

DT CAPITAL



DT CAPITAL LIMITED

鼎立資本有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 356

ANNUAL  
REPORT  
**2021**



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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Leong Chi Wai  
Mr. Lewis Chan  
Mr. Su Chunxiang

### Non-executive Directors

Ms. Chan Pui Kwan (*Chairman*)  
Ms. Li Peng

### Independent non-executive Directors

Mr. Chen Yeung Tak  
Mr. Ruan Zhi  
Mr. Jochum Siebren Haakma

### Audit Committee

Mr. Chen Yeung Tak  
(*Chairman of Audit Committee*)  
Mr. Ruan Zhi  
Mr. Jochum Siebren Haakma

### Remuneration Committee

Mr. Chen Yeung Tak  
(*Chairman of Remuneration Committee*)  
Mr. Ruan Zhi  
Mr. Jochum Siebren Haakma

### Nomination Committee

Mr. Ruan Zhi  
(*Chairman of Nomination Committee*)  
Mr. Chen Yeung Tak  
Mr. Jochum Siebren Haakma

### Company Secretary

Mr. Ho Kim Fung

### Authorized Representatives

Ms. Chan Pui Kwan  
Mr. Lee Tak Shing

### Auditor

BDO Limited  
Certified Public Accountants and  
Registered Public Interest Entity Auditor  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

### Principal Bankers

DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of  
China (Asia) Limited  
Luso International Banking Limited

### Registered Office

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### Head Office and Principal Place of Business

Unit D, 6th Floor, Eton Building  
288 Des Voeux Road Central  
Hong Kong

## CORPORATE INFORMATION (CONTINUED)

### Principal Registrar

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3  
Building D  
P.O. Box 1586  
Gardenia Court  
Camana Bay  
Grand Cayman KY1-1100  
Cayman Islands

### Hong Kong Branch Share Registrar

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

### Stock Code

Hong Kong Stock Exchange: 356

### Company Website Address

<http://www.dt-capitalhk.com>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

For the year ended 31 December 2021, DT Capital Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded loss attributable to equity holders of approximately HK\$4.8 million (2020: HK\$40.9 million). The loss per share was HK\$0.0021 (2020: HK\$0.0179). Decrease in loss in 2021 was mainly caused by a decrease in the unrealised loss on listed and unlisted securities approximately HK\$32.72 million compared with 2020. In addition, there were no bank interest expenses in 2020 and 2021.

The stock market was fluctuating in 2021 that led to the Group's unrealized fair value loss on listed securities of approximately HK\$5.92 million (2020: HK\$17.22 million) and realized gain on listed securities of approximately HK\$1.77 million (2020: HK\$1.69 million).

The Company has fully disposed of one project in 2021.

The performance of investments were affected by the major factors as follows:

Economic, Social and Political – Economic, Social and Political affected the stock market and caused its fluctuation, such as COVID-19 pandemic around the globe.

Liquidity – Liquidity affected the Group short term strategy to balance in investing listed and unlisted securities and maintaining the cash position.

The Group strategy was to maintain strong cash balance to prepare for stock market fluctuation. The Group had no new investment project in 2021 but invested some listed securities with approximately HK\$14 million in 2021. The Group short term strategy is changed from time to time to reflect the market and economic situation and long term strategy is balanced in investing listed and unlisted securities to increase shareholder's returns.

The proceeds of approximately HK\$35 million from the Placing conducted on 28 December 2017 has changed its usage as disclosed in the announcement of the Company on 13 December 2019. The Board resolved to reallocate the sum of approximately HK\$17.5 million for general working capital and this HK\$17.5 million was used in 2020 and 2021. The remaining sum of approximately HK\$17.5 million shall be used for investment in potential projects in China or relating to technology business as originally planned, and/or for such other business opportunities as may be identified by the Company as suitable, among which approximately HK\$14 million has been invested in some listed shares in 2021. The approximately HK\$3.5 million were not utilised as at 31 December 2021 and was kept in the Company's bank accounts.

The proceeds of approximately HK\$15.72 million from the Placing on 31 December 2021 is for investment in potential projects relating to biological technology business or other potential projects identified by the Group. The Group has been invested HK\$20 million, together with the balance of HK\$3.5 million of the proceeds from the Placing conducted on 28 December 2017, in one unit fund for biological technology business in January 2022.

## Prospects

The global outlook is clouded by various downside risks, including renewed COVID-19 outbreaks due to Omicron or new virus variants, the possibility of de-anchored inflation expectations, and financial stress in a context of record-high debt levels.

In the United States, activity faced several unanticipated headwinds, including COVID-19 outbreaks, mounting supply shortages, and rising energy prices, as well as a fading boost to incomes from pandemic-related fiscal support. Meanwhile, inflation surprised markedly to the upside and broadened across components, and a tightening labor market applied upward pressure to wages.

In China, fiscal and monetary policies were eased in the second half of last year to stabilize activity, which cooled rapidly. The government has accelerated local government bond issuance and stepped up efforts to support homeowners and creditworthy developers. The authorities have also encouraged greater domestic coal production and increased coal imports to ease power shortages. The People's Bank of China has reduced reserve requirements, lowered its one-year loan prime rate, and implemented significant short-term liquidity injections. These policies have stabilized activity and eased financial stress triggered by liquidity crunch among some highly indebted real estate companies with constrained balance sheets and regulatory limits on further borrowing.

Ukraine's war become a very important unpredictable factor in 2022 investment market.

Key factors that will define the direction Hong Kong equities are heading in 2022 include: Ukraine's war, China's emphasis on stable economic growth, the implementation of regulation, domestic consumption, interest rates both domestically and on Wall Street, as well as Hong Kong's border reopening with the Chinese mainland.

With so many unpredictable factors, we believe the key to success is in managing risk successfully through diversification and due diligence. In 2022, we will continue our creative yet careful approach to new investments and portfolio management – we will explore new potential areas of investment while exercising due caution where necessary.

Apart from trading securities, the Management will continue to increase shareholder's returns, by exploring various sectors and regions with the aim of finding additional favorable investments that are undervalued and have sustainable income streams.

## MAJOR INVESTMENTS

Particulars of major investments held by the Group as at 31 December 2021 are as follows:

### i) **Listed equity securities**

#### ***Upbest Group Limited (“Upbest Group”)***

Upbest Group is incorporated in the Cayman Islands and is principally engaged in financial business.

The Group holds 33,812,000 (2020: 33,812,000) shares in Upbest Group, representing 1.26% (2020: 1.26%) interest in the issued share capital of Upbest Group with a corresponding investment cost of HK\$27,133,277 (2020: HK\$27,133,277) and derived a dividend income of HK\$338,120 (2020: HK\$338,160) for the year ended 31 December 2021. Based on the interim report for the six months ended at 30 September 2021 (2020: 30 September 2020), the net asset value (the “NAV”) of Upbest Group were approximately HK\$2,678,450,000 (2020: HK\$2,648,075,000).

Upbest Group’s NAV has been increased nearly 1.15% this year. The Group believes that Upbest Group will be beneficial to the “One belt One Road” and also the “Greater Bay Area” policies, given the significant increase in demand on related financial services.

#### ***i-Control Holdings Limited (“i-Control”)***

i-Control is incorporated in the Cayman Islands and is principally engaged in provision of video conferencing and multimedia audio visual solutions.

The Group holds 17,320,000 (2020: 14,590,000) shares in i-Control, representing 1.65% (2020: 1.46%) interest in the issued share capital of i-Control with a corresponding investment cost of HK\$7,923,436 (2020: HK\$4,474,619) and derived a dividend income of HK\$77,480 (2020: HK\$240,300) for the year ended 31 December 2021. Based on the interim report for the six months ended 30 September 2021 (2020: 30 September 2020), the NAV of i-Control were approximately HK\$169,720,000 (2020: HK\$141,553,000).

i-Control’s NAV has been increased nearly 19.9% this year. As i-Control is one of the leading service provider in the industry, the Group is optimistic about the prospects of its business in system applications and IT consulting, as the “Greater Bay Area” will promote the related areas to be more “MICE” oriented and Hong Kong is already a business hub in the Asia Pacific regions and these will strengthen the steady growth of i-Control.

#### ***Ausupreme International Holdings Limited (“Ausupreme”)***

Ausupreme is incorporated in the Cayman Islands and is principally engaged in developing marketing, selling and distributing of health and personal care products, classified by health supplement products, honey and pollen products and personal care products.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group holds 38,050,000 (2020: 6,520,000) shares in Ausupreme, representing 4.99% (2020: 0.86%) interest in the issued share capital of Ausupreme with a corresponding investment cost of HK\$10,519,415 (2020: HK\$3,313,828) and derived a dividend income of HK\$65,200 (2020: HK\$65,200) for the year ended 31 December 2021. Based on the interim report for the six months ended 30 September 2021 (2020: 30 September 2020), the NAV of Ausupreme were approximately HK\$167,080,000 (2020: HK\$176,368,000).

Ausupreme's NAV has been decreased nearly 5.3% this year. As Ausupreme is one of the active health and personal care product provider in Hong Kong, the Group is optimistic about the prospects of its business in the future, as now the societies across China, Hong Kong and SEA have huge concerns about the aging population, health and personal care, etc, and people will be more willing to spend more on these products, Ausupreme will certainly enjoy the trend here.

### ***Kwong Man Kee Group Limited ("Kwong Man Kee")***

Kwong Man Kee is incorporated in the Cayman Islands and is principally engaged in provision of carpark flooring services and ancillary services.

The Group holds 29,793,000 (2020: 29,961,000) shares in Kwong Man Kee, representing 4.97% (2020: 4.99%) interest in the issued share capital of Kwong Man Kee with a corresponding investment cost of HK\$9,979,864 (2020: HK\$10,062,688) and derived a dividend income of HK\$297,930 (2020: Nil) for the year ended 31 December 2021. Based on the interim report for the six months ended 30 September 2021 (2020: 30 September 2020), the NAV of Kwong Man Kee were approximately HK\$104,669,000 (2020: HK\$96,420,000).

Kwong Man Kee's NAV has been increased nearly 8.55% this year. As Kwong Man Kee is one of the active carpark flooring services and ancillary services providers in Hong Kong, the Group believes Kwong Man Kee will be continuously beneficial to the steady demand from the property market in Hong Kong and Macau.

### ***Gemilang International Limited ("Gemilang")***

Gemilang is incorporated in the Cayman Islands and is principally engaged in design and manufacture of bus bodies and assemble buses.

The Group holds 11,583,250 (2020: 11,531,250) shares in Gemilang, representing 4.61% (2020: 4.59%) interest in the issued share capital of Gemilang with a corresponding investment cost of HK\$12,419,174 (2020: HK\$12,385,381) and derived a dividend income of HK\$576,563 (2020: Nil) for the year ended 31 December 2021. Based on the annual financial statements for the year ended 31 October 2021 (2020: 31 October 2020), the NAV of Gemilang were approximately HK\$149,700,000 (2020: HK\$154,436,000).

Gemilang's NAV has been decreased nearly 3.1% this year. The Group is optimistic about the prospects of its business in the future, Gemilang's objective is to become one of the leading bus manufacturing solution provider in Asia and it will certainly be beneficial to the "One belt One Road" and also the "Greater Bay Area" policies, given the potential increasing demand on buses.

***Shen You Holdings Limited (“Shen You”)***

Shen You is incorporated in the Cayman Islands and is principally engaged in the manufacture and trading of sewing threads and broad categories of garment accessories, the provision of interior design, fitting out and decoration services, and equine services.

The Group holds 16,852,711 (2020: Nil) shares in Shen You, representing 4.12% (2020: Nil) interest in the issued share capital of Shen You with a corresponding investment cost of HK\$6,404,030 (2020: Nil). No dividend income was received for the year ended 31 December 2021 (2020: Nil). Based on the annual financial statements for the year ended 31 December 2021 (2020: 31 December 2020), the NAV of Shen You were approximately HK\$91,765,000 (2020: HK\$45,608,000).

Shen You’s NAV has been decreased nearly 56% this year, excluding two time of issuing share capital in 2021. The Group is optimistic about the prospects of its business in the future, Shen You’s objective is to diversify the business focus, such as 1) manufacturing and trading sewing threads and board categories of garment accessories, 2) interior design, fitting out and decoration in commercial, residential and public sectors in Hong Kong and the Greater Bay Area and 3) horse trading and breeding business in Australia.

***Bank of Communication Company Limited (“Bank of Communication”)***

Bank of Communication is incorporated in the People’s Republic of China and is principally engaged in provision of corporate and personal banking services conducting treasury business, provision of asset management, trustee, finance leasing, investment banking, insurance and other financial services.

The Group holds 720,000 (2020: 500,000) shares in Bank of Communication, representing 0.002% (2020: 0.001%) interest in the issued share capital of Bank of Communication with a corresponding investment cost of HK\$4,001,968 (2020: HK\$2,898,205) and derived a dividend income of HK\$243,157 (2020: HK\$117,992) for the year ended 31 December 2021. Based on the annual financial statements for the year ended 31 December 2021 (2020: 31 December 2020), the NAV of Bank of Communication were approximately HK\$1,179,859,746,000 (2020: HK\$1,032,562,000,000).

Bank of Communication’s NAV has been increased nearly 14.3% this year. The Group is optimistic about the prospects of the banking industry and the Group believes that Bank of Communication will be beneficial to the “One belt One Road” and also the “Greater Bay Area” policies, given the significant increase in demand on related banking services.

***China Construction Bank Corporation (“CCB”)***

CCB is incorporated in the People’s Republic of China and is principally engaged in provision of corporate and personal banking services, conducting treasury business, the provision of asset management, trustee, finance leasing, investment banking, insurance and other financial services.

The Group holds 500,000 (2020: Nil) shares in CCB, representing 0.0002% (2020: Nil) interest in the issued share capital of CCB with a corresponding investment cost of HK\$3,072,691 (2020: Nil) and derived a dividend income of HK\$158,288 for the year ended 31 December 2021 (2020: Nil). Based on the annual financial statements for the year ended 31 December 2021 (2020: 31 December 2020), the NAV of CCB were approximately HK\$3,165,665,336,000 (2020: HK\$2,817,668,732,000).

CCB’s NAV has been increased nearly 12.3% this year. The Group is optimistic about the prospects of the banking industry and the Group believes that CCB will be beneficial to the “One belt One Road” and also the “Greater Bay Area” policies, given the significant increase in demand on related banking services.

***MTR Corporation Limited (“MTR”)***

MTR is incorporated in the Hong Kong and is principally engaged in railway operation.

The Group holds 110,000 (2020: 100,000) shares in MTR, representing 0.002% (2020: 0.002%) interest in the issued share capital of MTR with a corresponding investment cost of HK\$4,845,536 (2020: HK\$4,405,393) and derived a dividend income of HK\$130,755 (2020: HK\$113,752) for the year ended 31 December 2021. Based on the annual financial statements for the year ended 31 December 2021 (2020: 31 December 2020), the NAV of MTR were approximately HK\$179,714,000,000 (2020: HK\$176,788,000,000).

MTR Group’s NAV has been increased nearly 1.6% this year. The Group is optimistic about the prospects of MTR Group in the railway operation in Hong Kong, its investment property portfolio and rail franchise and rail-related property development opportunities across China and internationally.

**ii) Unlisted equity securities**

***廣州市金洋水產養殖有限公司 (“金洋水產”)***

金洋水產 is incorporated in the People’s Republic of China and is principally engaged in business of aquacultural and feed production during the year.

The Group holds 1.6% (2020: 1.6%) equity interest in 金洋水產 with a corresponding investment cost of HK\$4,219,243 (2020: HK\$4,219,243). No dividend was received during the years ended 31 December 2021 and 2020. Based on the unaudited financial statements for the year ended 31 December 2021 (2020: 31 December 2020), the net asset value of 金洋水產 were approximately HK\$270,529,000 (2020: HK\$261,954,000). The Group’s share of the NAV of 金洋水產 was approximately HK\$4,328,000 (2020: HK\$4,191,000).

The Group believes that the 金洋水產 will be beneficial to the steady consumption of agricultural and feed production in China, as the local consumption power is emerging.

## Financial Review

### Financial Resources and Liquidity

As at 31 December 2021, the total equity of the Group amounted to approximately HK\$126.61 million (31 December 2020: HK\$115.68 million).

As at 31 December 2021, the Group maintained a cash position, bank balances and cash amounting to approximately HK\$26.6 million (31 December 2020: HK\$33.9 million).

The Group's net financial asset investments of approximately HK\$100.17 million as at 31 December 2021 (31 December 2020: HK\$82.39 million).

### Gearing Ratio

The Group's total borrowings comprising the other payables and accruals, excluding the provision for reinstatement of leased office premise, and lease liabilities, amounted to approximately HK\$0.7 million as at 31 December 2021 (31 December 2020: HK\$2.74 million).

The Group's gearing ratio calculated on the basis of total borrowings over the shareholders' equity of the Company was approximately 0.58% as at 31 December 2021 (31 December 2020: 2.37%).

### Final Dividend

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

### Capital Structure

During the year ended 31 December 2021, the Company has conducted a fund raising activity by the placing of 455,880,000 shares ("Placing Shares") at a price of HK\$0.035 per Placing Share (the "Placing"). The Placing was completed on 31 December 2021. The Company has successfully placed an aggregate of 455,880,000 Placing Shares, representing (i) 20% of the issued share capital of the Company immediately prior to completion of the Placing; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the 455,880,000 Placing Shares. Company's issued share capital was increased from 2,279,400,000 to 2,735,280,000 immediately after the completion of the Placing.

### Capital Commitment and Contingent Liabilities

As at 31 December 2021, there had no material capital commitment and no contingent liabilities.

### Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's assets and liabilities are majority denominated in Hong Kong Dollars. The Group at present does not have any contracts to hedge against its foreign exchange risks.

### Share Options

The Company has not adopted any share option scheme.

### Employees and Remuneration Policies

As at 31 December 2021, the Group employed a total of 6 employees (2020: 6) including the executive directors of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### **Appreciation**

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution in 2021 and would like to give my sincere gratitude to the shareholders for their continual support.

By Order of the Board

**Chan Pui Kwan**

*Chairman*

Hong Kong, 25 March 2022

## BIOGRAPHICAL DETAILS OF DIRECTORS

### Executive Directors

#### **Mr. Su Chunxiang (“Mr. Su”)**

Mr. Su, aged 34, obtained a Bachelor of Science in Civil Engineering from Northern Alberta Institute of Technology in Canada in 2010 and a degree of Master of Engineering in Software Engineering from Xiamen University in the People’s Republic of China (the “PRC”) in 2012. Mr. Su has extensive experience in finance, investment fund management, investment analysis and risk management. He was the founder and the general manager of the risk control department of Kunming Precious Metal Exchange in the PRC and was the marketing director of the trading department of the COFCO Futures Co., Ltd in the PRC. Mr. Su has also obtained the qualifications of Fund Practitioner and Futures Practitioner respectively in the PRC. Mr. Su was the general manager of Shan Qiu Asset Management (Beijing) Co., Ltd (“Shan Qiu”), a company established in the PRC and principally engaged in the operation and management of the fund set up by Shan Qiu for third party investors. He was also the investment manager of Binhaitiandi (Tianjin) Cci Capital Ltd (“Binhaitiandi”), a company established in the PRC and principally engaged in the operation and management of the fund set up by Binhaitiandi for third party investors. Mr. Su is currently an executive director of HangKan Group Limited (stock code: 08331).

