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偉祿集團控股有限公司
REALORD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1196)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The board (the “Board”) of directors (the “Directors”) of Realord Group Holdings Limited (the Company, together with its subsidiaries, the “Group”) is pleased to present the audited consolidated results of the Group for the year ended 31 December 2021 (the “**FY2021**”) together with the comparative figures for the year ended 31 December 2020 (the “**FY2020**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3		
– Goods and services		1,147,736	834,364
– Rental income		10,328	10,888
– Interest		37,015	24,089
		<hr/>	<hr/>
Total revenues		1,195,079	869,341
Cost of sales		(922,294)	(668,238)
		<hr/>	<hr/>
Gross profit		272,785	201,103
Other income	5a	53,310	43,317
Other gains and losses	5b	(117,619)	(343,615)
Impairment losses, net		(3,646)	(27,255)
Gain on fair value changes of investment properties, net		1,265,256	2,463,416
Selling and distribution expenses		(69,442)	(12,110)
Administrative expenses		(276,371)	(244,504)
Finance costs	7	(695,806)	(630,382)
		<hr/>	<hr/>
Profit before income tax		428,467	1,449,970
Income tax expense	8	(312,533)	(557,652)
		<hr/>	<hr/>
Profit for the year	6	115,934	892,318
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the Company		122,197	885,185
Non-controlling interests		(6,263)	7,133
		<hr/>	<hr/>
		115,934	892,318
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic (HK cents)	10	8.49	61.55
		<hr/> <hr/>	<hr/> <hr/>
Diluted (HK cents)	10	8.47	61.52
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	115,934	892,318
Other comprehensive income/(expense)		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gain on property revaluation	9,054	1,188
Income tax relating to gain on property revaluation	258	(297)
Change in fair value of equity investments designated at fair value through other comprehensive income ("FVTOCI")	828	–
Actuarial gains on a defined benefit plan	4,524	–
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	262,271	274,776
Other comprehensive income for the year, net of income tax	276,935	275,667
Total comprehensive income for the year	392,869	1,167,985
Attributable to:		
Owners of the Company	368,069	1,160,554
Non-controlling interests	24,800	7,431
	392,869	1,167,985

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		688,920	447,153
Prepaid lease payments		5,023	4,977
Investment properties	11	10,628,833	11,839,176
Goodwill		320,937	87,390
Other intangible assets		50,206	43,396
Equity instruments at FVTOCI		12,978	8,899
Prepayments, deposits and other receivables		181,138	14,787
Pension scheme assets		23,101	–
		11,911,136	12,445,778
CURRENT ASSETS			
Inventories		98,829	36,538
Properties under development		3,229,062	–
Trade receivables	12	355,226	449,409
Receivables arising from securities broking	12	290,443	163,373
Loan receivables	12	190,437	157,053
Prepayments, deposits and other receivables		405,167	425,961
Proposed development project		1,676,166	1,634,083
Tax recoverable		5,836	4,121
Financial assets at fair value through profit or loss (“FVTPL”)		81,206	15,297
Amounts due from related parties		1,598	–
Cash held on behalf of clients		143,835	119,538
Pledged bank balances and deposits		102,153	–
Bank balances and cash		229,645	1,268,295
		6,809,603	4,273,668
Assets classified on held for sale		26,646	–
		6,836,249	4,273,668

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	13	54,926	34,819
Payables arising from securities broking	13	148,176	139,642
Contract liabilities		13,183	35,743
Insurance contract liabilities		1,174	–
Other payables and accruals		172,725	168,699
Bank borrowings	14	511,206	722,366
Other loans		2,203	–
Amounts due to related parties		109,238	71,861
Lease liabilities		62,294	33,893
Tax payable		7,502	6,605
		<u>1,082,627</u>	<u>1,213,628</u>
NET CURRENT ASSETS		<u>5,753,622</u>	<u>3,060,040</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,664,758</u>	<u>15,505,818</u>
EQUITY			
Share capital	15	143,971	143,821
Reserves		3,989,101	3,361,642
Equity attributable to owners of the Company		4,133,072	3,505,463
Non-controlling interests		1,132,207	906,111
		<u>5,265,279</u>	<u>4,411,574</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,256,322	914,565
Other payables and accruals		4,663	44,693
Loans from ultimate holding company		1,127,196	744,192
Bank borrowings	14	9,967,718	9,385,657
Other loans		537	–
Lease liabilities		43,043	5,137
		<u>12,399,479</u>	<u>11,094,244</u>
		<u>17,664,758</u>	<u>15,505,818</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with 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 (“HKICPA”), the accounting principles generally accepted in Hong Kong, the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values. The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

In addition, on 1 January 2021, the Group has early applied the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021” which is mandatorily effective for the Group for financial year beginning on or after 1 April 2021.

Except for those mentioned below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Amendment to HKFRS 16 “Covid-19-Related Rent Concessions” and Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”

Amendments to HKFRS 16 only apply to lessee accounting and have no effect on lessor accounting. The amendments provide a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the Covid-19 (“Covid-19-Related Rent Concessions”) are lease modification and, instead, account for those rent concessions as if they were not lease modifications.

The practical expedient is only applicable to Covid-19-Related Rent Concessions and only if all of the following conditions are met:

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Continued)

Amendments to HKFRSs that are effective for the current year (Continued)

Amendment to HKFRS 16 “Covid-19-Related Rent Concessions” and Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021” (Continued)

The Group has elected to early adopt the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021” and applied the practical expedient to all qualifying Covid-19-Related Rent Concessions granted to the Group during the current year.

Consequently, rent concessions of HK\$5,237,000 received have been recognised in “Administrative expenses” in profit or loss in the period in which the event or condition that triggers those payments occurred.

New and amendments to HKFRSs in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the Group’s consolidated financial statements.

3. REVENUE

The Group recognises revenue from the following major sources:

- (i) Revenue from sale of motor vehicle parts is recognised at a point in time when the control of goods has been transferred to customers upon delivery;
- (ii) Revenue from dismantling and trading of scrap materials is recognised at a point in time when the control of the specific type of scrap materials, either dismantled or not, as requested by the customers, has been transferred to them upon delivery;
- (iii) Revenue from sale of other goods including hangtags, labels, shirt paper boards and plastic bags is recognised at a point in time when the customer obtains control of the distinct goods;
- (iv) Revenue from rendering of financial printing, digital printing and other related services is recognised over time using the output method because the customer simultaneously receives and consumes the benefits as the Group performs;
- (v) Revenue from commission income from securities broking is recognised at a point in time upon execution of orders for purchase or sale of securities on behalf of clients;
- (vi) Revenue from rendering of corporate finance advisory, asset management and other related services is recognised over time using the output method because the customer simultaneously receives and consumes the benefits as the Group performs or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date;
- (vii) Revenue from interest income from margin financing and money lending is recognised on a time proportion basis using the effective interest method;
- (viii) Revenue from sale of goods at the department stores is recognised at a point in time when the control of goods has been transferred to customers upon purchase the goods at the department stores; and
- (ix) Revenue from commission income from counter and consignment sale is recognised at a point in time and based on certain percentage of sales made by the customers in accordance with the terms of contracts.

3. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers

Type of goods and services	Property HK\$'000	Financial services HK\$'000	Environmental protection HK\$'000	Motor vehicle parts HK\$'000	Commercial printing HK\$'000	Hangtag HK\$'000	Department store HK\$'000	Total HK\$'000
<i>Year ended 31 December 2021</i>								
Sales of goods								
- Motor vehicle parts	-	-	-	216,163	-	-	-	216,163
- Scrap materials	-	-	672,848	-	-	-	-	672,848
- Hangtags, labels, shirt paper boards and plastic bags	-	-	-	-	-	187	-	187
- Department store goods	-	-	-	-	-	-	71,842	71,842
	-	-	672,848	216,163	-	187	71,842	961,040
Rendering of services								
- Printing services	-	-	-	-	58,307	-	-	58,307
- Financial services	-	59,528	-	-	-	-	-	59,528
- Commission income from securities broking	-	46,100	-	-	-	-	-	46,100
- Commission income from counter and consignment sales	-	-	-	-	-	-	22,761	22,761
Revenue from contracts with customers	-	105,628	672,848	216,163	58,307	187	94,603	1,147,736
Revenue from gross rental income	9,887	-	-	-	-	-	441	10,328
Revenue from interest income from margin financing	-	19,269	-	-	-	-	-	19,269
Revenue from interest income from money lending business	-	17,746	-	-	-	-	-	17,746
Total	<u>9,887</u>	<u>142,643</u>	<u>672,848</u>	<u>216,163</u>	<u>58,307</u>	<u>187</u>	<u>95,044</u>	<u>1,195,079</u>
Geographical markets								
The PRC	9,596	-	366,285	16,950	-	-	-	392,831
Hong Kong	291	142,643	91,270	199,213	58,307	187	94,918	586,829
Japan	-	-	211,760	-	-	-	-	211,760
Other countries	-	-	3,533	-	-	-	126	3,659
Total	<u>9,887</u>	<u>142,643</u>	<u>672,848</u>	<u>216,163</u>	<u>58,307</u>	<u>187</u>	<u>95,044</u>	<u>1,195,079</u>
Timing of revenue recognition								
A point in time	-	46,100	672,848	216,163	-	187	94,603	1,029,901
Over time	-	59,528	-	-	58,307	-	-	117,835
Revenue out of the scope of HKFRS 15								
Rental income	9,887	-	-	-	-	-	441	10,328
Interest income	-	37,015	-	-	-	-	-	37,015
Total	<u>9,887</u>	<u>142,643</u>	<u>672,848</u>	<u>216,163</u>	<u>58,307</u>	<u>187</u>	<u>95,044</u>	<u>1,195,079</u>

3. REVENUE (Continued)

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

Type of goods and services	Property HK\$'000	Financial services HK\$'000	Environmental protection HK\$'000	Motor vehicle parts HK\$'000	Commercial printing HK\$'000	Hangtag HK\$'000	Total HK\$'000
<i>Year ended 31 December 2020</i>							
Sales of goods							
– Motor vehicle parts	–	–	–	159,287	–	–	159,287
– Scrap materials	–	–	544,070	–	–	–	544,070
– Hangtags, labels, shirt paper boards and plastic bags	–	–	–	–	–	223	223
	–	–	544,070	159,287	–	223	703,580
Rendering of services							
– Printing services	–	–	–	–	72,732	–	72,732
– Financial services	–	51,518	–	–	–	–	51,518
– Commission income from securities broking	–	6,534	–	–	–	–	6,534
Revenue from contracts with customers	–	58,052	544,070	159,287	72,732	223	834,364
Revenue from gross rental income	10,888	–	–	–	–	–	10,888
Revenue from interest income from margin financing	–	13,421	–	–	–	–	13,421
Revenue from interest income from money lending business	–	10,668	–	–	–	–	10,668
Total	10,888	82,141	544,070	159,287	72,732	223	869,341
Geographical markets							
The PRC	10,184	–	344,993	72,373	–	–	427,550
Hong Kong	704	82,141	98,153	86,914	72,732	223	340,867
Japan	–	–	98,484	–	–	–	98,484
Other countries	–	–	2,440	–	–	–	2,440
Total	10,888	82,141	544,070	159,287	72,732	223	869,341
Timing of revenue recognition							
A point in time	–	6,534	544,070	159,287	–	223	710,114
Over time	–	51,518	–	–	72,732	–	124,250
Revenue out of the scope of HKFRS 15							
Rental income	10,888	–	–	–	–	–	10,888
Interest income	–	24,089	–	–	–	–	24,089
Total	10,888	82,141	544,070	159,287	72,732	223	869,341

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group has two new operating segment as “Department Store Segment” and “Caribbean Segment” through business combination and capital contribution from controlling shareholder. Further details are set out in notes 16 and 17.

The Group is organised into business units based on their products and services and has eight (2020: six) operating segments as follows:

- (i) property investment, development and commercial operation (“Property Segment”);
- (ii) provision of corporate finance advisory, asset management, securities brokerage services, margin financing and money lending (“Financial Services Segment”);
- (iii) environmental protection industry, mainly dismantling and trading of scrap materials (“Environmental Protection Segment”);
- (iv) distribution and sale of motor vehicle parts (“Motor Vehicle Parts Segment”);
- (v) provision of financial printing, digital printing and other related services (“Commercial Printing Segment”);
- (vi) operation of department stores offering a wide range of consumer products, comprises of sale of goods, income from counter and consignment sale and the revenue from other sources, including securities trading, rental income from sublease of properties and the provision of general and life insurances (“Department Store Segment”);
- (vii) development of project in Grenada which integrates a collection of international school campuses, apartments for student, commercial complex, hotel resorts, residential villas and other ancillary facilities. (“Caribbean Segment”); and
- (viii) sales of hangtags, labels, shirt paper boards and plastic bags principally to manufacturers of consumer products (“Hangtag Segment”).

The CODM classified the Caribbean Segment as an operating segment from 31 December 2021 when the Group acquired 70.5% equity interests (“Gift Interest”) in Caribbean Education Industry Group Limited at nil consideration from Dr. Lin Xiaohui (“Dr. Lin”). Hangtag Segment does not meet any quantitative thresholds for reportable segment but this segment is separately disclosed as the CODM considers that the information about the segment would be useful to users of the consolidated financial statements.

4. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results

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

	Property HK\$'000	Financial services HK\$'000	Environmental protection HK\$'000	Motor vehicle parts HK\$'000	Commercial printing HK\$'000	Hangtag HK\$'000	Department store HK\$'000	Caribbean HK\$'000	Total HK\$'000
Year ended 31 December 2021									
Segment revenue									
Sales to external customers	9,887	142,643	672,848	216,163	58,307	187	95,044	-	1,195,079
Inter-segment sales	2,520	19,238	-	-	1,561	-	-	-	23,319
	12,407	161,881	672,848	216,163	59,868	187	95,044	-	1,218,398
Elimination of inter-segment sales									(23,319)
Revenue									<u>1,195,079</u>
Segment results	792,282	45,917	9,392	8,679	(4,063)	(145)	(19,165)	-	832,897
Unallocated									
Bank interest income									15,930
Other income									1,084
Net foreign exchange loss									(139,021)
Unrealised fair value loss on financial assets at FVTPL									(3,025)
Revaluation surplus on property, plant and equipment									23,396
Realised gain on disposal of financial assets at FVTPL									637
Claim for legal case									13,888
Corporate expenses									(64,342)
Finance costs									<u>(252,977)</u>
Profit before income tax									<u>428,467</u>

4. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

	Property <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Environmental protection <i>HK\$'000</i>	Motor vehicle parts <i>HK\$'000</i>	Commercial printing <i>HK\$'000</i>	Hangtag <i>HK\$'000</i>	Department store <i>HK\$'000</i>	Caribbean <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2020									
Segment revenue									
Sales to external customers	10,888	82,141	544,070	159,287	72,732	223	-	-	869,341
Inter-segment sales	2,520	1,034	-	-	914	-	-	-	4,468
	<u>13,408</u>	<u>83,175</u>	<u>544,070</u>	<u>159,287</u>	<u>73,646</u>	<u>223</u>	<u>-</u>	<u>-</u>	<u>873,809</u>
Elimination of inter-segment sales									<u>(4,468)</u>
Revenue									<u><u>869,341</u></u>
Segment results	2,050,788	6,058	13,019	6,430	442	(207)	-	-	2,076,530
Unallocated									
Bank interest income									26,531
Other income									1,089
Net foreign exchange loss									(318,632)
Unrealised fair value loss on financial assets at FVTPL									(4,353)
Revaluation deficit on property, plant and equipment									(23,369)
Realised gain on disposal of financial assets at FVTPL									2,797
Compensation for legal case									(13,840)
Corporate expenses									(64,638)
Finance costs									<u>(232,145)</u>
Profit before income tax									<u><u>1,449,970</u></u>

4. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of bank interest income, certain other income, net foreign exchange loss, unrealised fair value loss on financial assets at FVTPL, revaluation surplus/deficit on property, plant and equipment, realised gain on disposal of financial assets at FVTPL, claim/compensation for legal case, corporate expenses and certain finance costs. This is the measurements reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

