save as disclosed above, there were no significant investments held by the Group for the year ended 31 December 2021.

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE AND CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 20 January 2021, the Company entered into the placing agreement with the placing agent, pursuant to which the placing agent had conditionally agreed to procure placees, on a best effort basis, to subscribe for of up to 720,000,000 new Shares at the placing price of HKD0.20 per placing Share (the “**Placing**”). On the same date, the Company entered into the subscription agreement with the subscriber, pursuant to which the subscriber had conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, an aggregate of 280,000,000 new Shares at the subscription price of HKD0.20 per subscription Share to the subscriber (the “**Subscription**”).

The Placing, the Subscription and transactions contemplated thereunder are subject to the approval by the shareholders (the “**Shareholders**”) and independent Shareholders of the Company at the special general meeting on 12 March 2021, and the Listing Committee of the Stock Exchange approving the Placing and the Subscription and listing on the Stock Exchange of new Shares arising from the Placing and the Subscription.

On 24 March 2021, all conditions precedent to the Placing and the Subscription as set forth in the placing agreement and the subscription agreement respectively have been fulfilled. Accordingly, completion of the Placing and the Subscription took place on 24 March 2021. Details of the Placing and the Subscription were set out in the announcements of the Company dated 20 January 2021, 10 February 2021, 12 March 2021 and 24 March 2021 and the circular of the Company dated 23 February 2021, respectively.

The net proceeds received by the Company from the Placing and the Subscription after deducting related fees and expenses were approximately HKD198.2 million, which have been entirely used for repayment of the bonds and its accrued interests as at 31 December 2021.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries and associated companies by the Group during the year ended 31 December 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a total of approximately 50 employees (2020: approximately 50 employees). The total staff cost of the Group amounted to approximately HKD18.9 million for the year ended 31 December 2021, representing 0.9% of the Group's turnover. Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of different positions.

DIVIDENDS

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

EVENTS AFTER THE REPORTING PERIOD

Discloseable Transaction - Acquisition of the Entire Issued Share Capital of Foresight Industrial Group Limited

On 26 January 2022, the Company through its direct wholly-owned subsidiary, entered into a sale and purchase agreement with an independent third party in relation to acquire the entire issued share capital of Foresight Industrial Group Limited, which, together with its subsidiaries, is principally engaged in hotel operations and management and provision of food and beverage catering services in the PRC, at a cash consideration of HKD120,000,000 (the "**Acquisition**").

Details of the Acquisition have been disclosed in the announcement of the Company dated 26 January 2022.

Major Transaction – Disposal of Minority Interest in Golden Affluent Limited

On 28 January 2022, the Company through its direct wholly-owned subsidiary, entered into a share transfer agreement (the “**Share Transfer Agreement**”) with an independent third party in relation to disposal of 14.73% equity interest of Golden Affluent, at a cash consideration of HK\$110,000,000 (the “**Disposal**”).

The Disposal and transactions contemplated thereunder are subject to the approval by the Shareholders at the forthcoming special general meeting of the Company (the “**SGM**”), and the Stock Exchange approving the Disposal.

Details of the Disposal have been disclosed in the announcement of the Company dated 28 January 2022. As disclosed in the announcements of the Company dated 28 January 2022, 23 February 2022 and 16 March 2022, a circular containing, among other things, further details of the Share Transfer Agreement, together with a notice convening the SGM, is expected to be despatched to the Shareholders on or before 7 April 2022.

FUTURE PROSPECTS

Looking forward to 2022, the Group will continue to enhance the performance in the Supply Chain Business as its core business by improving the efficiency on utilisation of the Group’s resources for the supply chain of non-ferrous metals and construction materials. In particular, the Group will seek to build its own teams to introduce and develop hedging operations and international commodity trading operations to achieve risk diversification and reduction. In respect of supply chain of construction materials, the Group will continue to improve its service quality and endeavours to expand its product portfolio and customer base.

In addition, the management will maintain the stable and healthy development in the Leasing Business. The Group will strictly adhere to the regulatory requirements in the finance lease industry and maintain strict risk control and adopt a risk-averse approach to extend its services to the market players in other industries. In light of these macroeconomic challenges, for the other businesses including Property Investment, Money Lending Business and Securities Investment, the management will keep a cautious and prudent approach and maintain the current scale of such businesses.

The Group maintained the diversification strategy by seeking and identifying new investment opportunities to enhance the profitability and competitiveness of the Group. Subsequently, the Group has entered into an agreement in relation to the acquisition of a group of companies which is principally engaged in hotel operations and management, and provision of food and beverage catering services in the PRC. The Board believes that such acquisition poses a good investment opportunity for the Group to step into the hotel and restaurant industry in a bid to generate more revenue for the Group.

The foreseeable outlook of the business environment would continue to remain uncertain and challenging, in particular, with the occasional outbreaks of different variants of COVID-19 and global political uncertainties. Under these unpredictable circumstances, the management will seek business continuity and adjust its operating strategies in a timely manner. The Group will explore new investment opportunities and safeguard its resources to achieve stable growth of the Group.

OTHER INFORMATION

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2021, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code, except for the following deviations:

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Chan Kin Sang and Mr. Zheng Suijun, being Independent Non-executive Directors, were unable to attend the annual general meeting of the Company held on 25 June 2021 (the "AGM") due to other pre-arranged business commitments and the circumstances under the COVID-19 outbreak, respectively.

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Mr. Liao Nangang, being the chairman of the Board, was unable to attend the AGM due to the circumstances under the COVID-19 outbreak. Mr. Liao will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so. Mr. Liao had entrusted Mr. Shin Yick, Fabian, being Non-executive Director, to respond to the Shareholders' concerns (if any) on his behalf at the AGM.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions (the “**Model Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the year ended 31 December 2021.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors. The Audit Committee has reviewed with the management of the Company and the external auditor, Baker Tilly Hong Kong Limited, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2021 of the Group.

CLOSURE OF REGISTER OF MEMBERS

The 2022 Annual General Meeting of the Company is scheduled to be held on Friday, 24 June 2022 (the “**2022 AGM**”). The register of members of the Company will be closed from Monday, 20 June 2022 to Friday, 24 June 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2022 AGM, all properly completed transfer of share(s) accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 17 June 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with at least 25% of the issued shares of the Company being held by the public under the Listing Rules throughout the year ended 31 December 2021 and up to the date of this announcement.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report containing all information required by the Listing Rules will be despatched to shareholders and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.paktakintl.com in due course.

On behalf of the Board
Pak Tak International Limited
Liao Nangang
Chairman

Hong Kong, 25 March 2022

As at the date of this announcement, the Board comprises Mr. Liao Nangang, Ms. Qian Pu, Mr. Wang Jian and Mr. Ning Jie as executive Directors; Mr. Shin Yick Fabian and Mr. Liu Xiaowei as non-executive Directors; and Mr. Chan Ngai Sang Kenny, Mr. Chan Kin Sang and Mr. Zheng Suijun as independent non-executive Directors.