#### **Mr. Leong Chi Wai (“Mr. Leong”)**

Mr. Leong, aged 46, has over 20 years of experience in corporate finance, asset management, direct investments and property investments and developments. He is also licensed under the Estate Agents Authority. Mr. Leong is a director and Responsible Officer of Hua Yu Investment Management Limited, the investment manager of the Company since March 2009 to 31 October 2019.

Mr. Leong graduated from the University of Hong Kong with a Bachelor degree in Business Administration (Accounting and Finance). He is licensed under the SFO to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) as a representative since 2003 and as a Responsible Officer since May 2008 to present. He was also licensed to carry out Type 1 (Dealing in Securities) from May 2008 to February 2010.

#### **Mr. Lewis Chan (“Mr. Chan”)**

Mr. Chan, aged 51, has over 20 years of experience in asset management and investment research. He is the Managing Partner at MaunaKai Capital Partners (Hong Kong) Limited since 2004. Mr. Chan is also a co-founder of Symbior Energy, an alternative energy incubation company. He is currently serving as a non-executive director at D&G Technology Holding Company Limited (stock code: 1301) and an independent non-executive director at Yuk Wing Group Holdings Limited from 2016 to 20 April 2019 (stock code: 1536), both listed on Hong Kong stock exchange. Mr. Chan was formerly assistant professor of finance during 2000 to 2004 and adjunct associate professor of finance from 2004 to 2006 at Hong Kong University of Science and Technology. He was also an advisor during 2009 to 2013 to North Yard Economics, a non-profit consultancy to developing countries.

Mr. Chan was a winner of the Fama-DFA Prize of the Best Papers published in 2003 in the Journal of Financial Economics. He is a research fellow at The China Center for Financial Research at Tsinghua University, and a member of the Admissions, Budgets and Allocations Committee, the Community Chest of Hong Kong. Mr. Chan received his Ph.D. in Economics from Harvard University, a Master degree in economics from Columbia University and a Bachelor of Arts degree in economics from the University of Chicago. He is licensed under the SFO as responsible officer to carry out Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.

## BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

### Non-Executive Directors

#### **Ms. Chan Pui Kwan (“Ms. Chan”)**

Ms. Chan, aged 55, started her career as a corporate banker. Born in Hong Kong, spent her youth and received education in the Netherlands, Ms. Chan returned to her birthplace and started her career in early 90's. She had worked in several prominent European banks, including Rabobank, ABN AMRO, Fortis and established the European desk for these banks to provide support to European companies expanding into China.

In 2002, Ms. Chan started her own company SINOVA to provide advice & support to investors for both inbound and outbound investments. The company employed over 40 professionals with offices in three countries. In 2010, Dutch based financial group ANT acquired SINOVA and Ms. Chan remained as Chief Executive Officer of SINOVA till September 2012.

She is the founder and Chief Executive Officer of Delta-Think (HK) Ltd, which provides business strategy advisory advices to corporations for business expansion in public and private sectors.

Ms. Chan is active in the community services and holds advisory positions in various institutions. At present, she is one of the General Committee members of the Hong Kong General Chamber of Commerce. Apart from being a Member of Competition Commission, starting from July 2020, Ms. Chan also became an Advisory Committee Member of Enhancing Self-Reliance Through District Partnership Programme (ESR). She then became a member of the Committee on Innovation, Technology and Re-industrialisation (CITR) as well as a Member of the Trade and Industry Advisory Board (TIAB) from September 2021 and December 2021 accordingly. Ms. Chan is also a Member of the Advisory Board of the Dutch Chamber of Commerce from October 2020.

As recognition of her achievements, Ms. Chan has received numerous awards in China, Hong Kong and the Netherlands, amongst which she was selected as one of “China’s 100 Outstanding Female Entrepreneurs” (“中國百名傑出女企業家”) in 2010.

Ms. Chan has grown up from a multi-cultural background and speaks several European languages. She graduated from Rotterdam Business School with a bachelor degree in banking and insurance in 1991.

She is licensed under the SFO as a representative of Hua Yu Investment Management Limited to carry out Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities since 2015.

Ms. Chan is currently serving as an independent non-executive director at JBB Builders International Limited since May 2020 (Stock code: 1903).

#### **Ms. Li Peng (“Ms. Li”)**

Ms. Li, aged 41, obtained a master degree in law from Liaoning University in 2007 and a bachelor degree in business management from Hebei University of Science and Technology in 2002. Ms. Li is a practicing solicitor in the People’s Republic of China and is qualified as an arbitrator of Langfang Arbitration Commission. Ms. Li, currently holding the positions of Supervisor at Yingchuan Law Firm in Hebei Province, China and Head of the Yingchuan Lawyers Group in Hebei Province, China, specializes in legal matters concerning intellectual property rights, civil and commercial cases, and real estate among her other areas of expertise. Ms. Li is also conversant with corporate management and has committed herself to research on legal risk control in commercial activities associated with trademark law, corporate law, contract law, land management law, construction engineering, and labor contract law. Ms. Li’s other major public appointments and recognition include but without limitation, being a member of the Langfang City Governmental Advisory Committee on Legal System, a member of the Political Consultative Conference of Guangyang District, Langfang City, and a specially designated supervisory officer for the Langfang City Association of Consumers, and a long-standing legal advisor for several government agencies in Langfang City.

## Independent Non-Executive Directors

### **Mr. Jochum Siebren Haakma (“Mr. Haakma”)**

Mr. Haakma, aged 72, a lawyer and former career diplomat and an expert in the field of Trade and investment Promotion, was from 1978 assigned to a number of Dutch Embassies abroad (Rome, Lusaka, Bonn), in 1986 as Commercial and Economic Counsellor to The Netherlands Embassy in Jakarta and in 1989 in the private sector as Director of the Indonesian Netherlands Association (de facto' Ind.-NL C.O.C) in Jakarta.

From 1993-1997, Mr. Haakma was the Managing Director of the Centre for the Promotion of Imports from Developing Countries (CBI) in Rotterdam, which is an Agency under the Ministry of Foreign Affairs of the Netherlands. In this function he acted as permanent Vice-Chairman of the FORUM of the European Trade Promotion Organisations. He was also member of the European Commission and The International Trade Centre (ITC, UNCTAD/WTO) in Geneva.

In 1995 he followed a post-doctorate course at Harvard Business School.

From 1997 until 2002 he served as Consul-General in Hong Kong/Macao and from 2002 until 2006 as Consul-General in Shanghai. In 2006 he was appointed Managing Director of the Netherlands Foreign Investment Agency (NFIA) under the Ministry of Economic Affairs in The Netherlands, responsible for attracting investments to the Netherlands with an international network of 24 NFIA offices around the world.

In September 2007 he moved to the private sector and was appointed Global Executive Director Business Development of the TMF Group BV in Amsterdam, where he is responsible for the Business Development and Branding of TMF Group on a global scale. TMF Group helps global companies expand and invest seamlessly across international borders. Its expert accountants and legal, HR and payroll professionals are located around the world, helping clients to operate their corporate structures, finance vehicles and investment funds in different geographic locations. With operations in more than 85 countries and with HQ in Amsterdam providing outsourced compliance services, TMF Group is the global expert that understands local needs.

Concurrently he is the Chairman of the Board of the NCH (Netherlands Council for Trade Promotion), Chairman of the Netherlands China Business Council, former Chairman of the China Group of the HFC (Holland Financial Centre) and President of the Europe Council of NCH. Furthermore, he is the Vice President of the Board of the AmCham Netherlands, member of the Board of Ambassadors of Hemingway, non-executive director with Amesto Global LLC, Chairman of the board of The EU-China Business Association (EUCBA), member of the International Steering Committee of Nyenrode University, Advisory Board Member of ChinaLux, and Advisory Member of a number of China related institutions (Young Dragon Business Club, Cathay Pacific Trader Awards). For many years he wrote a monthly column about cultural differences in the China Times and is former Chief Advisor Public Affairs European Region for Huawei Technologies Co Ltd.

Mr. Haakma is founder & honorary member for life of the Dutch CEO lunch in Shanghai and honorary member for life of the Foreign Correspondents Club (FCC) in Hong Kong.

Mr. Haakma is founder and owner of Haakma Consultancy since 2016.

In 2012 he received an honorary Doctorate Degree of the European University in Barcelona, Spain. Mr. Haakma was speaker at the International Capital Conference (ICC) in Beijing in 2016 to 2019.

Mr. Haakma was appointed as independent non-executive director of the Company on 7 July 2014.

## BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

### **Mr. Chen Yeung Tak (“Mr. Chen”)**

Mr. Chen Yeung Tak, aged 37, obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2006. Mr. Chen is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chen has over 15 years of experience in auditing, accounting and financial management, treasury, internal control, corporate governance and company secretarial matters. Mr. Chen worked in international accounting firms and PYI Corporation Limited (stock code: 0498) as an accounting manager. He was an independent non-executive director of AV Promotions Holding Limited (Stock code: 8419) from December 2017 to November 2021. Mr. Chen is currently the executive director and company secretary of Kingland Group Holdings Limited (Stock code: 1751). Mr. Chen is also the independent non-executive director of Gain Plus Holdings Limited (Stock code: 9900) since January 2018.

Mr. Chen was appointed as the independent non-executive director of the Company on 19 July 2019.

### **Mr. Ruan Zhi (“Mr. Ruan”)**

Mr. Ruan Zhi, aged 51, graduated from Chengdu University of Science and Technology in 1991 and obtained a Master’s degree of Business Administration from University of Ballarat in 2003. He was one of the founders of Gemdale Corporation, a listed company (600383). He served as the general manager, deputy general manager of South China region, and operations director of East China region of Gemdale Corporation Building Materials Company from 1992 to 2006. He served as the general manager of CITIC Shenzhen Group Real Estate Company, a subsidiary of CITIC which is the biggest central enterprise in PRC, and the general manager of CITIC Sichuan Holding Company in 2006. He served as managing director of Hong Kong Kun Tai International Investment Limited from 2007 to 2012. He is an independent investor and also the managing director of Shenzhen Zhize Dongfang Commercial Management Company Limited since 2012.

Mr. Ruan was appointed as independent non-executive director of the Company on 19 July 2019.

# REPORT OF THE DIRECTORS

The board of directors (the “Board”) has pleasure in presenting their report and the audited consolidated financial statements for the year ended 31 December 2021.

## Principal Activities and Business Review

The principal activities of the Company and its subsidiaries during the year were investment holding. Discussion and analysis as required by Schedule 5 to the Hong Kong Companies Ordinance are set out on pages 4 to 11 and pages 26 to 45. This discussion forms part of the report of the directors.

## Segmental Information

The Group’s revenue and contribution to operating results were all derived from investments in listed and unlisted companies in Hong Kong.

## Property, Plant and Equipment

Details of the movements in the property, plant and equipment during the year are set out in note 17 on the consolidated financial statements.

## Subsidiaries

Details of the Company’s subsidiaries at 31 December 2021 are set out in note 18 on the consolidated financial statements.

## Share Option

The Company has not adopted any share option scheme.

## Directors’ Remuneration

The Directors’ fees are subject to shareholders’ approval at general meetings. Other emoluments are determined by the Board with reference to Directors’ duties, responsibilities and performance and the results of the Group. In addition, the Directors’ remuneration is reviewed by the Remuneration Committee annually.

## Results and Appropriations

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 61.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021. No interim dividend was declared during the year. (2020: Nil).

## Share Capital

Details of the movements in the Company's share capital during the year are set out in note 24 on the consolidated financial statements. As at 31 December 2021, the Company has an authorized share capital of HK\$40,000,000 divided into 4,000,000,000 shares of HK\$0.01 each.

## Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below. This summary does not form part of the audited financial statements.

### Results

	1/1/2021 – 31/12/2021 HK\$	1/1/2020 – 31/12/2020 HK\$	1/1/2019 – 31/12/2019 HK\$	1/1/2018 – 31/12/2018 HK\$	1/1/2017 – 31/12/2017 HK\$
Revenue	2,203,955	1,205,224	2,169,604	4,577,037	2,553,650
(Loss)/profit before taxation	(4,725,630)	(41,048,248)	(26,302,496)	(43,645,346)	8,035,081
Taxation	(55,865)	135,099	493,459	(1,554,832)	–
Net (loss)/profit attributable to shareholders	(4,781,495)	(40,913,149)	(25,809,037)	(45,200,178)	8,035,081

### Assets and Liabilities

	31/12/2021 HK\$	31/12/2020 HK\$	31/12/2019 HK\$	31/12/2018 HK\$	31/12/2017 HK\$
Total assets	128,340,397	121,058,470	165,080,003	184,467,603	218,715,914
Total liabilities	(1,726,297)	(5,379,338)	(8,487,722)	(2,066,285)	(2,625,508)
Net assets	126,614,100	115,679,132	156,592,281	182,401,318	216,090,406

## Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 26 and 31(b) on the consolidated financial statements.

The Company's reserves available for distribution represent the share premium and retained profits under the Companies Law of the Cayman Islands. The share premium of the Company is available for paying dividends to shareholders subject to the provisions of its memorandum (the "Memorandum") and articles of association (the "Articles of Association") of the Company and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association, dividends can be distributed out of the share premium and retained profits of the Company which in aggregate amounted to approximately HK\$89,693,000 (2020: HK\$90,015,000) as at 31 December 2021.

## Major Customers and Suppliers

A substantial portion of the Group's income is derived from the Group's investments and the disclosure of information regarding customers would not be meaningful. The Group has no major suppliers requiring disclosure.

## Purchase, Sale or Redemption of the Company's Listed Shares

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries for the year ended 31 December 2021.

## Investment Policies

The Company has adopted an investment policy, which has not been changed since its adoption in 2014 upon resumption of trading on the Stock Exchange. Summarized below are the investment objectives, investment policies and investment restrictions of the Company:

### I. Investment Objectives

The Company is an investment company incorporated in the Cayman Islands with the primary objective of achieving short to medium term (i.e. less than one year to five years) capital appreciation by investing in listed and unlisted companies in Hong Kong and the PRC. The Company also intends to invest in unlisted companies with the potential to seek a listing on the Hong Kong Stock Exchange and Clearing Limited or any overseas stock exchanges.

## II. Investment Policies

A substantial portion of the Company's assets will be invested in equity securities, convertible notes, preference shares, options, warrants, futures contracts and debt securities issued by listed and unlisted companies in Hong Kong and the PRC, or such other types of investments in accordance with the investment objectives and policies and restrictions adopted by the Company from time to time and the requirements of the Memorandum, the Articles of Association, the Listing Rules and the Investment Management Agreement.

The Board and the Investment Manager would seek to identify investments where there is a certain degree of synergy with other investee companies and where cooperation between such companies would be of mutual benefit to each other.

The Company's investments are intended to be held for short to medium term capital appreciation. There is no present intention to realise any of such investments in any specific period or by any specific date. Nevertheless, the directors will from time to time realise investments where they believe the realization would be in the best interests of the Company.

## III. Investment Restrictions

Under the Articles of Association and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company.

The Company will not 1) own or control more than 30% of the voting rights in any one company or body, 2) exceed 20% of the net asset value at the time when such investment is made, 3) buy or sell commodities, commodity contracts or precious metals and 4) invest more than 50% of its assets outside Hong Kong and the PRC.

The Company has to comply with investment restrictions 1 and 2 above at all times, which are set out in the Articles of Association and cannot be changed while it remains listed as an investment company under Chapter 21 of the Listing Rules.

Investment restrictions 3 and 4 cannot be changed for at least 3 years from the date of the Prospectus without the approval of the Shareholders by way of an ordinary resolution, and there has not been any change of the investment policy as set out in the prospectus of the Company dated 27 May 2002.

## REPORT OF THE DIRECTORS (CONTINUED)

### Directors

The directors of the Company during the year and up to the date of this report were:

#### **Executive Directors**

Mr. Leong Chi Wai  
Mr. Lewis Chan  
Mr. Su Chunxiang

#### **Non-executive Directors**

Ms. Chan Pui Kwan (*Chairman*)  
Ms. Li Peng

#### **Independent Non-executive Directors**

Mr. Chen Yeung Tak  
Mr. Ruan Zhi  
Mr. Jochum Siebren Haakma

In accordance with Article 87(3) and Article 88(1) of the Company's Articles of Association, Mr. Leong Chi Wai, Mr. Lewis Chan, Ms. Li Peng and Mr. Ruan Zhi shall retire by rotation from office and, being eligible, offer themselves for re-election. All other directors continue in office.

The term of office of each of the non-executive directors and independent non-executive directors lasts until his/her retirement by rotation once every three years in accordance with the Articles of Association.

The Company received confirmation of independence in respect of the year ended 31 December 2021 from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. Up to and as at the date of this report, the Company still considers the independent non-executive directors to be independent.

### Directors' Service Contracts

None of the directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

### Permitted Indemnity Provision

During the year, the Company has arranged directors' and officers' liabilities insurance cover to indemnify the directors against claims, costs, charges and expenses arising out of the Group's business and activities.

### Directors' Interests in Transaction, Arrangement or Contract

In the opinion of the Board, save as disclosed below, there were no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 31 December 2021, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules were as follows:

#### Long position in shares of the Company

Name of director	Number of shares				Total	Percentage of issued share capital
	Personal interests	Family interests (interest of spouse)	Corporate interests	Other interests (interest in controlled corporation)		
Chan Pui Kwan (Note 1)	-	-	-	254,500,000 (Note 1)	254,500,000	9.3%

*Note:*

- Fame Image Limited is beneficially and ultimately owned as to 70% by Ms. Chan Pui Kwan and 30% by Wu Weihong, Tony. On 18 January 2022, Mr. Wu Weihong, Tony transferred 30% of the issued shares in Fame Image Limited to Ms. Chan Pui Kwan. Fame Image Limited holds 50% of the issued shares of Sharp Years Limited, which in turn holds 254,500,000 shares of the Company. There is no change to the number of shares of the Company.

As at 31 December 2021, Ms. Chan Pui Kwan, is interested in 70% of the share capital of Fame Image Limited, which then owned 50% of the share capital of Sharp Years Limited, which in turn is holding 254,500,000 shares of the Company. Accordingly, she is deemed to be interested in 254,500,000 shares of the Company, representing approximately 9.3% of the entire issued share capital of the Company. Ms. Chan Pui Kwan was appointed as Director with effect from 7 July 2014.