	Property	Financial	Environmental	Motor vehicle	Commercial		Department		Total
	services	protection	parts	printing	Hangtag	store	Caribbean		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2021									
Segment assets	15,679,437	858,871	456,644	145,921	16,818	41	916,932	356,496	18,431,160
Corporate and unallocated assets									316,225
Total assets									<u>18,747,385</u>
Segment liabilities	6,699,762	304,165	66,403	26,328	19,865	22	317,223	31,560	7,465,328
Corporate and unallocated liabilities									6,016,778
Total liabilities									<u>13,482,106</u>
As at 31 December 2020									
Segment assets	13,706,570	647,175	528,257	122,295	23,133	127	-	-	15,027,557
Corporate and unallocated assets									1,691,889
Total assets									<u>16,719,446</u>
Segment liabilities	7,232,905	155,443	127,289	21,746	30,882	25	-	-	7,568,290
Corporate and unallocated liabilities									4,739,582
Total liabilities									<u>12,307,872</u>

4. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

Segment assets exclude equity instruments at FVTOCI, tax recoverable, bank balances and cash, financial assets at FVTPL, pension scheme assets, amounts due from related parties, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude certain bank borrowings, tax payable, deferred tax liabilities, amounts due to related parties, loans from ultimate holding company and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

5a. OTHER INCOME

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	15,930	26,531
Dividend income	4,074	219
Imputed interest income on gift receivable from Win Dynamic Limited (“Win Dynamic”) (note 20)	9,314	–
Interest income on credit-impaired loan receivables	7,818	7,062
Government grants (note a)	344	6,921
Claim for legal case (note b)	13,888	–
Others	1,942	2,584
	53,310	43,317

Notes:

- (a) The Group received funding support amounting to approximately HK\$6,768,000 from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government during the year ended 31 December 2020. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.
- (b) As at 31 December 2020, the amount of HK\$42,843,000 represented a provision for a legal claim brought against the Group by third party in relation to the outstanding agency fee and interests accrued thereon for the acquisition of a subsidiary in 2016. The Group is eligible for reimbursement of approximately HK\$28,200,000 by third party in this regard. The legal claim is fully recovered during the year ended 31 December 2021.

5b. OTHER GAINS AND LOSSES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain/(Loss) on disposal of property, plant and equipment	394	(58)
Unrealised fair value loss on financial assets at FVTPL	(3,025)	(4,353)
Realised gain on disposal of financial assets at FVTPL	637	2,797
Net foreign exchange loss	(139,021)	(318,632)
Revaluation surplus/(deficit) on property, plant and equipment	23,396	(23,369)
	(117,619)	(343,615)

6. PROFIT FOR THE YEAR

The Group's profit for the year is arrived at after charging/(crediting):

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation		
– Owned assets	36,688	25,517
– Right-of-use assets	54,545	33,158
– Prepaid lease payments	128	112
Amortisation of other intangible assets	3,854	2,788
Impairment of property, plant and equipment	1,992	–
Direct operating expenses (including repair and maintenance):		
– Arising from leased investment properties	1,247	137
– Arising from vacant investment properties	2,104	1,065
Short-term lease payments	2,619	1,888
Auditor's remuneration	5,400	3,681
Employee benefits expense (including directors' emoluments)		
– Wages and salaries	135,085	109,379
– Discretionary bonuses	11,970	13,110
– Pension scheme contributions	7,088	3,978
Cost of inventories recognised as expenses	865,854	643,159
(Claim)/Compensation for legal case (note 5a(b))	(13,888)	13,840
Covid-19-related rent concessions	(5,237)	–

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank borrowings and overdrafts	617,059	541,618
Interest on other loans	1,132	–
Interest on loans from ultimate holding company	70,023	85,233
Finance charges on lease liabilities	5,123	1,191
Imputed interest on deferred consideration	2,469	2,340
	<u>695,806</u>	<u>630,382</u>

8. INCOME TAX EXPENSE

Hong Kong

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the years ended 31 December 2021 and 2020.

The PRC

Under the Law of the PRC 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.

Japan

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rate for these taxes is 29% for the years ended 31 December 2021 and 2020.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
Hong Kong		
– Charge for the year	2,828	2,850
– Under/(Over) provision in prior years	834	(269)
The PRC		
– Charge for the year	–	1
– Over provision in prior years	–	(3)
Japan		
– Charge for the year	<u>840</u>	<u>1,268</u>
	4,502	3,847
Deferred tax		
– Charge for the year	<u>308,031</u>	<u>553,805</u>
Income tax expense	<u>312,533</u>	<u>557,652</u>

9. DIVIDEND

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

10. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share are based on:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share calculation (profit attributable to owners of the Company)	<u>122,197</u>	<u>885,185</u>
Number of shares		
	2021	2020
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share calculation	1,438,485,222	1,438,209,880
Effect of dilutive potential ordinary shares:		
– Share options	<u>3,690,501</u>	<u>683,171</u>
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share calculation	<u>1,442,175,723</u>	<u>1,438,893,051</u>

11. INVESTMENT PROPERTIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
As at 1 January	11,839,176	8,863,251
Additions	42,177	–
Capital contribution from controlling shareholder (note 17)	345,787	–
Transfer to properties under development	(3,229,062)	–
Gain on fair value changes recognised in profit or loss, net	1,265,256	2,463,416
Exchange realignment	<u>365,499</u>	<u>512,509</u>
As at 31 December	<u>10,628,833</u>	<u>11,839,176</u>

12. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING/LOAN RECEIVABLES

The following is an ageing analysis of trade receivables, net of allowance for credit losses presented based on the invoice dates/date of rendering of services:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	154,679	196,304
31 to 60 days	21,311	58,342
61 to 90 days	17,478	23,079
Over 90 days	161,758	171,684
	<u>355,226</u>	<u>449,409</u>
Receivables arising from securities broking conducted in the ordinary course of business:		
– Cash clients accounts receivable	14,300	26,871
– Loans to margin clients	276,231	138,458
Less: allowance for credit losses	<u>(88)</u>	<u>(1,956)</u>
	<u>290,443</u>	<u>163,373</u>
Receivables arising from money lending business:		
– Loan receivables	206,999	177,679
Less: allowance for credit losses	<u>(16,562)</u>	<u>(20,626)</u>
	<u>190,437</u>	<u>157,053</u>
	<u>836,106</u>	<u>769,835</u>

13. TRADE PAYABLES/PAYABLES ARISING FROM SECURITIES BROKING

The following is an ageing analysis of trade payables based on invoice dates:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current to 30 days	40,772	14,684
31 to 60 days	938	694
61 to 90 days	766	327
Over 90 days	12,450	19,114
	<u>54,926</u>	<u>34,819</u>
Payables arising from securities broking conducted in the ordinary course of business:		
– Cash clients accounts payable	148,176	139,642
	<u>203,102</u>	<u>174,461</u>

14. BANK BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank borrowings		
– Secured	6,902,234	6,613,627
– Unsecured	3,576,690	3,494,396
	<u>10,478,924</u>	<u>10,108,023</u>

The contractual maturity dates of the bank borrowings are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Carrying amount of bank borrowings are repayable:		
– Within one year	134,553	503,874
– More than one year but not more than two years	5,261,756	542,961
– More than two years but not more than five years	3,248,117	7,297,142
– Over five years	1,457,845	1,545,554
	<u>10,102,271</u>	<u>9,889,531</u>
Carrying amount of bank borrowings that contain a repayment on demand clause:		
– Within one year	376,653	218,492
	<u>10,478,924</u>	<u>10,108,023</u>
Less: amounts due within one year shown under current liabilities	<u>(511,206)</u>	<u>(722,366)</u>
Amounts shown under non-current liabilities	<u>9,967,718</u>	<u>9,385,657</u>

15. SHARE CAPITAL

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Authorised:		
20,000,000,000 ordinary shares of HK\$0.10 each	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
1,439,709,880 (2020: 1,438,209,880) ordinary shares of HK\$0.10 each	<u>143,971</u>	<u>143,821</u>

A summary of movements in the Company's share capital is as follows:

	Number of ordinary shares in issue	Share capital <i>HK\$'000</i>
As at 1 January 2020, 31 December 2020 and 1 January 2021	1,438,209,880	143,821
Exercise of share option (note)	<u>1,500,000</u>	<u>150</u>
As at 31 December 2021	<u>1,439,709,880</u>	<u>143,971</u>

Note: On 24 September 2021 and 29 December 2021, the Company issued 1,000,000 and 500,000 shares, respectively, due to the exercise of share options under the share option scheme of the Company by the option holders. The new shares rank pari passu with existing shares in all respects.