Save as disclosed above, at no time during the year ended 31 December 2021 was the Company, its subsidiaries, or its associates a party to any arrangement to enable the directors or chief executives of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

Save as disclosed above, none of the directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholder's Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2021, the following persons or corporations, other than the interest disclosed above in respect of the directors, interested in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interests in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

### Long positions in Shares of the Company

Name of shareholders	Number of issued ordinary shares held	Approximate percentage of total issued ordinary shares
P.B. Global Asset Management Limited ( <i>Note 1</i> )	504,410,000	18.44%
P.B. Capital Advanced Fund SPC – P.B. Capital Advanced Fund 2 Segregated Portfolio ( <i>Note 1</i> )	504,410,000	18.44%
Mass Trade Global Limited ( <i>Note 2</i> )	455,880,000	16.67%
Liu Junda ( <i>Note 2</i> )	455,880,000	16.67%
Vibrant Noble Limited ( <i>Note 3</i> )	379,900,000	13.89%
Qian Jun ( <i>Note 3</i> )	379,900,000	13.89%
Sharp Years Limited ( <i>Note 4</i> )	254,500,000	9.30%
Long Surplus International Limited ( <i>Note 4</i> )	254,500,000	9.30%
Fame Image Limited ( <i>Note 4</i> )	254,500,000	9.30%
Ho Hoi Yee, Wisery ( <i>Note 4</i> )	254,500,000	9.30%
Lai Tsui Har ( <i>Note 4</i> )	254,500,000	9.30%
Wu Weihong, Tony ( <i>Note 4</i> )	254,500,000	9.30%

#### Notes:

- P.B. Global Asset Management Limited is an investment manager. P.B. Capital Advanced Fund SPC – P.B. Capital Advanced Fund 2 Segregated Portfolio beneficially owned the Shares.
- Mass Trade Global Limited is wholly-owned by Mr. Liu Junda.
- Vibrant Noble Limited is wholly-owned by Mr. Qian Jun.
- Sharp Years Limited is owned as to 50% by Long Surplus International Limited and 50% by Fame Image Limited respectively. Long Surplus International Limited is beneficially and ultimately owned as to 66.67% by Ms. Ho Hoi Yee, Wisery and 33.33% by Ms. Lai Tsui Har. Fame Image Limited is beneficially and ultimately owned as to 70% by Ms. Chan Pui Kwan, a non-executive Director and 30% by Mr. Wu Weihong, Tony. On 18 January 2022, Mr. Wu Weihong, Tony transferred 30% of the issued shares in Fame Image Limited to Ms. Chan Pui Kwan. Fame Image Limited holds 50% of the issued shares of Sharp Years Limited, which in turns hold 254,500,000 shares of the Company. There is no change to the number of shares of the Company.

Save as disclosed above, as at 31 December 2021, the directors are not aware of any other persons who have interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

### Directors' Interest in Competing Business

None of the Directors is interested in any business apart from the Group's interests, which competes or is likely to compete, either directly or indirectly with the Group's business.

### Connected Transactions and Continuing Connected Transactions

During the year, the connected transactions and continuing connected transactions undertaken by the Group are included in the transactions set out in note 28 on the consolidated financial statements, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

The independent non-executive directors have reviewed the continuing connected transactions as disclosed above and have confirmed that the continuing connected transactions have been entered into:

- i) in the ordinary and usual course of business of the Group;
- ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the continuing connected transactions during the year as disclosed above and confirmed that these transactions:

- i) were approved by the Board;
- ii) where applicable, were in accordance with the pricing policies of the Company;
- iii) had been entered into in accordance with the relevant agreements governing the transactions; and
- iv) have not exceeded the caps stated in the relevant announcement.

### Management Contracts

Details of significant management contracts in relation to the Company's business are included in note 28 on the consolidated financial statements.

Save as disclosed above, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

### Pre-Emptive Rights

There are no provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders under the Memorandum and Articles of Association and the Companies Laws of the Cayman Islands.

### Audit Committee

The Company has established an audit committee (the "Audit Committee") according to "A Guide for the Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants and the terms of reference adopted in compliance with the CG Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee had also reviewed the annual results of the Group for the year ended 31 December 2021 in conjunction with the Company's external auditors.

### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the period.

### Relationships with Stakeholders

Our Group understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals. Accordingly, our senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year, there was no material and significant dispute between our Group and its business partners or bank enterprises.

### Compliance with laws and regulations

The Company operates in Hong Kong and is governed by the regulatory requirements set by the Hong Kong Listing Rules, and other relevant laws and regulations in Hong Kong. Its compliance obligations are guided by comprehensive policies and procedures covering ethics, business conduct and anti-corruption.

The directors of the Company confirmed that the Company has complied with the regulatory requirements set by the Hong Kong Listing Rules and other relevant laws and regulations in Hong Kong.

### Principal risks and uncertainties

Major events affecting either economic or political stability could pose as risks and uncertainties for the Company. Economic events could include recessions that would have an impact on the Company's revenue, operating costs and profitability.

Political risk includes changes in the regulatory environment in which the Company operates.

The directors of the Company are continuously vigilant towards changes in general economic and political situations and constantly seeking to identify new and emerging risks at the earliest opportunity in order to mitigate risks and uncertainties.

## REPORT OF THE DIRECTORS (CONTINUED)

### Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, the percentage of the Company's shares which are in the hands of the public exceeds 25% of the Company's total number of issued shares.

### Auditors

The consolidated financial statements of the Group for the years ended 31 December 2021, 2020 and 2019 were audited by BDO Limited.

Messrs. BDO Limited retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Chan Pui Kwan**

*Chairman*

Hong Kong, 25 March 2022

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## About Us

DT Capital Limited (the “Company”, together with its subsidiaries, the “Group”) is an investment company that holds and maintains a diversified portfolio of listed and unlisted companies. DT Capital is like a delta with plentiful important resources and attractive investment opportunities from different parts of the world. It is where people of excellence from the East and the West meet to create something impactful and beneficial to the well-being of mankind through direct investment in carefully selected investment vehicles and projects.

## Our Objective

The principal investment objective of DT Capital is to achieve earnings in the form of short- to medium-term capital appreciation mainly through investments in a diversified portfolio of listed and unlisted companies in the region. To add value to our goal of improving human well-being, we place more focus on investments which promote environmental sustainability and technological innovation.

## Objective of the Report

The environmental, social and governance (“ESG”) report (the “ESG Report”) aims to provide the performance of the Group in respect of the environmental, social and governance aspects in a transparent manner over the past year, in response to the concerns and expectations of our stakeholders on the sustainable development of the Group.

## Scope of the Report and Reporting Period

The ESG Report covers the reporting period for the year ended 31 December 2021 (the “Reporting Year”), which is in conformity with the Group’s financial year. The ESG Report sets out the ESG obligation, ESG governance structure, performance and initiatives of the Group. In particular, the Key Performance Indicators (“KPI”) of environmental and social aspect disclosed in the ESG Report covers our operating office in Hong Kong.

## Corporate Governance

The Group is committed to maintaining high standards of corporate governance. Information relating to the Group’s corporate governance practices has been set out in the CG Report on of this annual report.

## Review and Approval

The board of directors (“Board”) of the Company confirms that they have the responsibility to ensure the integrity of this ESG Report, and to their best knowledge, the ESG Report expounds all relevant important issues and fairly presents the ESG performance of the Group. This ESG Report was reviewed and approved by the Board on 25 March 2022.

## Reporting Framework

The ESG Report has been prepared with reference to the requirements set out in the Environmental, Social and Governance Reporting Guide (“ESG Guide”) as set out in Appendix 27 of Main Board Listing Rules. During the process of preparation of the ESG Report, we summarised the Group’s performance in terms of the corporate social responsibilities based on the reporting principles of “materiality”, “quantitative”, “balance” and “consistency”.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT (CONTINUED)

The table below is our response to the reporting principles.

Reporting principles	Description
Materiality Quantitative	Relatively crucial and significant ESG issues are shown in the ESG Report. KPIs are disclosed in a measurable manner with sufficient description on the changes.
Balance Consistency	The ESG Report is prepared under an unbiased basis. The same methodologies are adopted throughout the Year.

### Governance Structure

The table below is our summary of governance structure.

Role	Functions and duties
The Board	<ul style="list-style-type: none"> <li>– Oversee the relevant ESG-related issues;</li> <li>– Define and review the ESG management approach and strategy of the Group;</li> <li>– Review and discuss on the effectiveness of ESG mechanism;</li> <li>– Prioritise the ESG-related issues;</li> <li>– Approve or amend ESG-related policies; and</li> <li>– Review ESG-related goals and targets.</li> </ul>
ESG Working Group	<ul style="list-style-type: none"> <li>– To assist the Board in fulfilling its oversight responsibility for the Group's ESG strategies and programmes;</li> <li>– To establish a suitable, acceptable and feasible ESG-related goals and targets;</li> <li>– To engage with stakeholders and to solicit their feedback on the Group's ESG risks and opportunities;</li> <li>– To determine ESG priorities, formulate corresponding objectivities and policies, and to monitor progress as per the ESG-related goals and targets; and</li> <li>– To assess and manage ESG risks arising from operation and to progressively integrate ESG considerations into the Group's business strategy.</li> </ul>
Key operating department or – outsourced functions	Incorporate relevant policies and guidelines into daily business operations

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT (CONTINUED)

The Board has a critical role in overseeing the ESG-related issues by exercising its risk-related oversight after taking into account the materiality of different ESG risks. This oversight is strategic and closely aligned with the Group's business model and operations.

An ESG Working Group was established to introduce and facilitate implementation of ESG-related policies and measures. It ensures that the operating department and outsourced functions are well informed of any introductions of or amendments to the ESG-related policies and measures. It also takes the major role of monitoring the ESG performance and ensuring the effective implementation of the ESG-related policies and measures.

Annual review is conducted regarding the ESG commitment and performance of the Group based on the relevant external and internal information gathered. Based on the findings in its annual review, the ESG Working Group makes recommendations and suggestions to the compliance committee of the Board, which conducts review and reports findings and suggestions to the Board correspondingly. The Board then conducts overall review with the aim to enhance ESG mechanism and policies of the Group.

### Stakeholders Engagement

The stakeholders of the Group refer to groups and individuals who have significant impact on the Group's business, or those who are affected by the Group's business. The participation of stakeholders is an important part of the business management of the Group for it to examine potential risks and business opportunities.

The Group constantly communicates with key stakeholders within and outside the Group through various channels. Communications with stakeholders enable the Group to better understand their views and to bring business practices closer to their needs and expectations, so as to properly manage the views of different stakeholders. This ensures that they are given an opportunity to understand the development and operating directions of the Company, as well as the opportunities for the Group to listen to their opinions in order to prioritize different issues, and to develop corresponding policies.

Our key stakeholders include investors, employees, suppliers, government and regulators, natural environment and community. In accordance with the assessment result regarding significance to the influence from and on the Group, we made a list of key stakeholders and determined the degree and range for their participation in corporate governance, management and decision-making.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT (CONTINUED)

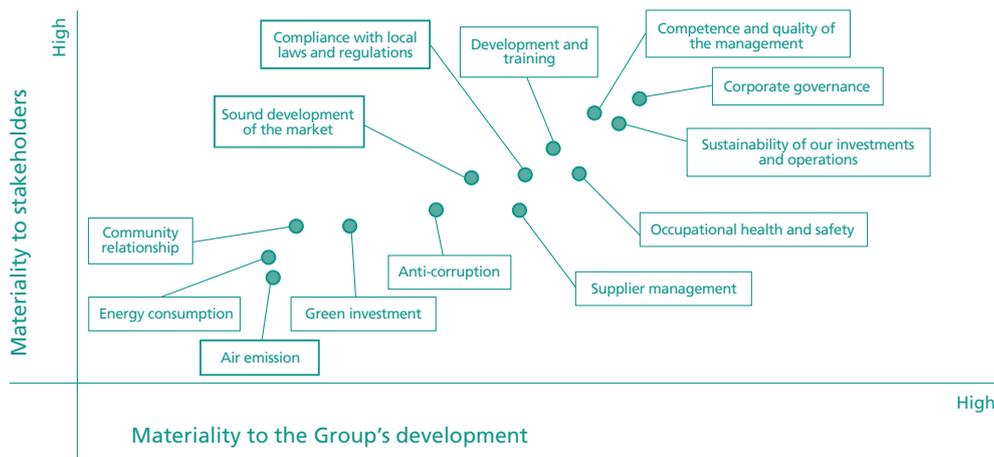
Stakeholders	Topic raised	Communication, understanding and responses to stakeholders
<b>Investors</b>	Corporate governance; Business strategies and performance; Investment returns; Information transparency; ESG-related risk of the Group; Sustainability of our investments and operations; Competence and quality of the management.	Shareholders’ meeting; Financial reports or announcements for investors; Media and analysts; Study of market research conducted by professional organisations and public media regarding the trend of ESG-related concerns.
<b>Employees</b>	Rights and interests of employees; Health and safety; Career development; Remuneration and benefits; Care for employees; Working environment.	Adhering to the principle of equal employment and protecting the legal rights and interests of employees; Formulating competitive remuneration and benefits systems, and improving various benefits and treatment; Performance management; Continuous education and professional trainings; Attention to occupational health and safety; Annual appraisal.
<b>Suppliers</b>	Punctual fulfillment of agreements; Integrity and probity; Product/service quality; Company’s core value and its public image.	Supplier selection with due care; Contractual obligations are in place; Direct communication our concerns to suppliers.
<b>Government and regulator</b>	Compliance with laws and regulations; Sound development of the market; Social welfare.	Correspondence; Regulatory filings; Study of relevant research and consultation papers issued by the regulators.
<b>Natural environment</b>	To realize green operation; Participation of environmental related public activities; Green investments.	Energy saving and emission reduction; Green public-service activities.
<b>Community</b>	Corporate governance; Harmonious community; Environmental protection; Local employment and economic development.	Volunteer activities; Active participation in mutual community construction; Charitable donation.

## Materiality Assessment

In addition to our established engagement channels with each of our stakeholder groups, we have completed a materiality assessment through stakeholders engagement process which have considered ESG-related issues relevant to our industry and operations and included the following steps:

1. Identifying potential issues: screen out the initial reference issues with reference to the ESG Reporting Guide.
2. Stakeholder communication: understand and analyze the issues of concern to stakeholders.
3. Ranking the issues by materiality – prepare the ESG materiality ranking based on the results of the communication and understanding.

## Material Sustainability Issues



We believe the most pertinent sustainability issues include competence and quality of the management, corporate governance, sustainability of our investments and operations, development and training, occupational health and safety, compliance with local laws and regulations, sound development of the market and supplier management.

## INVESTORS

The Board takes its fiduciary role seriously and is committed to maintaining a high standard of business integrity and transparency in its business practice. To understand its major stakeholders' needs and expectations, the Group has designated an open channel of communication with its investors and shareholders and an email account is dedicated to communication with stakeholders on the Group website.

## Experienced and Visionary Management Team

As we are an investment company, we understand the investors will concern the competence and quality of the Group's management regarding the aspect of investing.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT (CONTINUED)

Members of our management and investment team have vast experience in providing strategic advice, investment ideas and financial services to investors from PRC and Europe for their cross-border businesses. The team is made up not only of professionals from diverse backgrounds with proven track records but also experienced executives who know the local markets, business environment and culture. Our board comprises decades of solid entrepreneurial experience that provides us with a deep understanding of both the projects in which we directly invest and the investors themselves, who often come from entrepreneurs' families.

Our highly experienced, multilingual and multi-discipline team, coupled with our extensive network and relationships in both the public and private sectors across PRC, Hong Kong, and Europe, enables us to bridge the gap between local insights and global thinking combining the benefits of the East and the West. We provide insightful investment advice and seamless support for investors from PRC to invest abroad and to assist European investors investing in PRC.

We are a dedicated team of professionals with proven industry experience who are deeply passionate about our work. We pride ourselves in achieving real, visible growth and profitability.

### **Sustainability of Investment**

The Group understands that there is a trend of increasing demand of the ESG investing for the investors. As an ongoing commitment to good corporate citizenship, we recognize the responsibility in minimizing the negative environmental and social impact of our business operations and our investment portfolio, in order to achieve a sustainable development for generating long-term and sustainable values to our stakeholders and community as a whole. ESG analysis is an integral part of the Group's investment process. The rationale for the Group to take ESG-related issues into account as part of the investment process is to ensure our investees have an adequate level of governance quality and mitigate environmental and social risks that can expose us to losses and reputational risks. And the Group is cognizant that ESG-related risk management can lead to opportunities as well.

## EMPLOYEES

The Group regards our employees as the most valuable resources for our corporate survival and development. We provide and create a broad career development platform and opportunities for the employees to display their individual talents. Remuneration packages are reviewed periodically based on the Group's operating results, individual performance and market information. Fair terms on working hours, overtime payment, holidays, termination of contract, fringe benefits and leave entitlement are stipulated on the employment contracts. We aim to reward and motivate the contribution and performance of employees and assist them in their career development and promotion within the Group.

In order to provide a good and fair working environment and safeguard the well-being of our employees, we seriously consider all valuable opinions from our employees to enhance workplace productivity and harmony.

### **Employee Welfare**

We deeply understand the importance of work-life balance for employees and standardize the management of employees' working hours, holidays and rest periods. In addition to statutory holidays, the Group also provides employees with paid holidays including annual leave, sick leave, maternity leave, wedding leave, compassionate leave and study leave.

### **Equal Opportunity and Anti-Discrimination**

The Group is committed to creating a working environment free of discrimination and harassment, which can reduce employees' work stress. Discrimination is prohibited in any circumstances. Reporting channel is also provided for staff who feels being treated unfairly and appropriate actions will be taken to address such issues if they arise. Further, a business contingency plan is in place to protect the Group from possible threats and risks caused by emergent situation or disaster in order to maintain the safety of employees in such situations.

The recruitment of the Group is fair and open for all candidates, and not affected by age, sex, physical or mental health status, marital status, family status, race, skin color, nationality, religion, political affiliation and sexual orientation and other factors.

We strictly follow the relevant laws and regulations and our employment policies to select candidates based on skillsets, experience and expertise. Equality and diversity are highly respected in our corporate philosophy during the process of employment, remuneration, promotion and termination.

By adopting the above practices, we comply with, in all material respects, the following ordinances and the relevant codes of practice issued by the Equal Opportunities Commission of Hong Kong: Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong), Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong), Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong), and Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong).

### **Dismissal**

In situations which employees have violated the law and regulations or the Group's code of conduct and rules, or their performance is below an acceptable level continuously, a set of procedures were established to terminate their employment contract. The terms and conditions for dismissal are outlined in the Group's policy and procedures.

### **Health and Safety**

The Group strives to create a safe working environment as recommended by the Occupational Safety and Health Council in Hong Kong. The Group is committed to providing a safe and healthy working environment for all employees and protecting them from any potential occupational hazards. As an investment company, the Group has a low safety risk profile, but potential injury hazards from slips, trips and falls for employees remain. There has been no high-risk or safety-sensitive type of work identified in the workplace. Employees are encouraged to communicate and report the health and safety issues to management in order to immediately address the relevant risk.