16. BUSINESS COMBINATION

On 18 May 2021, the Group completed an acquisition of 79.51% equity interests in The Sincere Company, Limited (“Sincere”) (Stock code: 244) and its subsidiaries (“Sincere Group”) from the independent third parties, for total cash consideration of HK\$411,088,000. The acquisition has been accounted for using the purchase method.

In addition, the placing was completed on 30 July 2021 and following the completion, the number of shares of Sincere held by the Group decreased from 1,044,695,362 shares to 985,471,362 shares, representing a decrease of shareholding from 79.51% to 75.00% of the total number of issued shares of Sincere.

The principal activities of Sincere Group mainly consisted of the operation of department stores, securities trading and the provision of general and life insurances. The acquisition was made as part of the Group strategy to diversify its business and tap into the department store business in Hong Kong.

The fair values of the identifiable assets and liabilities of Sincere Group at the acquisition date were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	224,539
Other intangible assets	10,664
Equity instruments at FVTOCI	29,625
Prepayments, deposits and other receivables	40,926
Pension scheme assets	19,585
Inventories	42,618
Trade receivables	1,200
Financial assets at FVTPL	12,863
Pledged bank balances and deposits	102,039
Bank balances and cash	112,260
Trade payables	(32,774)
Contract liabilities	(618)
Insurance contracts liabilities	(1,293)
Other payables and accruals	(47,843)
Other loans	(154,693)
Bank borrowings	(151,166)
Lease liabilities	(83,876)
Deferred tax liabilities	(1,780)
	<hr/>
Total identifiable net assets at fair value	122,276
	<hr/> <hr/>

16. BUSINESS COMBINATION (Continued)

Goodwill arising on acquisition

	<i>HK\$'000</i>
Consideration transferred	411,088
Add: non-controlling interests	94,736
Less: gift receivable from Win Dynamic (note 20)	(150,001)
Less: fair value of identifiable net assets acquired	(122,276)
	<hr/>
	233,547
	<hr/> <hr/>

Net cash outflow on acquisition

	<i>HK\$'000</i>
Bank balances and cash acquired	112,260
Less: cash consideration paid	(411,088)
	<hr/>
	(298,828)
	<hr/> <hr/>

The non-controlling interests arising from the acquisition of non-wholly owned subsidiaries are measured by reference to the proportionate share of the fair value of the acquiree's identifiable net assets at the acquisition date and amounted to HK\$272,277,000.

Goodwill arose in the acquisition of Sincere Group because the cost of the combination included a control premium.

17. CAPITAL CONTRIBUTION FROM CONTROLLING SHAREHOLDER

On 31 December 2021, the Group acquired 70.5% equity interests in Caribbean Education Industry Group Limited and its subsidiaries (“Caribbean Group”), from Dr. Lin Xiaohui, the director and controlling shareholder of the Company, at nil consideration. Caribbean Group is engaged in property development in Grenada.

Caribbean Group did not carry out any significant business transactions prior to the date of acquisition and only had investment properties. Therefore, the Group considered this would be an acquisition of assets in substance and the net assets acquired would be recognised as “Deemed contribution from shareholder” in equity.

The non-controlling interests recognised at the acquisition date are measured by reference to the proportionate share of the carrying amount.

Further details are set out in the announcement of the Company dated 1 December 2021 and 31 December 2021.

The carrying amount of assets acquired at the completion date were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	1,997
Investment properties (note 11)	345,787
Prepayments, deposits and other receivables	8,712
Amounts due from related parties	1,006
Bank balances and cash	1,146
Other payables and accruals	(10,942)
Amounts due to related parties	(19,628)
Lease liabilities	(1,996)
	<hr/>
	326,082
Less: non-controlling interests	(97,189)
	<hr/>
Net assets acquired	228,893
	<hr/> <hr/>
Net cash inflow on acquisition	
	<i>HK\$'000</i>
Bank balances and cash acquired	1,146
	<hr/> <hr/>

18. CAPITAL AND OTHER COMMITMENTS

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for:		
– Capital injection in a joint venture engaged in securities brokerage business	427,980	415,293
– Investment property	249,600	–
– Leasehold improvements	1,101	1,471
	<u>678,681</u>	<u>416,764</u>

19. CONTINGENT LIABILITIES

Claim from former director of Sincere

As set out in the announcement of Sincere dated 11 June 2021, Sincere received a statutory demand (the “Statutory Demand”) dated 4 June 2021 from the legal adviser acting on behalf of Mr. Philip KH Ma (“**Mr. Philip Ma**”), the former chairman, chief executive officer and director of Sincere, pursuant to Section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of Laws of Hong Kong), demanding Sincere to pay the amount of HK\$8,244,000, which is asserted to be outstanding remunerations under an employment contract due to Mr. Philip Ma, within 21 days from the date of service of the Statutory Demand, failing which Mr. Philip Ma may present a winding up petition against Sincere.

As disclosed in the announcement of Sincere dated 23 June 2021, Sincere has sought legal advice in respect of the Statutory Demand and was advised that the Statutory Demand is a nullity. Sincere was also advised that it has a bona fide dispute to the sum demanded by Mr. Philip Ma. Sincere had, through its legal advisers, requested Mr. Philip Ma to (i) withdraw the Statutory Demand and (ii) undertake not to issue any winding-up petition against Sincere in reliance on the Statutory Demand.

On 21 June 2021, Sincere received a Forms of Claim dated 17 June 2021 by Mr. Philip Ma with the Labour Tribunal (the “LBTC Claim”). According to the said Form of Claim, Mr. Philip Ma claims against Sincere for unpaid director’s fees and management fees allegedly due from four subsidiaries of Sincere in the total sum of HK\$8,244,000, which is the same amount as that demanded by him in the Statutory Demand. Sincere further received a letter from Mr. Philip Ma’s legal advisers on 21 June 2021 stating that Mr. Philip Ma will not present a winding-up petition against Sincere in respect of the alleged outstanding remunerations stated in the Statutory Demand pending the determination of the Labour Tribunal.

Call-over hearings in respect of the LBTC Claim were held at the Labour Tribunal on 8 July 2021 and 1 November 2021. Mr. Philip Ma increased his claim in the LBTC Claim to include additional claims that Sincere owed him an alleged partial unpaid director fee for the period of 1 March 2021 to 30 June 2021 and payment in lieu of annual leave entitlement; and in respect of the certain subsidiaries of Sincere, Mr. Philip Ma also included his claim for director fees and management fees for the period between March to June 2021 and certain entertainment allowance.

19. CONTINGENT LIABILITIES (Continued)

Claim from former director of Sincere (Continued)

The LBTC Claim was subsequently transferred to Court of First Instance of the High Court of Hong Kong, in which Mr. Philip Ma claimed a total sum of HK\$12,064,271.28 by including the additional claims in the aforesaid paragraph. Sincere has instructed its legal advisers to defend Mr. Philip Ma's claims in the High Court.

20. LITIGATIONS

Deed and Purported Cancellation

On 29 October 2020, Win Dynamic, the then controlling shareholder of Sincere, executed a deed in favour of Sincere at no consideration (the "Deed"). Pursuant to the Deed, Win Dynamic has irrevocably undertaken to Sincere to gift to Sincere the sum falling to be paid by the Company to Win Dynamic upon its acceptance of the offer to acquire all the 662,525,276 shares of Sincere held by it, which was expected to amount to approximately HK\$260,442,992 (after deducting Win Dynamic's ad valorem stamp duty). As disclosed in the announcement of Sincere dated 29 October 2020, Sincere at that time intended that this gift from Win Dynamic, when received, would be applied as working capital of Sincere.

On 4 February 2021, Sincere announced that the board of directors of Sincere (the "Sincere Board") had received a letter from Win Dynamic dated 3 February 2021 stating Win Dynamic's declaration that the Deed was null and void and cancelled with immediate effect, for the reason that it was executed by Win Dynamic under undue influence and duress, given without separate legal representation or proper advice, and was an undervalue transaction pursuant to section 265D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Purported Cancellation").

As stated in the Sincere's announcement dated 4 February 2021, the Sincere Board (with Mr. Philip Ma and Mr. Charles M W Chan (collectively the "Dissenting Directors") disagreeing) did not admit that the Deed was null or void or had been cancelled. For the interest of Sincere and its shareholders as a whole, the Sincere Board had resolved to include the review of the implication of the Purported Cancellation to the term of reference of the independent committee of the Sincere Board comprising independent non-executive directors, namely Mr. King Wing Ma, Mr. Eric K K Lo, Mr. Peter Tan and Mr. Anders W L Lau (collectively the "Sincere IBC"). The Sincere IBC had thereafter sought separate legal advice in respect of the Purported Cancellation.

In response to a letter from the legal adviser of the Sincere IBC to Win Dynamic requesting for evidence to support its reason for the Purported Cancellation, Win Dynamic responded in its reply letter that its professional adviser had advised it not to provide to Sincere any information relating to the Deed.

20. LITIGATIONS (Continued)

Deed and Purported Cancellation (Continued)

The Company was informed, amongst other things, that the Sincere Board (except for the Dissenting Directors) (i.e. the Sincere IBC) did not admit that the Purported Cancellation was valid or effective. In response to an email from the legal adviser of the Sincere IBC to the legal adviser of the Company requiring the proceeds received by Win Dynamic from its sale of shares of Sincere to the Company to be paid to Sincere and not Win Dynamic, the legal adviser of the Company responded, amongst other things, that the Company would conduct the Offer, including but not limited to the settlement of the cash consideration for the valid acceptances of the Offer, in accordance with the terms and conditions of the Offer and in compliance with the Code on Takeovers and Mergers.

On 12 May 2021, Sincere was informed by the legal adviser of the Company that the Company had issued a writ of summons with an indorsement of claim (the “Writ”) in the High Court of the Hong Kong Special Administrative Region (the “Court”) against Win Dynamic on 10 May 2021 in relation to the Purported Cancellation (the “Action”). The Company claimed against Win Dynamic, among others, for an order of specific performance requiring Win Dynamic to forthwith pay Sincere the net proceeds in respect of Sincere’s shares tendered by Win Dynamic for acceptance of the Offer, after deducting the seller’s ad valorem stamp duty payable by it, amounted to HK\$260,435,373 (the “WD Proceeds”), or such other sum as the Court may determine.

The Company also applied to the Court for an interlocutory injunction against Win Dynamic (the “Injunction Application”) on 11 May 2021 which was heard by the Court on 14 May 2021. Upon hearing submissions from the parties, the Court has adjourned the hearing of the Injunction Application to a date to be fixed for substantive argument, and the Court has granted an interim-interim injunction, which shall remain in force pending the substantive determination of the Injunction Application, restraining Win Dynamic from, among others, (a) removing from Hong Kong any of its assets which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, up to the value of the WD Proceeds, or (b) in any way disposing of or dealing with or diminishing the value of any of its assets, which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, and whether or not Win Dynamic assets a beneficial interest in them up to the value of the WD Proceeds.

By a Notice of Hearing dated 18 November 2021, the date of the substantive hearing of the Injunction Application has been fixed for 27 May 2022 at 10 a.m..

Sincere on 16 July 2021 resolved that it was in the interest of Sincere and its shareholders to commence legal proceedings against Win Dynamic in relation to the Purported Cancellation. Subsequently, Sincere had agreed to be joined as a party to the proceedings initiated by the Company. Accordingly, the Company sought the consent from Win Dynamic to join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant in the proceedings. As such, on 6 October 2021, the Company and Win Dynamic had jointly applied to the Court for, among others, (i) leave to join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant and (ii) leave to amend the Writ and the statement of claim in relation to the Purported Cancellation (the “Joinder Application”).

20. LITIGATIONS (Continued)

Deed and Purported Cancellation (Continued)

On 9 November 2021, the Court had granted an order in terms of the Joinder Application that, amongst other things, the Company was granted with leave to (i) join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant in the Action, and (ii) amend the Writ and the statement of claim in relation to the Purported Cancellation (the “Joinder Order”).

On 15 November 2021, the Company and Sincere instructed their solicitors to issue the amended Writ and the amended statement of claim against Win Dynamic and Mr. Philip Ma pursuant to the Joinder Order, and serve the same on Mr. Philip Ma on the same day. Sincere claimed against Win Dynamic and Mr. Philip Ma for, among others, (i) an order of specific performance of the Deed requiring Win Dynamic to forthwith pay Sincere the WD Proceeds, or such other sum as the Court may determine, and (ii) a declaration that the Deed is valid and binding, and Mr. Philip Ma had breached his contractual and/or fiduciary duties to Sincere.

By an acknowledgment of service of amended writ of summons filed and served on 1 December 2021, Mr. Philip Ma stated that he intended to contest the Action.

Win Dynamic and Mr. Philip Ma had filed and served their Defence and Counterclaim in the Action on 18 January 2022 and 14 March 2022 respectively. Win Dynamic and Mr. Philip Ma averred, among others, that the Company and Sincere were not entitled to any remedy against them. They further counterclaimed against the Company and Sincere for, among others, a declaration that the Deed is null and void and/or unenforceable, or alternatively, that the Deed was lawfully rescinded, cancelled or revoked by Win Dynamic and is of no legal effect.

Further details are disclosed in the announcements of Sincere dated 29 October 2020 and 4 February 2021, the offer document of the Company dated 5 May 2021 (the “Offer Document”) and the response document of Sincere dated 20 May 2021 (the “Response Document”).

Sincere has sought legal advice in respect of this litigation and was advised that (i) the Deed is enforceable, and (ii) Sincere has legal and contractual rights over the WD Proceeds. Therefore, the WD Proceeds is initially recognised as “Gift receivable from Win Dynamic under “Prepayments, deposits and other receivables” with an amount of HK\$150,001,000, being the fair value of the WD Proceeds which is determined based on an effective interest rate of 9.4%.

As at 31 December 2021, the Group has recognised gift receivable from Win Dynamic (under non-current portion of “Prepayments, deposits and other receivables”) of HK\$158,870,000. During the year ended 31 December 2021, the Group has recognised imputed interest income from gift receivable (under “Other income”) and credit losses allowance on other receivables (under “Impairment loss, net”) of HK\$9,314,000 and HK\$445,000, respectively.

21. EVENTS AFTER REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2021 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of the Group during the year included property investment, development and commercial operation (the “Property Segment”); financial services, included corporate finance advisory, asset management, securities brokerage services, margin financing and money lending (the “Financial Services Segment”); environmental protection industry, mainly dismantling, processing, trading and sales of scrap materials (the “EP Segment”); distribution and sales of motor vehicle parts (the “MVP Segment”); financial printing, digital printing and other related services (the “Commercial Printing Segment”); sales of hangtags, labels, shirt paper boards and plastic bags (the “Hangtag Segment”); and the operation of department stores, securities trading and the provision of general and life insurances (the “Department Store Segment”).

Overall Financial Review

For the year ended 31 December 2021 (“FY2021”), the Group recorded a total revenue of approximately HK\$1,195.1 million, representing an increase of approximately 37.5% as compare to that of the year ended 31 December 2020 (“FY2020”) of approximately HK\$869.3 million. The Group recorded a net profit of approximately HK\$115.9 million in FY2021, which represented a decrease of approximately 87.0% as compared to a net profit of approximately HK\$892.3 million in FY2020.

Revenue

The Group’s revenue in FY2021 was mainly contributed by the EP Segment, the MVP Segment, the Financial Services Segment and the Department Store Segment which represented approximately 56.3%, 18.1%, 11.9% and 8.0% of the total revenue of the Group, respectively. The remaining revenue of the Group was contributed by the Commercial Printing Segment of approximately 4.9% and the Property Segment of approximately 0.8% respectively. The revenue of the Hangtag Segment was minimal to the Group. The increase in Group’s revenue in FY2021 as compared to that of FY2020 approximately amounted to HK\$325.8 million. The EP Segment, the MVP Segment, the Financial Services Segment and the Department Store Segment contributed the increase of revenue approximately amounted to HK\$128.8 million, HK\$56.9 million, HK\$60.5 million and HK\$95.0 million respectively. Reasons for the changes in the relevant segment revenues are set out in the sections below.