We provided employees with health coverage. Employees are entitled to benefits including medical insurance as well as other competitive fringe benefits. The Group has adhered to the related laws and regulations with regard to labour hygiene and assured personal safety of employees to create a safe and hygienic work environment to everyone working at the Group's venue. In order to protect our employees from injuries and accidents under adverse weather, we have established adverse weather working arrangement in our working guideline. We have also ensured that our employees are under the coverage of employees' compensation insurance.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT (CONTINUED)

The Group has offered various facilities to address the health and safety needs of our employees, encompassing:

- ensuring ample space between workstations and clean and tidy common space such as corridors and pantry;
- ensuring the facilities operated by employees should meet safety and health standards;
- obtaining expert advice to identify health and safety risk in the operations and the corresponding mitigating actions that should be taken;
- maintaining sufficient ventilation and lighting system in the office;
- offering adjustable chairs and workstation of proper design at each individual workstation;
- providing user friendly computer equipment such as eye-care monitor and suitable keyboards and mouse; and
- conducting fire drills and emergency evacuation simulations to raise employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency.

The Group was not aware of any material non-compliance with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and other health and safety-related laws and regulations which have a significant impact on the Group.

During the past three years including the Reporting Year, no work-related fatality or injury from workplace have been incurred. There was no loss of working days of any employee resulting from work injury.

### **COVID-19 Measures**

The outbreak of the novel coronavirus was continuing since early 2020 which has brought about additional uncertainties for our employees' health, especially our attendants. The Group has purchased additional cleaning and epidemic prevention equipment and consumables such as surgical face masks, sanitizer etc. The Group has implemented the precautionary measures to prevent and control the spread of the novel coronavirus at the working place, including compulsory body temperature checks, mandatory wearing of a surgical face mask, limit the visitor to access our office.

### **Career Development and Training**

Talent is an important resource for corporate development. The Group puts very strong emphasis on building teams of talents, continuously improves the mechanism for talent development and establishes professional training colleges. We provide the employees with effective training and develop a clear promotion ladder, ensuring that the employees have the required skills.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT (CONTINUED)

The Group conducts employee performance evaluation annually and based on the assessment results provides the employees with appropriate training and offers job development and promotion opportunities for outstanding employees. Internal promotion is always preferred over external recruitment by the Group so as to provide the best chance for employees to grow together with the Group.

In order to enhance the effectiveness and efficiency of the management of the Group, we have provided training specific to the needs of the management, such as training on corporate governance. On the other hand, junior staff is kept updated with knowledge and trained with techniques regarding the application of new software or hardware, such as computer and accounting programmes, needed for their daily work. The Group is continuously stepping up our education and training policy, planning to provide all our employees with necessary up-to-date and job-related training so that they can keep abreast of the ever-changing business environment.

All directors of the Group had participated in continuous professional development related training programmes and seminars, to ensure that they are well equipped to manage and govern the Group's operations and business.

On top of on-the-job training, employees are encouraged to take external professional training to strengthen their work-related expertise. Employees are encouraged to attend courses or seminars organized by professional bodies and regularly update their knowledge on investments, accounting standards, Listing Rules, the Securities and Futures Ordinance and the Companies Ordinances.

The percentage of employees of the Group receiving training and the average training hours per employee during the Reporting Year are summarized as follows:

Category by gender and grade	% of employee trained		Average training hours per employee	
	2021	2020	2021	2020
Male	<b>100%</b>	100%	<b>13</b>	23
Female	<b>100%</b>	100%	<b>20</b>	3
General employees	<b>100%</b>	100%	<b>20</b>	3
Mid-level employees	<b>100%</b>	100%	<b>23</b>	44
Senior management	<b>100%</b>	100%	<b>7</b>	8

*Note:* The training included the internal training activities such as material reading. The training hours counted on the material reading were based on our assumption of general hours have to be used on the material readings.

During the Reporting Year, the average training hours per employee was 14 hours.

During the Reporting Year, the training to the employees covered the aspect of investment and finance, financial reporting, anti-corruption, anti-money laundering and Listing Rules compliance and valuation.

## Employment Profile

The total workforce and the number of employee turnover of the Group for the Reporting Year are summarized as follows:

Key performance indicators	2021	2020
<b>Total number of employees</b>	<b>6</b>	6
By gender:		
– Total number of male employees	<b>5</b>	5
– Total number of female employees	<b>1</b>	1
By employment type:		
– Total number of full-time employees	<b>6</b>	6
– Total number of part-time employees	–	–
By age group:		
– Within the age group of 30 to 50	<b>4</b>	5
– Within the age group of over 50	<b>2</b>	1
<b>Turnover rate of employees</b>		
By gender:		
– Turnover rate of male employees	–	17%
– Turnover rate of female employees	–	–
By employment type:		
– Turnover rate of full-time employees	–	17%
– Turnover rate of part-time employees	–	–
By age group:		
– Turnover rate of employees within the age group of 30 to 50	–	17%
– Turnover rate of employees within the age group of over 50	–	–
By geographic region:		
– Hong Kong	–	17%
– Others	–	–

The Group aims to maintain the employee turnover rate at an acceptable level and help the Group to accumulate professional expertise and experience in a more effective manner. During the Reporting Year, there was no turnover of employee.

### **Compliance with Employment Laws and Regulations**

The Group complies with the Labour Law of Hong Kong and relevant employment laws and regulations during the Reporting Year, including the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) by participating in the Mandatory Provident Fund retirement benefit scheme for our eligible employees, Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). It does not employ anyone less than 18 years of age. To all its employees, it provides rights and benefits which are at least or more than those required statutorily. Monthly salary payments are made on time according to respective employment contract, and the Group's contributions to the defined contribution retirement scheme it operated under the Mandatory Provident Fund Scheme are made by each monthly contribution day.

During the Reporting Year, there were no non-compliance cases identified relevant to laws and regulations on recruitment, employment, benefits and welfare, and anti-discrimination.

### **Prevention of Child and Forced Labour**

We prohibit the use of any child and forced labour in any of our operations and services. Labour being forced to work by means of physical punishment, abuse, involuntary servitude, peonage or trafficking is strictly forbidden. Children who are below the legal working age as set by the local Labour Law should not be employed. In case such unethical labour practices are discovered, we require immediate corrective actions including dismissal of such labour with appropriate compensations.

We strictly check the age of applicants. Cases of holding forged identification documents or providing false personal data or false work experience, once found, will be handled according to the relevant requirements of the Group's policies. Serious cases with detrimental effects might be handled according to relevant legal requirements.

The risk of the issues of child and forced labour is minimal due to the nature of our business and operations. There was no child nor forced labour in the Group's operation during the Reporting Year.

## **SUPPLIERS**

Given that the Group is engaged in the investment business, which is office based, it does not rely on any major suppliers for its business operation in general. The Group's suppliers mainly include services provider of supporting the daily office operation of the Group, office consumables suppliers, external professional service provider and the investment suppliers. The Group therefore considers that the risk arising from cooperation with suppliers is minimal and is unlikely that the relationships with these suppliers will bring significant impact on the business operation of the Group as it is comparatively easy to seek alternative suppliers in the market.

Besides, guidelines were established and adopted to outline criteria to be considered when selecting suppliers and vendors. Factors such as whether the potential suppliers own shared values with the Group in terms of sustainable development will be considered.

As our influence power to the suppliers' ESG-related decision making is limited, our feasible practices could be used to promote the environmentally preferable products or services would be the termination of the product or services for suppliers failing in our assessment and providing feedback and opinion to those suppliers about our concern if there is available communication channel.

### Supplier assessment

The table below summarized our assessment in the four aspects. The assessment will be performed by searching their publicly disclosed information and relevant news regarding the ESG-related issues. In the future, we would continuously attach greater importance and efforts on the assessment of environmental and social aspects.

Quality	Economic	Environment	Society
<ul style="list-style-type: none"> <li>- Reputation</li> <li>- Technical support</li> <li>- Performance</li> <li>- Management background</li> </ul>	<ul style="list-style-type: none"> <li>- Initial and maintenance costs</li> <li>- Capability</li> <li>- Return</li> <li>- Delivery on time</li> </ul>	<ul style="list-style-type: none"> <li>- Energy consumption</li> <li>- Air emissions and waste management</li> <li>- Recyclable material</li> </ul>	<ul style="list-style-type: none"> <li>- Contribution to society and charity</li> <li>- Human right</li> <li>- Labor practice</li> <li>- Market development</li> </ul>

Key suppliers by geographical region:

Region	Number of key suppliers		Number of suppliers being assessed based on these four aspects	
	2021	2020	2021	2020
Hong Kong	13	11	3	2
PRC	2	2	Nil	1
Thailand	-	1	Nil	Nil
Others	-	1	Nil	Nil

*Note:* For those key suppliers without the assessment, it is due to the lack of publicly disclosed information and the relevant news and data.

### Product Responsibility

The office-based operation of the Group is not considered to have significant environmental and social risks of product responsibility due to its nature of business. Therefore, disclosure relating to this aspect, as set forth in the ESG Reporting Guide, is not applicable to the Group.

## **Business Ethics**

### ***Anti-Corruption and Anti-Money Laundering***

The Group strives to achieve high standards of ethics in its business operations and does not tolerate any corruptions, money laundering and other behaviours violating work ethics. The Group stipulates the code of conduct in the operation manual and encourages the employee to report any incident of soliciting and accepting advantages. If and when necessary, we will fully cooperate with enquiries or requests from regulators.

By conforming to relevant laws and regulations, such as the Prevention of Bribery Ordinance, Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong, we have established a Code of Conduct and a policy which embodies the principles of integrity, respect, trust and judgment. The Group under no circumstances allows any bribery, corruption, extortion, money-laundering or other fraudulent activities. Employees are required to possess high ethical standards and demonstrate professional conduct in all business dealings with our stakeholders.

The Group has provided support of the training of anti-corruption and anti-money laundering to the directors and employees. The support included the external training courses, internal training and relevant reading materials.

### ***Whistle-blowing Mechanism***

Established control, such as a whistle-blowing mechanism, is in place as a private and confidential communication channel for employees to report suspicious fraudulent actions to our audit committee directly. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities. Identities of both the whistleblowers and the party complained against are kept confidential, if information is provided. During the Reporting Year, there was no reported cases.

No significant risks relating to improper or dishonest handling of money were identified during the year under review. The Group did not receive any whistleblowing reports from its employees during the year as well. There were also neither any confirmed incidents or suspected incidents regarding bribery, corruption, fraud, money laundering or terrorist financing against the laws of Hong Kong nor any legal proceedings regarding corrupt practices brought against the Group or its employees during the year under review. The Group was not aware of any non-compliance with the Prevention of Bribery Ordinance and other laws and regulations relating to bribery, extortion, fraud, money laundering or terrorist financing which have a significant impact on the Group for the Reporting Year.

### ***Intellectual Property Rights***

We respect intellectual property rights. The Group respects intellectual property ("IP") rights and therefore is committed to purchasing genuine copyrighted products such as computer software. Fundamental guidelines are also provided to the employees to ensure they do not infringe upon any IP rights such as trademark and copyrights. Disciplinary or legal actions may be taken against the employee should he/she be found to be in breach of such rights.

## ENVIRONMENT

**Emission**

The Group is committed to reduce carbon footprints by pursuing energy saving and other environment protection measures in our business operation. As the Group is engaged in investment business, only generate indirect greenhouse gas (“GHG”) emission, limiting to electricity, water and paper consumptions in our office setting and employee business travel. Non-hazardous wastes (commercial wastes and the disposal of computer devices and office equipment) produced by the Group are also at a minimum. As our business nature, we did not generate any nitrogen oxides, sulphur oxides and respiratory suspended particles in our operations.

**Air Emission**

In accordance with the ESG Reporting Guide set out of the Hong Kong Stock Exchange, our environmental performance of Air Emissions during the reporting period are tabulated as below. During the Reporting Year, the Group generates about 10.46 tonnes (2020: 14.59 tonnes) tonnes of carbon equivalent emission. Among the total GHG emission, indirect electricity consumption was the most proportion..

Greenhouse gas Emission	Major sources	Total GHG (CO <sub>2</sub> and CO <sub>2</sub> equivalent) emissions (tonnes)		Intensity per employee (tonnes)	
		2021	2020	2021	2020
		Scope 1 Direct emissions	N/A	–	–
Scope 2 Energy indirect emissions	Electricity	<b>9.66</b>	13.68	<b>1.61</b>	2.28
Scope 3 Other indirect emissions	Paper	<b>0.81</b>	0.91	<b>0.13</b>	0.15
Total CO <sub>2</sub> emission equivalents		<b>10.46</b>	14.59	<b>1.74</b>	2.43

*Note 1:* Carbon emissions are calculated with reference to the “Reporting Guidance on Environmental KPIs” issued by the Stock Exchange and the emission factor published by the electricity provider.

*Note 2:* The amount of carbon emissions per unit of electricity is 0.71 kg CO<sub>2</sub>-e for the Reporting Year.

*Note 3:* Since the Company operates in leased office premises, the data of its water consumption is not available.

### Hazardous Waste and Non-hazardous Waste

The Group's business activities do not generate any hazardous waste and do not have any direct and significant impacts on the environment and natural resources in the course of its operation.

The major non-hazardous waste generated was paper usage, with limited amount of office supplies.

Our reduction target would be the directional improvement of the disposal of wastepaper. To achieve the target, we will continue to reduce, reuse and recycle throughout our operations to minimize the disposal of wastes to the landfill. Green office practices such as encouraging double sided printing and copying and promoting the use of recycled papers and the introduction of collection and recycling of e-waste such as old computers or other office equipment are implemented to minimize the disposal of wastes.

### Environmental Compliance

The Group is not aware of any material non-compliance with the relevant laws and regulations which have a significant impact on the Group relating to air pollutant and GHG emissions, discharges into water and land, or generation of hazardous and non-hazardous waste during the Reporting Year.

### Use of Resources

With the vision of helping to protect the planet and of incorporating environmental sustainability into its business functions and processes, the Group proactively seeks opportunities for increasing operating efficiency in order to reduce the use of resources. The Group also closely monitors the utilisation of resources and reports to senior management on this aspect of performance. Appropriate remedial actions to improve efficiency in the use of resources are taken, whenever necessary.

The Company's operation is mainly office-based and the Company is committed to minimizing the impact of businesses on the environment through adopting eco-friendly measures at the office. For example, employees are encouraged to reduce paper consumption by double-sided printing, print in black and white, reusing papers printed on one side and E-storage of documents.

Use of Resource	Total Consumption		Consumption per employee	
	2021	2020	2021	2020
Electricity (kWh)	<b>13,599</b>	16,891	<b>2,267</b>	2,413
Paper (kg)	<b>168</b>	247	<b>28</b>	35
Water	<b>N/A</b>	N/A	<b>N/A</b>	N/A

***Electricity***

The electricity consumed by the Group was mainly used in the office during its normal business operation and supplied by The Hong Kong Electric Co., Ltd. During the Reporting Year, the Group has consumed 13,599 kWh (2020: 16,891 kWh) of electricity. These consumptions of the electricity were mainly attributable by the use of computer and light in the office. The electricity for using air-condition was included in the building management fee. The decrease of electricity usage was due to adoption of work from home arrangement and hence electricity consumption was lower in office during the Reporting Year.

***Water***

The water supply was included in the building management fee. Water consumption by the Group for the Reporting Year involved mainly bottled drinking water uses at its office premises and the Group's business operations do not require any other water usage. Compared to other industries, the water consumption of the Group's operations is relatively low and is mainly used by our employees for domestic purposes, therefore the Group does not consider that this will have a significant impact on the environment. However, we are aware of the importance of water conservation and we remind our staff to always turn off the taps after use to avoid wastage and we hope to take this opportunity to develop good environmental practices among our staff.

No issue arises in sourcing water that is fit for the purpose of the Group's operation as the water supply is managed by the building management office.

***Paper***

During the Reporting Year, the Group used a total of approximately 0.81 tonnes (2020: 0.91 tonnes) of paper in its normal office operations for printing documents. The decreased of the paper disposal was mainly due to the adoption of work from home arrangement hence less paper is consumed during the Reporting Year.

***Packaging material***

The Group does not engage in any production or trading of goods, and thus, did not consume any packaging material for the Reporting Year.

### **Emission and Use of Resources Target**

As the Group's emission is produced from indirect emission such as consumption of electricity, usage of paper and travelling, the emission target will be set as the directional improvement on these indirect emission sources. To achieve the target the Group is committed to initiating further measures addressing use of resources, with the aim to maintain or reduce the intensity of consumption. The respective measures are as follows:

- Employees are reminded to switch off lights and air-conditioning in the meeting room and the computer at the workstation when not in use;
- Room temperature is maintained at suitable levels whenever possible to save energy;
- keep doors, windows, and entrances closed to prevent loss of air conditioning in the office;
- assure the cooling effect of air conditioning equipment by proper maintenance;
- replace broken electronic devices and electric appliances with more energy-efficient models;
- regularly clean lamps or light bulbs to ensure luminous efficiency and effective illumination;
- encourage the use of electronic scanning or electronic fax to reduce photocopying;
- encouraging double sided printing and copying and promoting the use of recycled papers;
- Water consumption of the Company is minimal. Employee are encouraged not to waste water; and
- Conference calls instead of face-to-face meetings are arranged where possible.

The Company is dedicated to maintaining the measures above while continuing to explore other eco-friendly initiatives.

### **Environment and Natural Resources**

#### ***Climate Change Risk***

The Group is an investment company, there is no actual business facing climate change directly. However, climate change risk is increasing, and the extreme weather is affecting the Global in recent years. The Group believes that no one can escape from climate change, and everyone should put effort on tackling the issue.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT (CONTINUED)

The tables below are the description of the climate change risk and the relevant measures.