Other income

Other income increased by HK\$10.0 million in FY2021 as compared to that of FY2020. The increase of other income was arising from imputed interest income on gift receivable from Win Dynamic of HK\$9.3 million and claim for legal case in respect of Qiankeng Property of HK\$13.9 million, which was partially offset by the decrease of bank interest income of HK\$10.6 million.

Other gains and losses

Other gains and losses mainly represented net foreign exchange loss and revaluation surplus or deficit on property, plant and equipment. Other gains and losses decreased by HK\$226.0 million as compared to that of FY2020. Decrease was arising from decrease in net foreign exchange loss by HK\$179.6 million and the turnaround from revaluation deficit on property, plant and equipment of HK\$23.4 million in FY2020 to revaluation surplus on property, plant and equipment of HK\$23.4 million in FY2021. For decrease in net foreign exchange loss, it was resulted from the translation of the Group's assets and liabilities denominated in Renminbi into Hong Kong dollars. For turnaround of revaluation on property, plant and equipment, it was resulted from the recovery in the residential property market in Hong Kong.

The Group invested in listed securities in Hong Kong and other club and school debentures in Hong Kong for investment purpose. As at 31 December 2021, the financial assets at fair value through profit or loss amounted to approximately HK\$81.2 million (31 December 2020: HK\$15.3 million). In FY2021, the total net unrealised fair value loss and total net realised gain on the disposal of financial assets at fair value through profit and loss amounted to approximately HK\$3.0 million (FY2020: HK\$4.4 million) and HK\$0.6 million (FY2020: HK\$2.8 million), respectively.

Impairment losses, net

In FY2021, the impairment losses, net represented the increase in expect credit losses of trade receivables and other receivables approximately HK\$9.1 million and HK\$0.4 million, which was offset by the decrease in expect credit losses of loan receivables and receivables arising from securities broking approximately HK\$4.1 million and HK\$1.8 million respectively. The impairment losses, net decreased by HK\$23.6 million was mainly arising from loan receivables from money lending business since there was initial recognition of HK\$20.6 million in FY2020 and a reversal of HK\$4.1 million in FY2021 due to the improvement of credit risk factors.

Gain on fair value changes of investment properties, net

Gain on fair value changes of investment properties, net decreased by HK\$1,198.2 million in FY2021 as compared to that of FY2020. In FY2021, the gain on fair value changes of investment properties was mainly resulted from Realord Technology Park since the Group obtained the permit from relevant government authorities in respect of the increase in construction scale of Phase II in August 2021. In FY2020, the gain on fair value changes of investment properties was mainly resulted from Qiankeng Property of which the approval in principle in respect of the proposed urban redevelopment plan thereon involving a change in land use from industrial to residential use was granted by the relevant government authority in August 2020.

Selling and distribution expenses

Selling and distribution expenses increased by HK\$57.3 million which was mainly arising from the consolidation of business development expenses, staff costs and depreciation of right-of-use assets for the retail shops upon the completion of acquisition of The Sincere Company, Limited (“Sincere”) during the FY2021.

Administrative expenses

Administrative expenses mainly represented staff costs, depreciation of right-of-use assets and legal and professional fee. Administrative expenses increased by HK\$31.9 million which was mainly arising from the consolidation of administrative expenses approximately HK\$28.0 million upon the completion of acquisition of the Sincere during the FY2021.

Finance costs

Finance costs mainly represented interest on bank borrowings and overdrafts and interest on loan from ultimate holding company. The increase of interest on bank borrowings and overdrafts approximately HK\$65.4 million was arising from the increase in bank borrowings from HK\$1.01 billion in FY2020 to HK\$1.05 billion in FY2021.

Net profit

The Group’s net profit was approximately HK\$115.9 million in FY2021, representing a decrease of approximately HK\$776.4 million, as compared to the Group’s net profit of approximately HK\$892.3 million in FY2020. The decrease of net profit included a fair value gain (net of deferred tax expenses) of approximately HK\$955.5 million resulted from fair value change of the Group’s investment properties in FY2021 whereas the corresponding gain in FY2020 was approximately HK\$1,905.3 million. The decrease of net profit was offset by a reduction of net exchange loss of the Group as resulted from the translation of the Group’s assets and liabilities denominated in Renminbi into Hong Kong dollars of approximately HK\$139.0 million for FY2021 (FY2020: HK\$318.6 million). Upon the completion of acquisition of Sincere in May 2021, the operating loss of approximately HK\$19.2 million was recorded by the Group for FY2021.

Financial review of each segment

Property Segment

The revenue of the Property Segment was mainly derived from the rental income of the Group’s investment properties. The Group generated rental income of approximately HK\$9.9 million in FY2021 (FY2020: HK\$10.9 million). Since January 2021, there was no rental income from Qiankeng Property (FY2020: approximately HK\$2.5 million) as the Group has commenced the demolition of Qiankeng Property in May 2021. The aforesaid effect was partially offsetted by the increase of rental income from Sincere Mall due to the increase in number of tenants of shopping mall.

The Property Segment generated a segment profit of approximately HK\$792.3 million in FY2021, representing a decrease of approximately HK\$1,258.5 million or 61.4% as compared to that in FY2020. The decrease was mainly attributable to a decrease in net gain on fair value changes of investment properties from approximately HK\$2,463.4 million in FY2020 to approximately HK\$1,265.3 million in FY2021. Reasons for the changes are set out in “Gain on fair value changes of investment properties, net” above.

The Financial Services Segment

The Financial Services Segment generated a revenue of approximately HK\$142.6 million in FY2021, which increased by approximately HK\$60.5 million or 73.7% as compared to that of approximately HK\$82.1 million in FY2020. The segment recorded a segment profit of approximately HK\$45.9 million in FY2021 as compared to approximately HK\$6.1 million in FY2020. The growth of both revenue and segment profit of the Financial Services Segment was mainly attributable to increase in services provided to its customers, including placing services and underwriting services for certain initial public offering (“IPO”) projects as well as the increase in margin interest income, margin financing services and interest from the money lending. Furthermore, the segment profit was improved by the reversal of impairment losses of approximately HK\$4.1 million on loan receivables in FY2021 (FY2020: initial recognition of impairment loss of approximately HK\$20.6 million).

The EP Segment

With the increased scale and established suppliers’ network of Realord Environmental Protection Japan Co., Ltd. (“Realord EP Japan”) during FY2021, the EP Segment generated revenue of approximately HK\$672.8 million, representing an increase of approximately 23.7% as compared to approximately HK\$544.1 million in FY2020. However, the segment profit for the EP Segment in FY2021 decreased by approximately 27.7% to approximately HK\$9.4 million from that of approximately HK\$13.0 million in FY2020. The decrease in segment profit was mainly attributable to the lower of gross profit margin and increased credit risk of long outstanding trade receivables.

The MVP Segment

The revenue of the MVP Segment increased by approximately 35.7% in FY2021 to approximately HK\$216.2 million (FY2020: HK\$159.3 million). During the difficult time of COVID-19 pandemic, the Group not only maintained a stable source of supply of motor vehicle parts, but also increased its sales to major customers. The segment profit increased from approximately HK\$6.4 million in FY2020 to approximately HK\$8.7 million in FY2021.

The Commercial Printing Segment

The uncertain business environment caused by the outbreak of COVID-19 epidemic in FY2021 has adversely affected the capital market sentiment, and hence reduced the demand for our services. As such, the revenue from the Commercial Printing Segment decreased by approximately 19.8% to approximately HK\$58.3 million in FY2021 (FY2020: HK\$72.7 million). The Commercial Printing Segment recorded a segment loss of approximately HK\$4.1 million (FY2020: segment profit of approximately HK\$0.4 million) which the result of FY2020 of the Commercial Printing Segment had benefited by the Employment Support Scheme under the Anti-epidemic Fund set up by the Hong Kong Government in FY2021, the results of FY2021 for this segment was short of such government subsidy.