Risk	Risk description	Measures
<b>Acute risks</b>		
<ul style="list-style-type: none"> <li>- Extreme weather such as rainstorm and typhoon</li> </ul>	<ul style="list-style-type: none"> <li>- It may cause damage to building foundations, damage to utilities cables, risk of rain penetration due to heavy rain and storm surges. There is risk of failure to the operation of the Group.</li> <li>- Storm surges and heavy rain would cause tree failure and immediate dangers to the safety of our employees.</li> <li>- The extreme weather may cause damage to the direct and indirect risk to telecommunications and computer failure. The unstable network would cause the risk to our principal business activities which is securities trading and investment.</li> </ul>	<ul style="list-style-type: none"> <li>- The Group has developed mitigation measures to reduce the effect raised by typhoons on our employees and office. For instance, before the Black Rainstorm Warning Signals and No. 8 or above Tropical Cyclone Warning Signals incurred, the Group will release employees from work and ensure there is sufficient time for their journeys between living place and office.</li> <li>- The work from home arrangement would reduce the risk of failure of operation due to damage to Group's office by the extreme weather.</li> </ul>
<b>Chronic risk</b>		
<ul style="list-style-type: none"> <li>- Extreme weather</li> </ul>	<ul style="list-style-type: none"> <li>- In long-term, the climate change would change the chronic health condition. For example, the higher temperature would result in changes in transmission patterns of infectious diseases or higher risk of thermal stress.</li> </ul>	<ul style="list-style-type: none"> <li>- The Group would regularly raise the awareness of the employees to risk of health issues caused by fluctuation of temperature as well as the risk of infectious diseases. At the current stage, the chronic risk to the Company is not significant.</li> </ul>

Transition risk	Risk details	Measures
<b>Reputation risk</b>	<p>Although the Group business activity is investment, the ESG performance of the investments would affect the reputation of the Company. For example, if there is environmental pollution and high-carbon production in the investment, the reputation of the Company would also be damaged.</p>	<p>The control and response to transition risk is that the Group will enhance the ESG-related risk analysis in the Company's risk assessment process. The investment risk should include the ESG-related risk analysis to produce an adjusted risk of return of our investment profile. The reputation risk would be addressed by initial analysis and subsequent monitor of the background of the investments and its management's reputation in ESG-related aspect rather than only the financial aspect.</p>
<b>Policy and legal risk</b>	<p>The law and regulations are expected to be changed for the higher requirement of ESG-related disclosure. For example, the Group is expected to incur higher legal cost to monitor the ESG-related performance of the Group's investments. Failure of disclosure or incorrect disclosure may impose higher legal risk to the Group.</p>	<p>The policy and legal risk would be addressed by the regularly collection of relevant ESG-related data and the local laws and regulations of the investments regarding the ESG-related aspect.</p>
<b>Market risk</b>	<p>The operating market of the Group's investments may be affected due to climate change. For example, the supply and demand of certain commodities may change which affect the operation and value of the Group's investments.</p>	<p>The market risk would be addressed by the regular analysis to the ESG-related risk of our investments in order to generate an acceptable and suitable ESG-related risk adjusted investment portfolio.</p>

## COMMUNITY

In pursuit of business development, the Group spares no effort in contributing to the community. The Group is committed to contributing the society through continuous participation in community services in order to fulfil the Group's corporate social responsibility and will consider establishing relevant community investment policies in the near future to better manage the Group's contribution to the community. The Group hopes to foster employees' sense of social responsibility, thus encouraging them to participate in charitable activities during their work and spare time to make greater contributions to the community. The Group is fully aware of the importance of interacting with the wider community in fulfilling corporate social responsibility. On the other hand, the Group believes that the one of the best ways to serve the community is to drive positive impact through its investment portfolio. To create shared values with the community and stakeholders, the Group will continue to consider ESG factors in selecting future investment projects.

The focus areas of the Group's community investment are social welfare and environmental concern. The Group believes that it can act effectively to help alleviate social problems and responds positively with volunteering services. During the Reporting Year, employees might have the needs to take care their children and family during the weekday due to the impact of Covid-19 pandemic. In order to improve the work-life balance of the Group's employees, their family needs and encourage them to participate in community activities and charitable events so as to contribute to the society, the Group's employees from the back office are offered flexible working hours arrangements on the weekday. The Group's employees may have more spare time with their families and participate in volunteering services to give back to the society. To participate the environmental event of "Drink Without Waste", the employees are also encouraged to collect the waste plastic bottles in our office for the recycling purpose. The Group participated in "Earth Hour 2021" organized by World Wide Fund For Nature Hong Kong to show its concerns about climate crisis and deterioration of biodiversity.

# CORPORATE GOVERNANCE REPORT

The Board of directors of the Company (the “Board”) understands that sound corporate governance practices is fundamental to maintaining and promoting the confidence of shareholders of the Company (the “Shareholder”).

The Board is committed to maintaining and ensuring a high standard of corporate governance. The Board will review the corporate governance practices of the Company and its subsidiaries (the “Group”) from time to time to ensure that they reflect the latest development and meet the expectations of the Shareholders.

## Corporate Governance Code Compliance

The Board has applied the principles and complied with the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) prior to its amendment with effects from 1 January 2022 for the year ended 31 December 2021, save and except for the deviations of the following:

CG Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meeting and develop a balanced understanding of the views of shareholders. One executive Director, one non-executive Director and one independent non-executive Director were unable to attend the annual general meeting of the Company held on 28 May 2021 due to their other business engagements.

Apart from the above-mentioned deviations, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting those in the code provision. The practice of the corporate governance of the Company will be reviewed and updated from time to time in order to comply with the requirement of the Listing Rules.

The Board also note the amendment to the CG Code since 1 January 2022 and will comply with the revised requirements of the CG Code in the forthcoming years.

## Directors’ Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transaction by the directors (the “Model Code”), Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standards as set out in the Model Code during the year.

## Corporate Governance Principles and Practices

### **The Board**

The Board’s primary responsibilities are to formulate the Company’s long-term corporate strategy, to oversee the management of the Group, to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board.

In addition, the Board has also established Board Committees and has delegated to these Board Committees various responsibilities set out in their terms of reference respectively.

### Board Composition

The Board currently comprises eight directors ("Directors") in total, with three Executive Directors ("ED"), two Non-Executive Directors ("NED") and three Independent Non-Executive Directors ("INEDs"). The composition of the Board during the year and up to the date of the report is set out as follows:

EDs:	Mr. Leong Chi Wai Mr. Lewis Chan Mr. Su Chunxiang
NED:	Ms. Chan Pui Kwan ( <i>Chairman</i> ) Ms. Li Peng
INEDs:	Mr. Chen Yeung Tak Mr. Ruan Zhi Mr. Jochum Siebren Haakma

The names and biographical details of each director are disclosed on pages 12 to 15 of this annual report. All Directors have confirmed that they have taken an active interest in the Company's affairs and obtained a general understanding of its business.

### Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Ms. Chan Pui Kwan acted as the Chairman of the Board. The Company does not have the title of "Chief Executive" but instead, its duties are performed by the executive Director.

The Chairman focus on overall corporate development and strategic direction of the Group and oversees the efficient functioning of the Board. The executive Directors are responsible for all daily management including planning and developing the Group's strategy. Such division of responsibilities helps to reinforce their independence and to ensure a balance of power and authority. The Company shall ensure and facilitate each Director to take an active interest in the affairs of the Group so that each Director could make positive contribution to the Group.

### Independent Non-Executive Directors

The board spectrum of background of the INEDs is valuable on the diversified perspectives of the Board. The INEDs bring a wide range of business, legal and financial expertise, experiences and independent judgement to the Board.

During the year of 2021, the Board at all times met the requirements of Rule 3.10(1) and Rule 3.10(2) of the Listing Rules relating to the appointment of at least three INEDs with at least one INED possessing appropriate professional qualifications, or accounting or related financial management expertise. In compliance with Rule 3.10A of the Listing Rules, INEDs represented at least one-third of the Board throughout the year ended 31 December 2021.

The Company has received a written annual confirmation from each INED of his independence pursuant to the requirements of Rule 3.13 of the Listing Rules, which confirmed to the Company that he has met the independence guidelines set out in the Listing Rules. And the Company also considers that they are independent.

### **Board Diversity Policy**

The Company adopted a Board diversity policy which became effective in September 2013. The Company seeks to achieve board diversity through the consideration of a number of factors in the Board members' selection process, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on merits, and the selection of candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

### **Nomination Policy**

The Nomination Committee shall nominate suitable candidates to the Board for it to consider to appoint as director to fill casual vacancies and consider of directors to be re-appointed at an annual general meeting.

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate.

- a. Reputation for integrity
- b. Accomplishment and experience in the investment industry, in particular, in assets management, regulated license person and related investment experience
- c. Commitment in respect of available time and relevant interest
- d. Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

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

Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a directors and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a directors.

### **Dividend Policy**

The Company may declare and distribute dividends to the shareholders, provided that the Group records a profit after tax and that the declaration and distribution of dividends does not affect the normal operations of the Group.

In deciding whether to propose a dividend and in determining the dividend amount the Board shall take into account, inter alia:

- (i) the general financial condition of the Group;
- (ii) capital and debt level of the Group;
- (iii) future cash requirements and availability for business operations, business strategies and future development needs;
- (iv) the general market conditions;
- (v) any restrictions on payment of dividends that may be imposed by the Group's lenders; and any other factors that the Board deems appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Company Law of the Cayman Islands and Articles of Association.

### **Directors' Continuous Professional Development**

Each newly appointed Director receives an induction package from the Company's legal advisor on the first occasion of his/her appointment. This induction package is a comprehensive, formal and tailored induction the responsibilities and on-going obligations to be observed by a director pursuant to the Companies Ordinance, Listing Rules and Securities and Futures Ordinance.

During the year, all the Directors had received training/briefing which covered topics in Directors' duties and liabilities, continuing obligations of a listed company, corporate governance and compliance issues after their appointments. Besides, the Company will arrange and fund suitable training for Directors in order to develop and refresh their knowledge and skills.

### **Function**

The overall management of the Group's operation is vested in the Board. The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Board has to make decisions objectively in the interests of the Company and its Shareholders as a whole. The Board has established procedures to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The day-to-day management, administration and operation of the Group are delegated to the senior management of the Group. The delegated functions and work tasks are periodically reviewed. Pursuant to the levels of authority approved by the Board, the senior management executes day-to-day operations unless the subject matter exceeds the authority granted by the Board or relates to any matters specifically reserved to the Board, they would seek approval from the Board.

### Board Meetings/General meetings

The Board meets regularly to discuss the investment strategy as well as operation and financial performance of the Group, and to review and approve the Group's annual and interim results and other ad hoc matters. Notice, agenda and Board papers of Board and committee meetings are served to all Directors prior to the meeting in accordance with the Articles of Association and the CG Code requirement (except under emergency situation). Extraordinary and Annual General Meeting schedules and draft agenda are made available to the Directors in advance. Details of individual attendance of Directors at the meetings of the Board, Remuneration Committee, Audit Committee, Nomination Committee and Annual General Meeting are set out in the table below:

	Number of meetings attended/Number of meetings held				Annual General Meeting
	Board Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Nomination Committee Meeting	
<b>Executive Directors</b>					
Mr. Lewis Chan	6/11				1/1
Mr. Leung Chi Wai	10/11				1/1
Mr. Su Chunxiang	7/11				0/1
<b>Non-executive Directors</b>					
Ms. Chan Pui Kwan	10/11				1/1
Ms. Li Peng	4/11				0/1
<b>Independent non-executive Directors</b>					
Mr. Chen Yeung Tak	5/11	1/1	2/2	1/1	1/1
Mr. Ruan Zhi	3/11	1/1	2/2	1/1	1/1
Mr. Jochum Siebren Haakma	0/11	1/1	2/2	1/1	0/1

### Board Committees

The Board has established (i) Remuneration Committee; (ii) Nomination Committee; and (iii) Audit Committee, with defined terms of reference. The terms of reference of the Board committees which explain their respective roles and the authority delegated to them by the Board are posted on the websites of The Hong Kong Exchange and Clearing Limited ("HKEx") and the Company. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expenses.

### **Remuneration Committee**

The current Remuneration Committee comprises of three independent non-executive Directors, Mr. Chen Yeung Tak, Mr. Ruan Zhi and Mr. Jochum Siebren Haakma. It is chaired by Mr. Chen Yeung Tak.

The Remuneration Committee has adopted the operation model where it performs to make recommendations to the Board on the Company's policy and structure for all Director's and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee's responsibilities are to review and consider Company's policy for remuneration of Directors and senior management, to determine remuneration packages of executive Directors including benefits in kind, pension rights and compensation payments, and to recommend to the Board remuneration of independent non-executive Directors.

Set out below is the summary of work of the Remuneration Committee done in 2021:

- to review and make recommendations to the board on remuneration package for the EDs, NEDs and the INEDs;
- to explore the feasibility in setting up a share option scheme in the foreseeable future; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the year ended 31 December 2021, the Remuneration Committee had held 1 meeting and the Remuneration Committee has reviewed the share option scheme and remuneration policy and structure relating to Directors and senior management of the Group.

### **Audit Committee**

The current Audit Committee comprises of three independent non-executive Directors, Mr. Chen Yeung Tak, Mr. Ruan Zhi and Mr. Jochum Siebren Haakma. It is chaired by Mr. Chen Yeung Tak. It reports directly to the Board and reviews matters within the scope of audit, such as financial statements and internal controls, to protect the interests of the Company's shareholders.

The major roles and functions of the Audit Committee of the Company are as follows:

- to review and monitor the integrity of the Group's financial statements, annual report and interim report, and to review significant financial reporting judgements contained therein;
- to review the Group's financial and accounting policies and practices;
- to review the financial controls, internal control and risk management systems;

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to report to the Board on the matters set out in the code provision relating to Audit Committee as set out in the CG Code; and
- to review the Company's policies and practices on corporate governance and training and continuous professional development of Directors and senior management.

During the year ended 31 December 2021, the Audit Committee had held 2 meetings and the Audit Committee reviewed the interim and annual results, and the interim and annual reports; met with external auditor to ensure appropriate accounting principles and practices adopted by the Group; and assisted the Board in meeting its responsibilities for maintaining an effective system of internal control and risk management.

### **Nomination Committee**

The current Nomination Committee comprises of three independent non-executive Directors. They are Mr. Chen Yeung Tak, Mr. Ruan Zhi and Mr. Jochum Siebren Haakma. The Nomination Committee is chaired by Mr. Ruan Zhi.

The major roles and functions of the Nomination Committee of the Company are as follows:

- to review the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors; and
- to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board.

During the year ended 31 December 2021, the Nomination Committee had held 1 meeting and the Nomination Committee has reviewed the structure, size and composition of the Board, and the independence of independent non-executive Directors.

### Corporate Governance Function

The Board is responsible for performing the corporate governance duties of the Company, including:

- i. to develop and review the Group's policies and practices on corporate governance;
- ii. to review and monitor the training and continuous professional development of the Directors and senior management;
- iii. to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; and
- iv. to review the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

### Responsibilities in Preparing the Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2021.

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independence Auditor's Report" on pages 57 to 60.

### Internal Control and Risk Management

The Company places great importance on internal control and risk management.

The Company was engaged external independent CPA to evaluate the effectiveness of the internal control regarding the compliance with the Listing Rules. During the year, based on the above evaluation, the Company complied with the code provisions on internal controls as stipulated in the CG Code. The Board has conducted a review of the internal control and risk management system of the Group and considered that the internal control and risk management system of the Group has been implemented effectively. There has no significant areas of improvement which are required to be brought to the attention to the members of the Audit Committee are revealed.

The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss; to manage rather than completely eliminate the risk of system failure; and to assist in the achievement of the Group's agreed objectives and goals.

The Group's risk management system is designed to manage the risk associated with its business and operations; to identify the risk that could affect the achievement of business objective; to analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly; and to ensure effective communication to the Board and on-going monitor the residual risk.

The Board, either directly or through its committees, sets objectives, performance targets and policies for management of key risks facing the Company. These include strategic planning, political and regulatory, acquisitions, investments, expenditure control, treasury and environment.

The Audit Committee has reviewed the internal control and risk management system and discussed the assessment bases with the management, and concurred that the Company has set up an effective internal control and risk management system to safeguard the assets of the Group.

### Internal control policy of the Company

The Company has adopted an internal control and risk management guidelines, which sets out the elements of internal control and risk assessment elements for the management of the Company to follow. It also set out the control activities which the Company shall implement.

The Company has also established the investment committee, which comprises our Director Ms. Chan Pui Kwan. The Investment Committee, prior to approving any investment decision, will monitor and evaluate if the investment decision has any Listing Rules implications and compliance with the investment policy.

During the year ended 31 December 2021, the Directors consider that:

1. The Company has complied with the provisions of Chapter 14 of the Listing Rules which are applicable to the Company as stated in Rule 21.13 of the Listing Rules;
2. Investments were made by the Company within the investment objectives, policies and restrictions of the Company as set out in its investment policy;
3. Sufficient disclosure were made by the Company in accordance with the requirements under the Listing Rules and the Code on Takeovers and Mergers; and
4. The Company could identify potential conflict of interests and resolve the same when making investment decision.

## Listing Rules Compliance

Throughout the year, the Group has fully complied with the Listing Rules requirements. Financial Reports, announcements and circulars have been prepared and published in accordance with the requirements of the Listing Rules.

## Auditor's Remuneration

Audit Committee of the Company reviews the terms of appointment of the external auditor each year. The review includes their independence, the scope of their audit, their audit fees, and the scope and professional fees for any non-audit services.

For the year ended 31 December 2021, services provided to the Company by its external auditor and the respective fees paid were:

	<b>2021</b>
	HK\$
Audit services	390,000

## Company Secretary

Mr. Ho Kim Fung ("Mr. Ho") is the Company Secretary of the Company. Mr. Ho is appointed by the Board and is an employee of the Company. He has day-to-day knowledge of the Group's affairs.

He coordinates and supplies of information to the Board and also ensures that board policy and procedures are followed for all board meetings. He is also responsible for advising the Board on corporate governance and the implementation of the CG Code. He has taken no less than 15 hours of the relevant professional training during the year ended 31 December 2021.

## Communication with Shareholders

The Board recognizes the importance of good communication with Shareholders and highly respects the Shareholders' right to express their view and appreciates their suggestions to the Company.

The Company uses a number of formal communication channels to deliver the information to Shareholders in a timely manner for assuring the Shareholders are kept well informed of the Company's key business imperatives. These include general meetings, interim and annual reports, various announcements and circulars. The Company's website offers a communication channel between the Company and the Shareholders as the website be updated with published information of the Group.

## Voting by Poll

Procedure for voting by poll has been included in all circulars accompanying notice convening general meeting and has been read out by the chairman at general meeting.

The voting procedures for demanding a poll by shareholders were written in the 2021 annual general meeting (the "AGM") circular, and the voting procedures were explained in the AGM.

## Investor Relations

The Company shall, for the purpose to keep its shareholders duly informed of their rights, publish from time to time the updated Articles of Association in a consolidated form on the Company's website and the HKEx's website.

During the year 2021, there had been no significant change in the Company's constitutional documents.

## Procedures for Requisitioning an Extraordinary General Meeting

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Articles of Association or the Cayman Islands Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised). However, according to the Articles of Association, any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, by written requisition to the board or the company secretary of the Company at the principal place of business in Hong Kong, to request to convene an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after deposit of such requisition. Any general meeting at which the passing of a special resolution is to be considered shall be called by not less than 21 clear days' notice, whilst others may be called by not less than 14 clear days' notice. If within 21 days of such deposit the Board fails to proceed to convene such meeting the shareholder(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the shareholder (s) as a result of the failure of the Board shall be reimbursed to the shareholder(s) by the Company.

## Procedures for Sending Enquiries to the Board

Shareholders may send written enquires to the Company, for the attention of Company Secretary, by fax (852) 27786178 or mail to Unit D 6th Floor, Eton Building, 288 Des Voeux Road Central, Hong Kong. The Company Secretary forwards communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, and inquiries to the executive Directors of the Company.

On behalf of the Board

**Chan Pui Kwan**

*Chairman*

Hong Kong, 25 March 2022

# INDEPENDENT AUDITOR'S REPORT



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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DT CAPITAL LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

### Opinion

We have audited the consolidated financial statements of DT Capital Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 61 to 114, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

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

### **Valuation of Suspended Equity Securities and unlisted financial assets at fair value through profit or loss**

Refer to Notes 5, 8(b)(i) and 20 on the consolidated financial statements.

Valuations of financial assets at fair value through profit or loss ("FVPL") amounted to HK\$100,170,107 as at 31 December 2021 which included listed securities suspended for trading (hereafter referred to as "Suspended Equity Securities") carried at nil fair value and unlisted equity securities carried at fair value of HK\$2,613,205.

The valuations of financial assets at FVPL relating to Suspended Equity Securities and unlisted equity securities have been determined by management with the assistance of independent professional valuers. Such valuations involve the determination of the valuation models and the selection of different inputs and the assumptions made in the valuation models by management and independent professional valuers. Any changes in valuation models adopted and inputs and assumptions applied could lead to significant changes in amounts reported as fair value in the consolidated financial statements.

We identified the valuation of financial assets at FVPL relating to these Suspended Equity Securities and unlisted equity securities as a key audit matter because the valuation of financial instruments without a quoted price is a complex area and involves a higher degree of estimation, uncertainty and judgment. These financial instruments are material to the Group.

Our procedures to assess the valuation of financial assets at FVPL relating to Suspended Equity Securities and unlisted equity securities included:

- Assessing the scope of work, expertise and independence of the independent professional valuers appointed by the Group;
- Obtaining supporting evidence for the significant judgements and estimates of valuation and key inputs used in the valuation models;
- Assessing the valuation methodology applied on the financial instruments;
- Challenging the reasonableness of key assumptions in the valuation based on our knowledge; and
- Reconciling input data used in the valuation to supporting evidence.

### **Other information in the annual report**

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

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

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

### Directors' responsibilities for the consolidated financial statements

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify, our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **BDO Limited**

*Certified Public Accountants*

### **Choi Kit Ying**

Practising Certificate Number P07387

Hong Kong

25 March 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	<b>2021 HK\$</b>	2020 HK\$
Gross proceeds from the disposal of listed and unlisted investments	<i>9</i>	<b>16,991,605</b>	24,190,211
<b>Revenue</b>	<i>9</i>	<b>2,203,955</b>	1,205,224
Other income, gains and losses	<i>10</i>	<b>1,799,426</b>	444,109
Fair value loss on financial assets at fair value through profit or loss	<i>11</i>	<b>(575,559)</b>	(25,993,068)
Administrative expenses		<b>(8,116,342)</b>	(16,503,276)
Finance cost	<i>12</i>	<b>(37,110)</b>	(201,237)
<b>Loss before taxation</b>	<i>13</i>	<b>(4,725,630)</b>	(41,048,248)
Income tax (expense)/credit	<i>15(a)</i>	<b>(55,865)</b>	135,099
<b>Loss for the year and total comprehensive income attributable to equity holders of the Company</b>		<b>(4,781,495)</b>	(40,913,149)
<b>Loss per share</b>			
Basic and diluted	<i>16</i>	<b>(0.0021)</b>	(0.0179)
Dividend		<b>Nil</b>	Nil

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$</b>	2020 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	17	–	–
Right-of-use assets	25	–	–
		–	–
<b>Current assets</b>			
Other receivables, deposits and prepayments	19	<b>1,526,315</b>	2,638,818
Financial assets at fair value through profit or loss	20	<b>100,170,107</b>	82,394,919
Amount due from an investee	21	–	2,120,135
Cash and bank balances	22	<b>26,643,975</b>	33,904,598
		<b>128,340,397</b>	121,058,470
<b>Current liabilities</b>			
Other payables and accruals	23	<b>744,158</b>	2,391,014
Lease liabilities	25	–	2,062,050
		<b>744,158</b>	4,453,064
<b>Net current assets</b>		<b>127,596,239</b>	116,605,406
<b>Total assets less current liabilities</b>		<b>127,596,239</b>	116,605,406
<b>Non-current liabilities</b>			
Deferred taxation	15(b)	<b>982,139</b>	926,274
<b>Net assets</b>		<b>126,614,100</b>	115,679,132
<b>Capital and reserves</b>			
Share capital	24	<b>27,352,800</b>	22,794,000
Reserves	26	<b>99,261,300</b>	92,885,132
<b>Total equity</b>		<b>126,614,100</b>	115,679,132

The consolidated financial statements on pages 61 to 114 were approved and authorised for issue by the board of directors on 25 March 2022.

**Leong Chi Wai**  
Executive Director

**Lewis Chan**  
Executive Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital HK\$	Share premium HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1 January 2020	22,794,000	262,926,160	(129,127,879)	156,592,281
Loss for the year and total comprehensive income for the year	–	–	(40,913,149)	(40,913,149)
Balance as at 31 December 2020 and 1 January 2021	22,794,000	262,926,160	(170,041,028)	115,679,132
Issue of shares (Note 24)	4,558,800	11,157,663	–	15,716,463
Loss for the year and total comprehensive income for the year	–	–	(4,781,495)	(4,781,495)
Balance as at 31 December 2021	27,352,800	274,083,823	(174,822,523)	126,614,100

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$</b>	2020 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		<b>(4,725,630)</b>	(41,048,248)
Adjustments for:			
Interest income	<i>10</i>	<b>(83,385)</b>	(73,539)
Finance cost	<i>12</i>	<b>37,110</b>	201,237
Gain on disposal of a subsidiary	<i>10</i>	–	(16)
Depreciation of property, plant and equipment	<i>13</i>	–	55,191
Depreciation of right-of-use assets	<i>13</i>	–	4,176,880
Written off of property, plant and equipment	<i>13</i>	–	28,145
Fair value loss on financial assets at fair value through profit or loss	<i>11</i>	<b>575,559</b>	25,993,068
Impairment losses on property, plant and equipment	<i>13</i>	–	180,761
Impairment losses on right-of-use assets	<i>13</i>	–	2,412,144
Impairment losses on amount due from an investee	<i>13</i>	–	109,865
<b>Operating cash flows before changes in working capital</b>		<b>(4,196,346)</b>	(7,964,512)
Decrease/(increase) in other receivables, deposits and prepayments		<b>1,112,503</b>	(1,037,150)
Decrease in amount due from an investee		<b>2,120,135</b>	–
(Decrease)/increase in other payables and accruals		<b>(1,646,856)</b>	155,785
Increase in financial assets at fair value through profit or loss		<b>(18,350,747)</b>	(2,732,559)
<b>Cash used in operations</b>		<b>(20,961,311)</b>	(11,578,436)
Interest received		<b>83,385</b>	73,539
<b>Net cash used in operating activities</b>		<b>(20,877,926)</b>	(11,504,897)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from issuance of shares		<b>15,716,463</b>	–
Net cash inflow on disposal of a subsidiary	<i>30</i>	–	13,086,016
<b>Net cash generated from investing activities</b>		<b>15,716,463</b>	13,086,016
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of the lease liabilities	<i>29</i>	<b>(2,062,050)</b>	(3,129,070)
Interest paid	<i>29</i>	<b>(37,110)</b>	(201,237)
<b>Net cash used in financing activities</b>		<b>(2,099,160)</b>	(3,330,307)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	<b>2021 HK\$</b>	2020 HK\$
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(7,260,623)</b>	(1,749,188)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>33,904,598</b>	35,653,786
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>26,643,975</b>	33,904,598
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances	22	<b>26,643,975</b>	33,904,598

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

## 1. GENERAL

DT Capital Limited (“the Company”) is a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is Unit D 6th Floor, Eton Building, 288 Des Voeux Road Central, Hong Kong.

The Company and its subsidiaries (“the Group”) engage in investment holding and trading of securities.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

## 2. CHANGE IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued certain revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group as discussed below. Details of the changes in accounting policies resulting from the initial application of these amendments and interpretations that are relevant to the Group are discussed as below.

- Amendments 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 amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. NEW/REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and

HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause<sup>4</sup>

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies<sup>4</sup>

Amendments to HKAS 8, Definition of Accounting Estimates<sup>4</sup>

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction<sup>4</sup>

Amendments to HKAS 16, Proceeds before Intended Use<sup>2</sup>

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract<sup>2</sup>

Amendments to HKFRS 3, Reference to the Conceptual Framework<sup>3</sup>

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>5</sup>

Amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021<sup>1</sup>

HKFRS 17, Insurance Contracts<sup>4</sup>

Annual Improvements to HKFRSs 2018-2020<sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>5</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

These new standards, amendments to standards and interpretations issued but not effective are not likely to have a significant impact on the consolidated financial statements.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets are measured at fair value as explained in the accounting policies set out below.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

##### c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul cost, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, the expenditure is capitalised as an additional cost of the asset.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives using the straight-line method, at the following rate per annum:

Leasehold improvements	20%
Computer equipment	20%
Furniture and fixtures	20%
Office equipment	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continuing use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss in the year in which the item is derecognised.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### d) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

##### e) **Financial instruments**

###### (i) ***Investments and other financial assets***

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

###### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

###### Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### e) **Financial instruments** (Continued)

##### (i) **Investments and other financial assets** (Continued)

##### *Subsequent measurement* (Continued)

##### Financial assets at amortised cost (debt instruments) (Continued)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

##### Financial assets at fair value through profit or loss ("FVPL")

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, and financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Dividends on equity investments classified as financial assets at FVPL are also recognised as revenue in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### e) **Financial instruments** (Continued)

##### (i) **Investments and other financial assets** (Continued)

###### *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not measured at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

###### General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-month (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group considers a financial asset to be credit-impaired when significant financial difficulty of the broker or it is probable that the broker will enter bankruptcy or other financial reorganisation.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

- |         |   |  |
|---------|---|--|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs   |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs                          |

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### e) **Financial instruments** (Continued)

###### **(ii) Financial liabilities**

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

###### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including other payables and accruals, which exclude the provision for reinstatement cost, and lease liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

###### **(iii) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

###### **(iv) Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

###### **(v) Derecognition**

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### f) **Impairment of non-financial assets**

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that assets may be impaired or an impairment charge previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. An impairment charge is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment; and
- Right-of-use assets

An impairment charge is recognised if there has been a change in the estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment charges is limited to the asset's carrying amount that would have been determined had no impairment charge been recognised in prior periods. Reversals of impairment charges are credited to profit or loss in the period in which the reversals are recognised.

##### g) **Cash and cash equivalents**

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

##### h) **Foreign currency translation**

###### *i) Functional and presentation currency*

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

###### *ii) Transactions and balances*

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### i) **Taxation**

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

##### j) **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **k) Revenue recognition**

Dividend income from equity securities is recognised when the shareholders' rights to receive payment have been established.

##### **l) Leasing**

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group does not have such leases during both years.

##### ***Right-of-use asset***

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The depreciation method used for right-of-use assets is the same as that used for property, plant and equipment. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The depreciation rate used for the office premises is 50% per annum.

##### ***Lease liability***

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **l) Leasing** (Continued)

###### ***Lease liability*** (Continued)

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

##### **m) Government grant**

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

##### **n) Related parties**

a) A person or a close member of that person's family is related to the Group if that person:

- i) has control or joint control over the Group;
- ii) has significant influence over the Group; or
- iii) is a member of the key management personnel of the Group or the Group's parent.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **n) Related parties** (Continued)

- b) An entity is related to the Group if any of the following conditions applies:
- i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii) Both entities are joint ventures of the same third party.
  - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - vi) The entity is controlled or jointly controlled by a person identified in (a).
  - vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- i) that person's children and spouse or domestic partner;
- ii) children of that person's spouse or domestic partner; and
- iii) dependents of that person or that person's spouse or domestic partner.

##### **o) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### p) **Employee benefits**

###### ***Short term employee benefits***

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

###### ***Pension obligations***

The Group participates a defined contribution mandatory provident fund scheme (the "MPF Scheme") which is available to all employees. Contributions to the MPF Scheme by the Group and its employees are calculated based on a percentage of employees' relevant income. The Group's contributions to the fund are incurred as expenses and the assets of the MPF Scheme are held separately from those of the Group in an independently administrated fund.

Payments to the Group's MPF Scheme are charged as expenses as they fall due.

#### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

##### **Valuation of financial instruments classified as level 3 in the fair value hierarchy**

The Group holds financial instruments that are not traded or quoted in active markets. The Group uses its judgment to select the appropriate methods and make assumptions based on market conditions existing at the end of each reporting period to estimate the fair value of such financial instruments and classifies them as level 3 in the fair value hierarchy. Although the best estimate is used in estimating fair value, there are inherent limitations in any valuation technique. Estimated fair value may differ from the value that would have been used if a readily available market existed.

##### **Impairment of property, plant and equipment and right-of-use assets**

Property, plant and equipment and right-of-use assets are tested for impairment when indicators exist. Determining whether property, plant and equipment and right-of-use assets allocated to investment holding and trading of securities (collectively referred as the "CGU") is impaired requires an estimation of the value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6. CAPITAL RISK MANAGEMENT

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

The debt of the Group consists of other payables and accruals, excluding the provision for reinstatement of leased office premise (Note 23), and lease liabilities. The capital structure of the Group consists of equity reserves attributable to equity holders of the Company, comprising issued share capital, share premium and accumulated losses.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues.

	31 December	
	2021 HK\$	2020 HK\$
Total debt	739,158	2,737,199
Total equity	126,614,100	115,679,132
Gearing ratio	0.58%	2.37%

### 7. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### Financial assets

	Financial assets at amortised cost HK\$	Financial assets at FVPL HK\$	Total HK\$
31 December 2021			
Financial assets measured at amortised cost:			
– Other receivables and deposits	1,068,454	–	1,068,454
– Cash and bank balances	26,643,975	–	26,643,975
	27,712,429	–	27,712,429
Financial assets at FVPL	–	100,170,107	100,170,107
	27,712,429	100,170,107	127,882,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

**Financial liabilities**

**Financial liabilities at amortised cost**  
HK\$

31 December 2021

Financial liabilities measured at amortised cost:

– Other payables and accruals 739,158

**Financial assets**

**Financial assets at amortised cost**  
HK\$

**Financial assets at FVPL**  
HK\$

**Total**  
HK\$

31 December 2020

Financial assets measured at amortised cost:

– Other receivables and deposits 2,184,516  
– Amount due from an investee 2,120,135  
– Cash and bank balances 33,904,598

38,209,249 – 38,209,249

Financial assets at FVPL – 82,394,919 82,394,919

38,209,249 82,394,919 120,604,168

**Financial liabilities**

**Financial liabilities at amortised cost**  
HK\$

31 December 2020

Financial liabilities measured at amortised cost:

– Other payables and accruals 675,149  
– Lease liabilities 2,062,050

2,737,199

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### a) Financial risk factors

The Group's major financial instruments comprise other receivables and deposits, financial assets at FVPL, amount due from an investee, cash and bank balances, other payables and accruals and lease liabilities.

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

#### i) Equity price risk

The Group is exposed to equity price risk in relation to securities which are classified in the consolidated statement of financial position as financial assets at FVPL. These are susceptible to equity price risk arising from uncertainties about the future prices of the instruments. The Group's equity price risk is managed through diversification of the investment portfolio ratios by exposures.

The following table demonstrates the sensitivity to every 5% change in the fair values of the listed equity securities except for those which were suspended as at the end of the reporting period, with all other variables held constant, based on their carrying amounts at the end of the reporting period.

	Increase/ (decrease) in fair value %	Increase/ (decrease) in loss before taxation HK\$	Increase/ (decrease) in equity HK\$
<b>2021</b>			
Investments listed in Hong Kong:			
– Financial assets at FVPL	5 (5)	4,878,000 (4,878,000)	4,073,000 (4,073,000)
<b>2020</b>			
Investments listed in Hong Kong:			
– Financial assets at FVPL	5 (5)	3,838,000 (3,838,000)	3,205,000 (3,205,000)

Concentration of equity price risk may arise if the Group has a significant investment in single equity investment. At the end of the reporting period, the Group has a certain concentration risk in six (2020: four) equity investments which account for more than 5% of the total assets of the Group.

## 8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) **Financial risk factors** (Continued)i) **Equity price risk** (Continued)

	% of total assets of the Group	
	2021	2020
Upbest Group Limited	<b>21.60%</b>	25.14%
Kwong Man Kee Group Limited	<b>10.56%</b>	11.88%
Ausupreme International Holdings Limited	<b>7.06%</b>	N/A
i-Control Holdings Limited	<b>6.88%</b>	5.60%
Shen You Holdings Limited	<b>6.43%</b>	N/A
Gemilang International Limited	<b>6.23%</b>	8.57%

ii) **Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation for repayment.

The Group is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships and other transactions.

It is the Group's policy to enter into financial instruments with reputable counterparties.

The Group limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and which the Group considers to be well established. All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase only when the securities have been received by the broker. The Group reviews and monitors the credit concentration of investments on a regular basis.

The credit risk on liquid funds is limited because the counterparties are banks or financial institutions with high credit ratings.

The Group considers the probability of default upon initial recognition of a financial asset carried at amortised cost and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

At the end of the reporting period, there was no maximum exposure to credit risk in respect of the amount due from an investee as the balance was settled by the disposal transaction of the investee during the year ended 31 December 2021 (Note 21). At 31 December 2020, the maximum exposure to credit risk in respect of the amount due from an investee was HK\$2,120,135, which represented the maximum amount the Group could be at a loss if these balances cannot be returned. No (2020: HK\$109,865) expected credit loss is recognised during the year ended 31 December 2021 after the Directors determine the credit risk exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) **Financial risk factors** (Continued)

ii) **Credit risk** (Continued)

The loss allowance as at 31 December 2020 was determined for amount due from an investee as follows:

	2020
Expected credit loss rate (%)	18.14%
Gross amount of amount due from an investee	2,590,000

Movement in the loss allowances account in respect of amount due from an investee during the year ended 31 December 2020 is as follows:

	<b>Amount due from an investee</b> (Note 21) HK\$
At 1 January 2020	2,230,000
ECL on amount due from an investee	(109,865)
At 31 December 2020	2,120,135

iii) **Liquidity risk**

The Group invests in both listed and unlisted securities which are designated as financial assets at FVPL. Those listed securities are considered readily realisable as they are listed in regulated stock exchanges. Those unlisted securities may not be traded in an organised public market and may be illiquid. Further, some of the listed securities held by the Group are suspended from listing as at the end of the reporting period, hence such securities are not readily realisable. As a result, the Group may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) **Financial risk factors** (Continued)

iii) **Liquidity risk** (Continued)

The following table details the Group's remaining contractual maturity for their financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	<b>Carrying amount at 31 December</b> HK\$	<b>Total contractual undiscounted cash flow</b> HK\$	<b>Within 1 year or on demand</b> HK\$
<b>2021</b>			
<b>Non-derivative financial liabilities</b>			
Other payables and accruals	<b>739,158</b>	<b>739,158</b>	<b>739,158</b>
<b>2020</b>			
<b>Non-derivative financial liabilities</b>			
Other payables and accruals	675,149	675,149	675,149
Lease liabilities	2,062,050	2,099,160	2,099,160
	<b>2,737,199</b>	<b>2,774,309</b>	<b>2,774,309</b>

## 8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### a) **Financial risk factors** (Continued)

#### iv) **Interest rate risk**

Other than the lease liabilities bearing fixed interest rate, the Group has no other interest-bearing financial liabilities at the end of the reporting period. The Group's only exposure to changes in interest rates is interest-bearing short-term bank deposits.

Due to the fact that the reasonably possible changes in interest rates on short-term bank deposits would have no material impact on the results of the Group and, accordingly, the sensitivity analysis in respect of changes in interest rate is not presented.