The Hangtag Segment

The revenue of the Hangtag Segment amounted to approximately HK\$0.2 million in FY2021 (FY2020: HK\$0.2 million). The segment loss derived from this segment was relatively minimal during the periods of FY2021 and FY2020.

The Department Store Segment

The Department Store Segment generated a revenue of approximately HK\$95.0 million from its operation of department stores since the completion of acquisition in May 2021, representing approximately 8.0% of the Group's total revenue in FY2021. The Department Store Segment recorded a segment loss of approximately HK\$19.2 million in FY2021 due to the persistence impact of COVID-19 pandemic adversely affecting performance of department store operation.

Liquidity, financial resources and capital structure

The Group generally finances its operations with internally generated cash flow, cash reserve, banking facilities and facility provided by the ultimate holding company. The Group is financially sound with healthy cash position. The Group's cash and bank balances as at 31 December 2021 amounted to approximately HK\$229.6 million (31 December 2020: HK\$1,268.3 million) which were mainly denominated in HK\$ and RMB (31 December 2020: HK\$ and RMB).

The gearing ratio of the Group as at 31 December 2021 was approximately 280.9% (31 December 2020: 309.6%), which is calculated based on the interest-bearing borrowings denominated in HK\$ and RMB (31 December 2020: HK\$ and RMB) of approximately HK\$11,608.9 million (31 December 2020: HK\$10,852.2 million) and divided by the equity attributable to owners of the Company of approximately HK\$4,133.1 million (31 December 2020: HK\$3,505.5 million). The interest bearing borrowings carried interest rate ranging from 2.15% to 7.60% per annum (31 Decmeber 2020: 2.15% to 7.60% per annum) with maturity ranging from within 1 year to 29 years (31 December 2020: within 1 year to 30 years).

The Directors consider that the Group's cash holding, liquid assets, future revenue, available banking facilities and the facility provided by the ultimate holding company will be sufficient to fulfill the present working capital requirement of the Group.

Foreign exchange

Most of the transactions of the Group were denominated in Hong Kong dollars, US dollars, Euro, Japanese Yen and Renminbi. The reporting currency of the Group is Hong Kong dollars.

The Group is exposed to foreign exchange risk arising from exposure in the US dollars, Euro, Japanese Yen and Renminbi against Hong Kong dollars. The management has continuously monitored the level of exchange rate exposure and shall adopt financial hedging instruments for hedging purpose when necessary. The EP Segment of the Group has used foreign currency forward contract for hedging purpose during FY2021 and FY2020.

Financial guarantees and charges on assets

As at 31 December 2021, corporate guarantees amounting to approximately HK\$10,096.4 million (31 December 2020: HK\$9,860.2 million) were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to approximately HK\$9,405.2 million (31 December 2020: HK\$9,655.0 million) was given to banks in the PRC by the Company for the provision of general banking facilities granted to its PRC subsidiaries. Besides, the general banking facilities granted to the subsidiaries of the Company were secured by legal charges on certain investment properties, leasehold land and buildings and properties under development owned by the Group with a total net book value of approximately HK\$10,184.0 million (31 December 2020: HK\$11,839.2 million), approximately HK\$567.6 million (31 December 2020: HK\$363.8 million) and approximately HK\$3,229.1 million (31 December 2020: Nil) respectively. Meanwhile, corporate guarantees amounting to approximately HK\$10,093.1 million (31 December 2020: HK\$9,880.7 million) were given to banks by the directors and controlling shareholders of the Company for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to approximately HK\$9,171.0 million (31 December 2020: HK\$8,837.0 million) was given to banks in the PRC by the Company for the provision of general banking facilities granted to its PRC subsidiaries. In additions, the general banking facilities granted to the subsidiaries of the Company were secured by securities collateral pledged to the Group by margin clients with market value of HK\$24,908,000 (31 December 2020: HK\$9,529,000), the Group's marketable securities with an aggregate fair value of HK\$3,432,000 (31 December 2020: Nil) and shares of two (31 December 2020: two) investment properties owing subsidiaries. Besides, certain bank borrowings were secured by the Group's bank balances of HK\$154,000 (31 December 2020: Nil) and time deposits of HK\$101,999,000 (31 December 2020: Nil).

Business Review of each segment

During the year ended 31 December 2021, the global economy and business performance did not recover as expected due to the continuous outbreak of COVID-19 pandemic. The global economy is influenced by the unstable international geopolitics and the expectation of raising interest rate. Simultaneously, the economy in China is affected by the strict regulation and supervision of various industries.

Set out below is the review of each segment of the Group's business.

The Property Segment

The Group holds three investment property projects namely Realord Villas and Zhangkengjing Property in Longhua District, and Realord Technology Park in Guangming District in Shenzhen, the PRC. The Group also holds proposed development project and properties under development namely Laiying Garden in Nanshan District and Qiankeng Property in Longhua District respectively in Shenzhen, the PRC. There are five property projects on hand as at 31 December 2021 (31 December 2020: five).

During FY2021, there are various development progress on three property projects. Firstly, for Realord Villas, the Group completed renovation works of the business apartment building and the shopping mall "Sincere Mall" in December 2021. Upto the date of report, the number of tenants of shopping mall increased to 20 including children's amusement park and the Group entered into tenancy agreements with big catering groups and cinema. Secondly, for Realord Technology Park, the Group obtained the permit from relevant government authorities in respect of the increase in construction scale of Phase II in August 2021. The construction scale is increased from approximately 60,000 square meters to approximately 81,000 square meters. The development plan will be started once government approval is granted. Thirdly, for Qiankeng Property, the Group has been approved as the authorised developer by the related government authorities in January 2021. Selection of design and construction proposals has been carried out and demolition of the existing factory and infrastructures has been completed in May 2021. The Group obtained the permit from relevant government authorities in respect of the construction scale of approximately 112,000 square meters in November 2021. The redevelopment works will be commenced once permits are obtained from relevant government authorities.

The Finance Services Segment

The Group's development strategy is to build a one-stop financial services platform with competitive advantage on branding and market positioning in the Greater Bay Area. In FY2021, despite ongoing geopolitical issues, regulatory changes affecting several industries in the Mainland, including the new economy and education, the Hong Kong stock market has remained resilient through the coronavirus pandemic era. During FY2021, the Group's Financial Services Segment has seen a strong growth. In regard of primary market, the Group provided diversified services to its customers, such as placing agent and underwriting services as joint book runner of certain IPO projects as well as margin financing services. Revenue from placing agent and underwriting services has doubled in FY2021 compared with the same period in FY2020. In respect of the secondary market, trading volume in Hong Kong stock market hit a record high in FY2021, the Group achieved a stable development in securities transaction services, which has led to a year-on-year increase in brokerage fees. Meanwhile, strengthened margin financing services has resulted in higher interest income during the reporting period.

The Group, together with 5 other independent third parties, had also applied for the approval from the China Securities Regulatory Commission ("CSRC") of the establishment of a security company in Guangzhou Pilot Free Trade Zone, which is currently under review of CSRC. The Company will update the shareholders with the progress of the application when and as appropriate.

The EP Segment

In FY2021, the EP Segment remained to be the Group's major revenue contributor which was benefited from the sharp increase of copper price and the increased scale of Realord Environmental Protection Japan Co., Ltd ("Realord EP Japan"). The increased scale can be referred to the lease agreement dated 2 November 2020 which the aggregate gross floor area of leased land in Osaka, Japan increased from approximately 16,000 square meters (3 pieces) to approximately 19,609 square meters (4 pieces). Although the revenue was increased, the net profit was washed away by the lower of gross profit margin and increased credit risk of long outstanding trade receivables due to the temporary suspension of business operation in PRC and Malaysia under the COVID-19 pandemic.

Due to the outbreak of Omicron epidemic, the Group changed its development strategy of EP business by discontinuing to seek for the development of a processing plant for smelting scrap materials. In addition, on 17 August 2021, Realord EP Japan served a notice to Tsugawa Metal Co., Ltd. ("Tsugawa Metal") to early terminate the service agreement in relation to the provision of technical services with effect from 1 September 2021 which is expected to be more cost efficient and allow more flexibility.

The MVP Segment

With the stable source of suppliers during the COVID-19 pandemic, the MVP business achieved a revenue growth because of increase in orders placed by customers. In order to maintain sustainable growth in business, the Group has to further strengthen its relationship with suppliers and explore new customer bases.

The Commercial Printing Segment and Hangtag Segment

The decrease in demand of commercial printing services and hangtag products was unavoidable during the COVID-19 pandemic. Though the Group has downsized its scale of operations in order to minimize the operating costs, these two segments still recorded segment losses in FY2021.

The Department Store Segment

The Group completed the acquisition of Sincere, which engaged in the operation of department stores, securities trading and the provision of general and life insurances, in May 2021. During FY2021, the performance of the Department Store Segment was continued affecting by the COVID-19 pandemic. The Group had adopted pro-active measures such as reducing operating expenses, negotiating rental concession and maintaining a healthy inventory level for improvement of financial results.

The Caribbean Segment

The CODM classified the Caribbean Segment as an operating segment on 31 December 2021 when the Group acquired a 70.5% equity interest (“Gift Interest”) of Caribbean Education Industry Group Limited at nil consideration from Dr. Lin Xiaohui (“Dr Lin”). The principal business of the Caribbean Education Group is the development of a project (“Project”) in Grenada (comprising 3 lots of land with admeasurement 450 acres situated at the Mt. Hartman area in the parish of Saint George). The Project involves the development of a mixed property project consisting educational facilities, apartments for student, residential properties, hotel and resort facilities, commercial development and shopping facilities and in a longer plan university establishment(s) and related amenities.

The Government of Grenada granted the Caribbean Education Group the “Approval Project Stauts” such that the Caribbean Education Group can develop the Project on foreign investors’ funding in accordance with the local laws under Section 11 of the Grenada Citizenship by Investment Act 15 of 2013 and a citizenship by investment programme of Grenada (“CBI Programme”). Through the CBI Programme, the Caribbean Education Group is authorised to raise capital from investors of the Project for funding the construction and development costs. Qualified investors of the real properties will be granted permanent Grenadian citizenship and a passport offering visa-free travel to over 153 countries including the United Kingdom, EU Schengen countries and China. Grenada also offers access for its citizens to the United States of America E2 treaty investor visa which would enable the visa holder to reside, work and study in the United States. The Project marks a significant flag of our Group into the Caribbean region.

OUTLOOK AND CORPORATE STRATEGY

The Property Segment

The Group will focus on the five properties hand, namely, the Qiankeng Property, the Laiying Garden, the Realord Villas, the Realord Technology Park and the Zhangkengjing Property to ensure that the Group stays in a good position in this segment.

The Finance Services Segment

The Financial Services Segment of the Group is highly correlated to the debt and capital markets in Hong Kong. It is expected that the ongoing political tension between United States of America and China would push more Chinese enterprises go for listing on the Stock Exchange of Hong Kong. With the new listing regime for SPACs in Hong Kong, the Group expects its Financial Services Segment could still achieve a steady business growth in the near future. The Group is in the course of optimizing its software systems in relation to securities transaction while expanding its sales and marketing force. The Group is currently preparing to launch dark pool and U.S. stock trading systems.

The EP Segment, the MVP Segment, the Commercial Printing Segment, the Department Store Segment and the Hangtag Segment

Looking forward, amidst the market uncertainties, the Group will continue to exercise extreme cautions in the operations of the EP Segment, the MVP Segment, the Commercial Printing Segment, the Department Store Segment and the Hangtag Segment with a view to controlling operating costs, minimising the credit risk exposures, and expanding the customers base of the segments by strengthening their competitive edges among their competitors. The Group will continue to monitor the business plans, the associated risks and prospects of the operations of all segments, in order to maximise the return to the Shareholders.

The Caribbean Segment

The Project presents a valuable opportunity for the Group to diversify its business and operations in the Caribbean region and enables it to expand its scale of operation overseas. Other than the Project, the Group's major operating arm for the Caribbean Segment, the Caribbean Education Group, is also in negotiation with the authorities of the Republic of Panama on a property development and power generation project to be granted under the foreign investors investment scheme of the Republic of Panama.

Following the initiative of One Belt One Road of the PRC government, the Group has further targeted five countries in the Caribbean economic zone, namely Grenada, Antigua, Saint Lucia, Saint Kitts and Dominica, as its new spheres of development. Leveraging on the existing network and market knowledge empowered by the Project in Grenada in the region, it is the corporate strategy of the Group to invest and/or to form joint ventures with local governments in the aforesaid countries to set up and develop new business in the arenas of (i) green energy; (ii) retail; (iii) education; and (iv) tourism in these countries.

The green energy business will encompass the government policies of the relevant countries in achieving carbon neutrality, and establishing a sustainable clean energy hub in the region. The Group plans to invest in BOT (build-operate-transfer) approved projects by the local governments. Such BOT projects include but not limited to power storage facilities, power management and grid management systems, solar power generation and application of solar power in infrastructure and buildings.

Regarding the retail business, it will be carried out in the retailing brand name of "Sincere" and will form an integral part of the property development and investment activities of the Group in the area.

It is contemplated that the education sector would take the business model of the Project, in that it will combine the property development, student residence, commercial and shopping amenities and educational facilities in an overall development plan. Alongside will be the development of tourism related operations including hotels and holiday resorts and shopping complex in tourist areas.

To encourage foreign investments in to their countries, the above named Caribbean countries have long established citizenship by investment programs ("CBI Programs") and are well-recognised by potential investors. Grenada, Antigua, Saint Lucia, Saint Kitts and Dominica were the top five countries ranked as the most popular investment destinations by CBI Programs. The Group has targeted these countries to tap into the opportunities offered by these CBI Programs and to exploit the development potential of these new markets. To this end, the Group will establish a strong team of management, marketing and sales team to promote the investment targets, with offices in Beijing, Shanghai, Shengzhen, Hong Kong, South East Asia and North America.

The Group will endeavor to promote its development in the Caribbean and Latin America region from different aspects and dimensions to gain strategic advantages in different countries and consolidate the leading position of the Group in the Caribbean and Latin American markets by actively leveraging market synergies.

CONTINGENT LIABILITIES

Saved as disclosed in note 19 to the consolidated financial statements, the Group has no other significant contingent liabilities as at 31 December 2021.

LITIGATION

Saved as disclosed in note 20 to the consolidated financial statements, the Group has no other significant litigation as at 31 December 2021.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Saved as disclosed in notes 16 and 17 to the consolidated financial statements, no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2021.

EVENTS AFTER REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2021 and up to the date of this report.

DIVIDENDS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the directors of the Company or any of their respective associates has interest in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group, or has any other conflict of interest with the Group.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance practices. In the opinion of the Directors, the Company has complied all code provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2021.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a total workforce of 521, of whom 335, 135, 31 and 20 were based in Hong Kong, the PRC, Japan and Grenada. Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

ANNUAL GENERAL MEETING

The 2022 annual general meeting (“2022 AGM”) will be held on Friday, 10 June 2022, and the notice of the 2022 AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Tuesday, 7 June 2022 to Friday, 10 June 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2022 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 6 June 2022.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s issued shares during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors’ securities transactions on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2021.

AUDIT COMMITTEE AND REVIEW OF FINAL RESULTS

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited. The work performed by the Company's auditors in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on the preliminary announcement.

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three members, namely Mr. Yu Leung Fai, Mr. Fang Jixin and Mr. Ho Chun Chung Patrick, who are all independent non-executive Directors. The Audit Committee has reviewed with the management about the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control system and financial reporting matters of the Group. The Audit Committee has also reviewed the consolidated financial statements of the Group for the year ended 31 December 2021.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the Company's website (<http://www.realord.com.hk>) and the Stock Exchange's website (<http://www.hkexnews.hk>).

The annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the abovementioned websites in due course.

APPRECIATION

On behalf of the Board, I would like to express its sincere gratitude to all our staff for their dedication and contribution, as well as to all our customers, suppliers, business associates and shareholders for their continuous support to the Group over the period.

By Order of the Board
Realord Group Holdings Limited
Lin Xiaohui
Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the executive Directors are Dr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong and the independent non-executive Directors are Mr. Yu Leung Fai, Mr. Fang Jixin and Mr. Ho Chun Chung Patrick.