#### v) **Foreign currency risk**

The Group holds assets denominated in Renminbi ("RMB"), United States dollars ("US\$") and Euro. The Group does not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the directors consider the Group has no significant foreign currency risk exposure.

### b) **Fair values**

#### i) **Fair value hierarchy**

The following table presents the fair value of the Group's financial instruments measured at fair value 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 the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

**b) Fair values** (Continued)

*i) Fair value hierarchy* (Continued)

	Fair value measurements as at 31 December 2021 categorised into			Fair value at 31 December 2021
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	2021 HK\$
<b>Financial assets at FVPL</b>				
Listed equity securities	97,556,902	–	–	97,556,902
Unlisted equity securities	–	–	2,613,205	2,613,205
	<b>97,556,902</b>	<b>–</b>	<b>2,613,205</b>	<b>100,170,107</b>

	Fair value measurements as at 31 December 2020 categorised into			Fair value at 31 December 2020
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	2020 HK\$
<b>Financial assets at FVPL</b>				
Listed equity securities	76,766,565	–	2,303,703	79,070,268
Unlisted equity securities	–	–	1,821,453	1,821,453
Unlisted equity securities with a put option	–	–	1,503,198	1,503,198
	<b>76,766,565</b>	<b>–</b>	<b>5,628,354</b>	<b>82,394,919</b>

The fair value of financial instruments traded in active markets is based on quoted market prices for identical instruments at the end of the reporting period.

A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The Group adopted HKFRS 13 and used closing price as the valuation basis for listed equity investments.

For certain listed equity securities, the trading of which on the Stock Exchange has been suspended by the Stock Exchange of Hong Kong Limited (the "Suspended Equity Securities"), and unlisted equity securities, their fair values are determined by reference to the valuation in accordance with generally accepted valuation methodologies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

**b) Fair values** (Continued)

*i) Fair value hierarchy* (Continued)

The valuation techniques and inputs used in the fair value measurements within Level 3 is as follows:

Financial assets	31 December 2021 HK\$	31 December 2020 HK\$	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs in 2021	Significant unobservable inputs in 2020	Sensitivity of fair value to the input
Unlisted equity securities	2,613,205	1,821,453	Level 3	Market approach – Guideline Publicly Traded Company Method ( <i>Note 1</i> )	Price-to-earnings (“P/E”) multiples: 19.68x  Enterprise value-to-sales (“EV/S”) multiples: 1.02x  Discount for lack of marketability (“DLOM”): 31%	P/E multiples: 15.08x  EV/S multiples: 1.13x  DLOM: 31%	10% increase/decrease in the P/E multiples would result in increase/decrease in fair value by HK\$265,000 (2020: HK\$58,000)  10% increase/decrease in the EV/S multiples would result in increase/decrease in fair value by HK\$217,000 (2020: HK\$43,000)  10% increase/decrease in the DLOM would result in decrease/increase in fair value by HK\$97,000 (2020: HK\$82,000)

*Note 1:* Market approach is adopted by taking an average of P/E multiples and EV/S multiples of comparable companies, which have similar business nature with the unlisted equity securities, and applying the averaged multiples to the financial information of the unlisted equity securities. An indicated fair value of the unlisted equity securities is then arrived.

The valuation techniques and inputs used in the fair value measurements within Level 3 is as follows:

Financial assets	31 December 2021 HK\$	31 December 2020 HK\$	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs in 2021	Significant unobservable inputs in 2020	Sensitivity of fair value to the input
Unlisted equity securities with a put option	-	1,503,198	Level 3	N/A (2020: Latest transaction price) ( <i>Note 1</i> )	N/A	N/A	N/A

*Note 1:* On 18 August 2020, the Group had entered into a sales and purchase agreement to sell its entire equity interest and the corresponding receivable in the unlisted equity securities to a purchaser with a stated consideration amount of HK\$3,623,333. The stated consideration was considered to be the estimated future cash flows arising from exiting the investment and concluded to be the fair value as at 31 December 2020. Therefore, the adopted valuation technique was the latest transaction price as at 31 December 2020. The transaction was completed on 9 February 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

**b) Fair values** (Continued)

**i) Fair value hierarchy** (Continued)

The valuation techniques and inputs used in the fair value measurements within Level 3 is as follows:

Financial assets	31 December 2021 HK\$	31 December 2020 HK\$	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs in 2021	Significant unobservable inputs in 2020	Sensitivity of fair value to the input
Listed equity securities							
- Suspended Equity Securities	- (Note 1)	2,303,703	Level 1 (2020: Level 3)	N/A (2020: Market approach – Guideline Publicly Traded Company Method (Note 2))	N/A	EV/S multiples: 2.3x  DLOM: 33.4%	N/A (2020: 10% increase/decrease in the EV/S multiples would result in an increase/decrease in fair value by HK\$167,054)  N/A (2020: 10% increase/decrease in the DLOM would result in a decrease/increase in fair value by HK\$115,531)
- Suspended Equity Securities	-	-	Level 3	Asset based approach (Note 3) (2020: Market approach – Guideline Publicly Traded Company Method (Note 4))	DLOM: 33.4%	Price to book value (“P/B”) multiples: 0.17x  DLOM: 33.4%	N/A (Note 5)

**Note 1:** During the year 2021, the securities have been resumed trading on the relevant stock exchange. As such, the securities were transferred from Level 3 to Level 1 financial assets.

**Note 2:** Market approach is adopted by taking the average of EV/S multiples of comparable companies, which have similar business nature with the Suspended Equity Securities, and applying the averaged multiples to the financial information of the Suspended Equity Securities.

**Note 3:** Asset based approach is adopted by taking the net asset value of the Suspended Equity Securities with a discount due to the lack of marketability as at the reporting period.

**Note 4:** Market approach is adopted by taking the average of P/B multiples of comparable companies, which have similar business nature with the Suspended Equity Securities, and applying the averaged multiples to the financial information of the Suspended Equity Securities.

**Note 5:** As the Suspended Equity Securities is at net liabilities position, any change in unobservable inputs will not change the fair value of such Suspended Equity Securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

**b) Fair values** (Continued)

*i) Fair value hierarchy* (Continued)

During the year ended 31 December 2021, there was a transfer of fair value measurements between Level 1 and Level 3 for financial assets at FVPL and the movements in fair value measurements in Level 3 are as follows:

	2021 HK\$	2020 HK\$
At 1 January	5,628,354	13,784,840
Unrealised loss on Suspended Equity Securities	–	(1,607,097)
Unrealised gain/(loss) on unlisted equity and debt securities	3,572,449	(10,460,189)
Unrealised gain on unlisted equity securities due to disposal ( <i>Note 1</i> )	7,382,772	–
Realised loss on unlisted equity securities	(7,382,772)	–
Disposal of unlisted equity securities	(4,283,895)	–
Transfer from Level 1 to Level 3 – Suspended Equity Securities ( <i>Note 2</i> )	–	3,910,800
Transfer to Level 1 from Level 3 – Suspended Equity Securities ( <i>Note 3</i> )	(2,303,703)	–
At 31 December	2,613,205	5,628,354

*Note 1:* This represents the reversal of unrealised loss on unlisted equity securities which were recognised in previous years.

*Note 2:* This represents the fair value of the listed equity securities in fair value measurements in Level 1 immediately prior to suspension.

*Note 3:* This represents the fair value of the listed equity securities in fair value measurements in Level 3 prior to resume trading.

*ii) Fair values of financial instruments carried at other than fair value*

The carrying amounts of the Group's other financial instruments carried at costs are not materially different from their fair values as at 31 December 2021 and 31 December 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9. REVENUE

	2021 HK\$	2020 HK\$
Dividend income from listed equity securities	<b>2,203,955</b>	1,205,224

No dividend income from unlisted equity securities was received for the years ended 31 December 2021 and 2020.

During the year ended 31 December 2021, the Group received gross proceeds of HK\$16,991,605 (2020: HK\$24,190,211) from selling the listed and unlisted investments to the market.

No analysis of the Group's revenue and contribution to operating profit for the current and prior years set out by principal activities and geographical markets is provided. It is because the Group has only one business segment, which is investments holding and trading of securities, and all the consolidated revenue and the consolidated results of the Group are attributable to the performance of the markets in Hong Kong.

No information about major customers has been disclosed as a substantial portion of the Group's revenue is derived from the Group's investments in equity securities and the disclosure of information regarding customers would not be meaningful as the Group does not derive any revenue from external customers.

As the operation of the Group is entirely in Hong Kong, substantially all of the Group's non-current assets other than financial assets were located in Hong Kong and geographical analysis of non-current assets is not presented.

### 10. OTHER INCOME, GAINS AND LOSSES

	2021 HK\$	2020 HK\$
Interest income	<b>83,385</b>	73,539
Gain on disposal of a subsidiary	–	16
Government grant	–	369,000
Exchange gain	<b>176</b>	1,554
Reversal of provision for reinstatement cost	<b>1,715,865</b>	–
	<b>1,799,426</b>	444,109

*Note:* No government grant is received by the Group for the year ended 31 December 2021.

During the year ended 31 December 2020, included in profit or loss was HK\$369,000 of government grants, which were obtained by the Group from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government. Under the ESS, the Group had to spend these grants on payroll expenses, and not reduce the number of employees below the prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11. FAIR VALUE LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK\$	2020 HK\$
Realised gains/(losses)		
–from listed shares in Hong Kong	<b>1,772,531</b>	1,685,439
–from unlisted investments	<b>(7,382,772)</b>	–
	<b>(5,610,241)</b>	1,685,439
Unrealised gains/(losses)		
–from listed shares in Hong Kong	<b>(5,920,539)</b>	(17,218,318)
–from unlisted investments	<b>10,955,221</b>	(10,460,189)
	<b>5,034,682</b>	(27,678,507)
	<b>(575,559)</b>	(25,993,068)

The listed shares and unlisted investments are all classified as financial assets at FVPL.

Realised losses on disposals of financial assets at FVPL amounted to HK\$5,610,241 (2020: realised gains of HK\$1,685,439), representing the difference between the financial assets initial carrying amount upon initial recognition (usually their costs) and disposal consideration amount. Unrealised gains amounted to HK\$5,034,682 (2020: unrealised losses of HK\$27,678,507) comprise the change in fair value of financial assets at FVPL for the period and from the reversal of the prior period or current period unrealised gains and losses for financial instruments upon realisation in the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12. FINANCE COST

	2021 HK\$	2020 HK\$
Interest on lease liabilities	<b>37,110</b>	201,237

13. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting):

	2021 HK\$	2020 HK\$
Auditor's remuneration	<b>390,000</b>	350,000
Depreciation of property, plant and equipment	–	55,191
Depreciation of right-of-use assets	–	4,176,880
Impairment loss on property, plant and equipment	–	180,761
Impairment loss on right-of-use assets	–	2,412,144
Written off of property, plant and equipment	–	28,145
Impairment loss on amount due from an investee	–	109,865
Staff cost (including directors):		
– Directors' fee and salaries	<b>2,972,536</b>	3,518,174
– Contribution on defined contribution mandatory provident fund scheme	<b>87,000</b>	112,650
Gain on disposal of a subsidiary	–	(16)
Consulting fee	<b>1,710,000</b>	2,418,000
Expenses related to short term lease	<b>117,000</b>	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

a) The remuneration of the directors for the year ended 31 December 2021 is disclosed as follows:

	Basic salaries, housing benefits, other allowances and benefits in kind	Retirement benefits contributions	Discretionary bonuses and/or performance- related bonuses	Compensation for loss of office	Inducement for joining the Group	Total
	Fees HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Executive directors:</b>						
Lewis Chan	240,000	-	12,000	-	-	252,000
Leong Chi Wai	240,000	-	12,000	-	-	252,000
Su Chun Xiang	240,000	-	-	-	-	240,000
<b>Non-executive directors:</b>						
Chan Pui Kwan	180,000	-	9,000	-	-	189,000
Li Peng	180,000	-	-	-	-	180,000
<b>Independent non-executive directors:</b>						
Chen Yeung Tak	180,000	-	-	-	-	180,000
Ruan Zhi	120,000	-	-	-	-	120,000
Jochum Siebren Haakma	100,000	-	-	-	-	100,000
	<b>1,480,000</b>	<b>-</b>	<b>33,000</b>	<b>-</b>	<b>-</b>	<b>1,513,000</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

a) The remuneration of the directors for the year ended 31 December 2020 is disclosed as follows:

	Fees HK\$	Basic salaries, housing benefits, other allowances and benefits in kind HK\$	Retirement benefits contributions HK\$	Discretionary bonuses and/or performance- related bonuses HK\$	Compensation for loss of office HK\$	Inducement for joining the Group HK\$	Total HK\$
<b>Executive directors:</b>							
Leung King Yue, Alex*	414,000	-	18,000	-	-	-	432,000
Lewis Chan	294,000	-	14,700	-	-	-	308,700
Leong Chi Wai	294,000	-	14,700	-	-	-	308,700
Su Chun Xiang **	56,774	-	-	-	-	-	56,774
<b>Non-executive directors:</b>							
Chan Pui Kwan	225,000	-	11,250	-	-	-	236,250
Li Peng	180,000	-	-	-	-	-	180,000
<b>Independent non-executive directors:</b>							
Chen Yeung Tak	180,000	-	-	-	-	-	180,000
Ruan Zhi	120,000	-	-	-	-	-	120,000
Jochum Siebren Haakma	100,000	-	-	-	-	-	100,000
	1,863,774	-	58,650	-	-	-	1,922,424

\* Mr. Leung King Yue, Alex has resigned as executive director on 31 December 2020.

\*\* Mr. Su Chun Xiang has been appointed as executive director with effect from 6 October 2020.

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

During the years ended 31 December 2021 and 2020, no directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

- b) The five highest paid individuals for the year ended 31 December 2021 included two directors (2020: two directors) and their emoluments are included in Note 14(a). The emoluments of the remaining three highest paid individuals (2020: three) are other employees and shown as follows:

	2021 HK\$	2020 HK\$
Salaries and other benefits	1,492,400	1,654,400
Retirement benefits contributions	54,000	54,000
	<b>1,546,400</b>	1,708,400

Analysis of the emoluments of the five highest paid individuals (including directors and other employees) by number of individuals and emolument ranges is as follows:

	2021 No. of individuals	2020 No. of individuals
Nil to HK\$1,000,000	5	5

During the years ended 31 December 2021 and 2020, none of the five highest paid individuals waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

15. INCOME TAX EXPENSE/(CREDIT)

- a) The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 HK\$	2020 HK\$
Deferred tax expense/(credit)	55,865	(135,099)

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and its subsidiaries have sustained estimated tax losses for the years ended 31 December 2021 and 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15. INCOME TAX EXPENSE/(CREDIT) (Continued)

b) Deferred tax liabilities recognised are analysed as follows:

	Tax losses HK\$	Unrealised gains/(losses) on financial assets at FVPL HK\$	Total HK\$
At 1 January 2020	(482,382)	1,543,755	1,061,373
Charge/(credit) for the year	482,382	(617,481)	(135,099)
At 31 December 2020 and 1 January 2021	–	926,274	926,274
Charge for the year	–	55,865	55,865
At 31 December 2021	–	982,139	982,139

c) Reconciliation between income tax expense/(credit) and the loss before taxation per the consolidated statement of profit or loss and other comprehensive income at the statutory income tax rate is set out below:

	2021 HK\$	2020 HK\$
Loss before taxation	<b>(4,725,630)</b>	(41,048,248)
Tax at the statutory income tax rate of 16.5% (2020: 16.5%)	<b>(779,729)</b>	(6,772,961)
Tax effect of profit not subject to taxation	<b>(660,557)</b>	(211,261)
Tax effect of non-deductible expenses	–	519,331
Tax effect of unrecognised other temporary differences	<b>(833,655)</b>	4,481,449
Tax effect of unused tax losses not recognised	<b>2,329,806</b>	1,848,343
Income tax expense/(credit)	<b>55,865</b>	(135,099)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15. INCOME TAX EXPENSE/(CREDIT) (Continued)

d) Deferred tax asset has not been recognised in respect of the following temporary differences:

	2021 HK\$	2020 HK\$
Unused tax losses	59,840,370	45,720,340
Other deductible temporary differences	33,324,884	25,906,346
	<b>93,165,254</b>	71,626,686

At the end of the reporting period, the Group had unutilised tax losses of approximately HK\$59,840,000 (2020: HK\$45,720,000) available for offsetting against future taxable profit.

No deferred tax asset has been recognised in respect of the above items due to the unpredictability of future profit streams. The tax losses and other deductible temporary differences, representing the accelerated tax depreciation and unrealised loss of financial assets at FVPL, do not expire under current tax legislation.

### 16. LOSS PER SHARE

The basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK\$4,781,495 (2020: HK\$40,913,149) and the weighted average number of 2,280,648,986 (2020: 2,279,400,000) ordinary shares in issue during the year.

Dilutive loss per share is the same as the basic loss per share as the Company has no dilutive potential ordinary shares in issue for both 2021 and 2020.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Computer equipment HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
As at 1 January 2020					
Cost	125,890	213,793	144,780	3,888	488,351
Accumulated depreciation	(94,417)	(94,010)	(32,110)	(3,717)	(224,254)
Net book value	31,473	119,783	112,670	171	264,097
Net book value as at 1 January 2020	31,473	119,783	112,670	171	264,097
Depreciation	(6,295)	(25,809)	(22,916)	(171)	(55,191)
Written off	(25,178)	(2,967)	–	–	(28,145)
Impairment loss	–	(91,007)	(89,754)	–	(180,761)
Net book value as at 31 December 2020	–	–	–	–	–
As at 31 December 2020					
Cost	–	<b>124,100</b>	<b>114,580</b>	–	<b>238,680</b>
Accumulated depreciation and impairment	–	<b>(124,100)</b>	<b>(114,580)</b>	–	<b>(238,680)</b>
Net book value	–	–	–	–	–
Net book value as at 1 January 2021 and 31 December 2021	–	–	–	–	–
As at 31 December 2021					
Cost	–	<b>124,100</b>	<b>114,580</b>	–	<b>238,680</b>
Accumulated depreciation and impairment	–	<b>(124,100)</b>	<b>(114,580)</b>	–	<b>(238,680)</b>
Net book value	–	–	–	–	–

The Group performed an impairment assessment on property, plant and equipment of the Group in accordance with the accounting policy on impairment of non-financial assets (Note 4(f)). Based on the assessment, no impairment loss was recognised for the year ended 31 December 2021, and an impairment loss of HK\$180,761 was recognised and charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. No recoverable amounts of the Group's property, plant and equipment were determined, using the value in use calculation which was determined by the discounted cash flows generated based on a management's financial budget plan covering a period of two years, management's assumptions and estimates, a pre-tax discount rate of approximately 5% for year ended 31 December 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 18. PARTICULAR OF SUBSIDIARIES

Particulars of subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Place of incorporation	Issued and fully paid ordinary share capital	Percentage of equity interest held		Principal activity
			Directly %	Indirectly %	
Equity Merit International Limited	British Virgin Islands ("BVI")	US\$1	100	–	Trading of securities
Peak Star Group Limited	BVI	US\$1	100	–	Investment in unlisted debt securities
Genius Pro Asia Limited	BVI	US\$1	100	–	Investment holding
United Solutions International Limited	BVI	US\$1	100	–	Investment in listed equity securities
Nova System International Limited	BVI	US\$1	100	–	Investment in unlisted equity securities
Super Bloom Investments Limited	Hong Kong	HK\$1	–	100	Investment in unlisted equity securities
Venture Glory Enterprises Limited	BVI	US\$1	100	–	Investment in listed equity securities
Key Summit Enterprises Limited	BVI	US\$1	100	–	Investment in unlisted and listed equity securities
Wealth Champion Group Limited	Hong Kong	HK\$1	100	–	Provision of management services
Royal Money International Limited	Hong Kong	HK\$1	100	–	Provision of management services
Rich Way Asia Corporation	BVI	US\$1	100	–	Dormant

All subsidiaries operate in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 HK\$	2020 HK\$
Other receivables ( <i>Note</i> )	1,001,513	1,147,923
Deposits	66,941	1,036,593
Prepayments	457,861	454,302
	<b>1,526,315</b>	2,638,818

*Note:* As at 31 December 2021, the balances placed in broker securities accounts of HK\$1,001,513 (2020: HK\$1,147,923) were included in other receivables.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK\$	2020 HK\$
Equity securities listed in Hong Kong at fair value excluding Suspended Equity Securities ( <i>Note 20(ai)</i> )	97,556,902	76,766,565
Suspended Equity Securities ( <i>Note 20(aii)</i> )	–	2,303,703
	<b>97,556,902</b>	79,070,268
Unlisted equity securities at fair value ( <i>Note 20(bi)</i> )	2,613,205	1,821,453
Unlisted equity securities with a put option at fair value ( <i>Note 20(bii)</i> )	–	1,503,198
Unlisted debt securities at fair value ( <i>Note 20(c)</i> )	–	–
	<b>100,170,107</b>	82,394,919

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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

ai) Details of the listed equity securities in Hong Kong are as follows:

Name of investee	Fair value		Unrealised gain/(loss) for the year		% of total assets of the Group		Net assets attributable to the Group	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$	HK\$	HK\$	HK\$			HK\$	HK\$
UBA Investments Limited	212,076	284,620	249,279	(63,688)	0.17%	0.24%	398,242	603,519
Upbest Group Limited	27,725,840	30,430,800	(2,704,960)	(4,057,720)	21.60%	25.14%	33,763,258	33,380,365
Bank of China Limited	1,405,000	530,000	189,361	(119,690)	1.09%	0.44%	16,273,086	5,808,922
Ausupreme International Holdings Limited	9,055,900	–	(453,390)	–	7.06%	–	8,343,037	–
Gemilang International Limited	7,992,443	10,378,125	(2,419,476)	(5,080,872)	6.23%	8.57%	6,898,413	7,084,696
Kwong Man Kee Group Limited	13,555,815	14,381,280	(742,641)	(599,220)	10.56%	11.88%	5,197,317	4,814,736
PCCW Limited	1,066,500	1,060,090	(149,527)	18,358	0.83%	0.88%	296,106	291,707
Cathay Pacific Airways Limited	191,700	924,930	(45,318)	93,248	0.15%	0.76%	336,687	1,468,053
I-Control Holdings Limited	8,833,200	6,784,350	(1,399,967)	409,367	6.88%	5.60%	2,798,239	2,065,258
Bank of Communication Company Limited	3,391,200	2,050,000	237,436	(531,348)	2.64%	1.69%	24,263,180	14,745,891
China Literature Limited	–	12,170	(155)	155	–	0.01%	–	3,541
Great Eagle Holdings Limited	–	426,000	352,770	(99,000)	–	0.35%	–	1,633,831
Power Assets Holdings Limited	1,798,200	2,163,000	404,913	(529,864)	1.40%	1.79%	1,504,211	2,045,414
MTR Corporation Limited	4,603,500	4,335,000	(171,643)	(210,467)	3.59%	3.58%	3,191,840	2,860,218
Hong Kong Exchange and Clearing Limited	–	–	–	1,686	–	–	–	–
Kwoon Chung Bus Holdings Limited	–	189,000	(6,031)	142,957	–	0.16%	–	371,184
Huaneng Power International Inc	–	–	–	71,230	–	–	–	–
Modern Living Investments Holdings Limited	–	–	–	5,530	–	–	–	–
True Partner Capital Holding Limited	1,953,000	1,743,000	210,000	(1,226,626)	1.52%	1.44%	1,047,995	1,215,050
Pacific Century Premium Developments Limited	864,000	524,800	(289,718)	(23,214)	0.67%	0.43%	1,703,355	1,295,922
CK Asset Holdings Limited	–	119,400	(6,475)	6,475	–	0.10%	–	288,059
Swire Pacific Limited	1,064,400	430,000	(134,787)	(25,718)	0.83%	0.36%	7,077,726	2,902,013
Kidztech Holdings Limited	2,195,200	–	(435,962)	–	1.71%	–	2,356,827	–
China Construction Bank Corporation	2,700,000	–	(372,691)	–	2.10%	–	6,583,688	–
Yuzhou Group Holdings Company Limited	128,000	–	(62,245)	–	0.10%	–	976,251	–
Standard Chartered PLC	462,500	–	(18,484)	–	0.36%	–	169,740	–
CK Hutchison Holdings Limited	100,600	–	(4,626)	–	0.08%	–	267,641	–
Shen You Holdings Limited	8,257,828	–	1,853,798	–	6.43%	–	3,779,836	–
<b>Subtotal</b>	<b>97,556,902</b>	<b>76,766,565</b>	<b>(5,920,539)</b>	<b>(11,818,421)</b>				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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

aii) Details of the Suspended Equity Securities in Hong Kong are as follows:

Name of investee	Fair value		Unrealised gain/(loss) for the year		% of total assets of the Group		Net assets/(liabilities) attributable to the Group	
	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021	2020	2021 HK\$	2020 HK\$
Ausupreme International Holdings Limited	-	2,303,703	-	(499,897)	-	1.90%	-	1,509,081
Yi Hua Holdings Limited	-	-	-	(4,900,000)	-	-	(10,616,277)	(10,341,993)
Subtotal	-	2,303,703	-	(5,399,897)				
Total	97,556,902	79,070,268	(5,920,539)	(17,218,318)				

bi) Details of the unlisted equity securities are as follows:

Name of investee	Proportion of share capital owned	Fair value		Unrealised gain/(loss) for the year		% of total assets of the Group	
		2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021	2020
廣州市金洋水產養殖有限公司	1.60%	2,613,205	1,821,453	791,752	(3,309,387)	2.04%	1.50%

bii) Details of the unlisted equity securities with a put option are as follows:

Name of investee	Proportion of share capital owned	Fair value		Unrealised gain/(loss) for the year		% of total assets of the Group	
		2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021	2020
Diamond Motto Limited ("Diamond Motto") (Note)	- (2020: 16.7%)	-	1,503,198	10,163,469	(7,150,802)	-	1.24%

Note: On 18 August 2020 the Group had entered into a sales and purchase agreement to sell its entire equity interest in Diamond Motto and the corresponding receivable of carrying amount of HK\$2,120,135 to a purchaser with a stated consideration amount of HK\$3,623,333 by receiving shares of the purchaser. The transaction was completed on 9 February 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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

c) Details of the unlisted debt securities are as follows:

Name of investee	Proportion of share capital owned	Fair value		Unrealised gain/(loss) for the year		% of total assets of the Group	
		2021	2020	2021	2020	2021	2020
		HK\$	HK\$	HK\$	HK\$		
Star League Investment Limited ("Star League")	N/A (Note)	-	-	-	-	-	-

*Note:* No share capital is owned as this is a debenture with 6.5% coupon rate and an early redemption option issued by Star League. The Group is also entitled to the capital surplus in the shares of the investee under certain conditions. The bond matured on 27 April 2019. The investment was written off in 2019 as the investee was in severe financial difficulty, the principal and interest amount of the unlisted securities were no realistic prospect of recovery.

21. AMOUNT DUE FROM AN INVESTEE

	2021 HK\$	2020 HK\$
Gross amount due from an investee	-	2,590,000
Less: Provision of impairment loss (Note 8(a)(ii))	-	(469,865)
	-	2,120,135

On 9 February 2021, the Group sold its entire equity interest in the investee, together with the advance to the investee of HK\$2,120,135 to a purchaser. The advance was unsecured, interest free and repayable within one year as at 31 December 2020.

22. CASH AND BANK BALANCES

	2021 HK\$	2020 HK\$
Time deposits with maturity period less than 3 months	5,278,165	5,194,789
Bank balances	21,365,810	28,709,809
	26,643,975	33,904,598

Cash and bank balances included an amount of approximately HK\$57,000 (2020: HK\$57,000) which is denominated in RMB, US\$ and Euro as at 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 23. OTHER PAYABLES AND ACCRUALS

As at 31 December 2021, the other payables and accruals in the current liabilities include the provision for reinstatement of leased office premise of HK\$5,000 (2020: HK\$1,715,865), on which the tenancy will expire within one year.

### 24. SHARE CAPITAL

	Number of shares		Share capital	
	2021	2020	2021 HK\$	2020 HK\$
Ordinary shares of HK\$0.01 each				
Authorised	<b>4,000,000,000</b>	4,000,000,000	<b>40,000,000</b>	40,000,000
At 1 January	<b>2,279,400,000</b>	2,279,400,000	<b>22,794,000</b>	22,794,000
Issue of shares ( <i>Note a</i> )	<b>455,880,000</b>	–	<b>4,558,800</b>	–
At 31 December	<b>2,735,280,000</b>	2,279,400,000	<b>27,352,800</b>	22,794,000

*Note a:* On 13 December 2021, the Company and Bonus Eventus Securities Limited entered into a placing agreement in respect of the placement of 455,880,000 ordinary shares of HK\$0.01 each (“the 2021 Placing Shares”) to independent investors at a price of HK\$0.035 each. The placement was completed on 31 December 2021 and the 2021 Placing Shares were issued and allotted to one placee, at the placing price of HK\$0.035. To the best knowledge, information and belief of the Company has made such reasonable enquiry and as informed by the placing agent, the placee and its ultimate beneficial owners are independent third parties and not connected with the Company and its connected persons as at the date of completion. The placee is a professional investor and it has become a substantial shareholder of the Company immediately after completion, represented by 16.67% interest in the Company. The premium on the issue of shares amounting to HK\$11,157,663 (net of share issue expenses of HK\$239,337) was credited to the Company’s share premium account.

### 25. LEASES

The Group leases one property (2020: one property) as lessee in Hong Kong. All leases comprise fixed payments over the lease term as at 31 December 2021 and 31 December 2020.

During the year ended 31 December 2021, the Group entered into a lease agreement of a 12-month lease term without extension. Therefore, such lease is classified as short-term lease and falls into exemption of recognition of right-of-use assets and lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25. LEASES (Continued)

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

**Right-of use assets**

	<b>Office premises</b> HK\$
As at 1 January 2020	6,589,024
Depreciation for the year ( <i>Note 13</i> )	(4,176,880)
Impairment loss for the year ( <i>Note 13</i> )	(2,412,144)
As at 31 December 2020, 1 January 2021 and 31 December 2021	–

**Lease liabilities**

	<b>Office premises</b> HK\$
As at 1 January 2020	5,191,120
Interest expense ( <i>Notes 12 and 29</i> )	201,237
Lease payment ( <i>Note 29</i> )	(3,330,307)
As at 31 December 2020 and 1 January 2021	2,062,050
Interest expense ( <i>Notes 12 and 29</i> )	37,110
Lease payment ( <i>Note 29</i> )	(2,099,160)
As at 31 December 2021	–

The Group performed an impairment assessment on the right-of-use assets of the Group in accordance with the accounting policy on impairment of non-financial assets (Note 4(f)). Based on the assessment, no impairment loss was recognised for the year ended 31 December 2021, and an impairment loss of HK\$2,412,144 was recognised and charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. No recoverable amount of right-of-use assets were determined, using the value in use calculation which was determined by the discounted cash flows generated based on a management's financial budget plan covering a period within two-year, management's assumptions and estimates, a pre-tax discount rate of approximately 5% for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25. LEASES (Continued)

**Lease liabilities** (Continued)

Future lease payments are due as follows:

	<b>Minimum lease payments 31 December 2021 HK\$</b>	<b>Interest 31 December 2021 HK\$</b>	<b>Present value 31 December 2021 HK\$</b>
Not later than one year	–	–	–

	<b>Minimum lease payments 31 December 2020 HK\$</b>	<b>Interest 31 December 2020 HK\$</b>	<b>Present value 31 December 2020 HK\$</b>
Not later than one year	2,099,160	37,110	2,062,050

The present value of future lease payments are analysed as:

	<b>2021 HK\$</b>	2020 HK\$
Current liabilities	–	2,062,050
	–	2,062,050

26. RESERVES

The reserves consists of share premium, which represents the premium arising from issuance of shares at a premium, and accumulated losses which represents the cumulative net gains and losses recognised in profit or loss.

27. NET ASSET VALUE PER SHARE

	<b>2021 HK\$</b>	2020 HK\$
Net asset value per share	<b>0.05</b>	0.05

The calculation of net asset value per share is based on the net assets of HK\$126,614,100 (2020: HK\$115,679,132) and 2,735,280,000 (2020: 2,279,400,000) ordinary shares in issue as at 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 28. CONNECTED AND RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, during the year, the Group had the following material transactions with its related parties:

	<i>Notes</i>	<b>2021</b> <b>HK\$</b>	2020 HK\$
Custodian fee paid to Bank of Communication Trustee Limited	<i>(a)</i>	<b>35,254</b>	35,200
Analytical fee paid to P.B. Global Asset Management Limited	<i>(b)</i>	<b>600,000</b>	350,000

- a) Pursuant to a custodian agreement dated 30 June 2009 between the Company and Bank of Communication Trustee Limited as a custodian, the custodian agrees to provide securities custodian services to the Company including the safe custody of the Group's securities and the settlement of the securities of the Group, the collection of dividends and other entitlements on behalf of the Group.

The custodian is regarded as a connected person of the Company under Rule 14A.08 of the Listing Rules, but the custodian fee falls below the de-minimis threshold under Rule 14A.33 of the Listing Rules.

- b) Pursuant to an analytical service agreement dated 1 June 2020 between the Company and P.B. Global Asset Management Limited ("PBGAM"), PBGAM will provide analytical services on investing in listed companies in Hong Kong.

PBGAM is the investment manager of a substantial shareholder. In accordance to Rule 14A.07 of the Listing Rules, PBGAM is regarded as a connected person of the Company but the services fee falls below the exemption under Rule 14A.76(1)(c) of the Listing Rules.

- c) The remuneration of directors and the highest paid employees during the year are disclosed in Note 14.

The above-mentioned transactions were carried out in the normal course of the Group's business on terms mutually agreed between the parties involved.

The related party transactions in respect of items (a) to (b) above also fall under the definition of connected transactions or continuing connected transactions in Chapter 14A of the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

29. NOTE SUPPORTING STATEMENT OF CASH FLOW

Reconciliation of liabilities arising from financing activities:

	<b>Lease liabilities</b>
	<i>(Note 25)</i>
	HK\$
At 1 January 2020	5,191,120
Changes from cash flows:	
Payment of principal portion of the lease liabilities	(3,129,070)
Interest paid	(201,237)
<b>Total change from financing cash flows</b>	<b>(3,330,307)</b>
Other changes	
Interest expense	201,237
At 31 December 2020 and 1 January 2021	2,062,050
Changes from cash flows:	
Payment of principal portion of the lease liabilities	(2,062,050)
Interest paid	(37,110)
<b>Total change from financing cash flows</b>	<b>(2,099,160)</b>
Other changes	
Interest expense	37,110
At 31 December 2021	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

30. DISPOSAL OF A SUBSIDIARY

The Group did not have any disposal of a subsidiary for the year ended 31 December 2021.

On 26 March 2020, the Group disposed its entire equity interest in a subsidiary, Rainbow Ocean Investments Limited ("Rainbow Ocean"), to an independent third party, Brilliant Smart International Limited ("Brilliant") for a cash consideration of HK\$13,086,016. The Group recognised a gain on disposal of a subsidiary amounted to HK\$16.

	HK\$
<b>Carrying amount of net liabilities of Rainbow Ocean at date of disposal:</b>	
Other receivable	13,085,993
Interest in an associate	7
Amount due from immediate holding company	137,286
Loan from immediate holding company	(23,584,854)
	<u>(10,361,568)</u>
<b>Gain on disposal of a subsidiary:</b>	
Cash consideration received	13,086,016
Net liabilities disposed of	10,361,568
Debt assignment and waiver of inter-company balances with Rainbow Ocean	
– Amount due from immediate holding company	137,286
– Loan from immediate holding company	(23,584,854)
	<u>16</u>
<b>Net cash inflow arising from the disposal:</b>	
Cash consideration received	13,086,016
Cash and cash equivalents disposed of	–
	<u>13,086,016</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

- a) Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 HK\$	2020 HK\$
<b>Non-current assets</b>		
Investments in subsidiaries	64	64
Loans to subsidiaries	25,010,000	17,548,000
Amounts due from subsidiaries	25,564,657	6,905,679
	<b>50,574,721</b>	24,453,743
<b>Current assets</b>		
Loans to subsidiaries	12,497,360	13,163,360
Other receivables, deposits and prepayments	522,807	499,351
Financial assets at fair value through profit or loss	44,436,526	42,620,500
Cash and bank balances	10,724,633	33,687,817
	<b>68,181,326</b>	89,971,028
<b>Current liabilities</b>		
Other payables and accruals	739,158	626,314
	<b>67,442,168</b>	89,344,714
<b>Total assets less current liabilities</b>	<b>118,016,889</b>	113,798,457
<b>Non-current liabilities</b>		
Amounts due to subsidiaries	971,113	989,863
Net assets	<b>117,045,776</b>	112,808,594
<b>Capital and reserves</b>		
Share capital	27,352,800	22,794,000
Reserves (Note 31(b))	89,692,976	90,014,594
Total equity	<b>117,045,776</b>	112,808,594

The statement of financial position of the Company was approved and authorised for issue by the board of directors on 25 March 2022.

**Leong Chi Wai**  
Executive Director

**Lewis Chan**  
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

b) A summary of the Company's reserves is as follows:

	<b>Share premium</b> HK\$	<b>Accumulated losses</b> HK\$	<b>Total</b> HK\$
Balance as at 1 January 2020	262,926,160	(133,468,471)	129,457,689
Loss and total comprehensive income for the year	–	(39,443,095)	(39,443,095)
Balance as at 31 December 2020 and 1 January 2021	262,926,160	(172,911,566)	90,014,594
Issue of shares	11,157,663	–	11,157,663
Loss and total comprehensive income for the year	–	(11,479,281)	(11,479,281)
Balance as at 31 December 2021	274,083,823	(184,390,847)	89,692,976

32. PARTICULARS OF MAJOR INVESTMENTS

Particulars of major investments held by the Group as at 31 December 2021 are as follows:

**i) Listed equity securities**  
***Upbest Group Limited ("Upbest Group")***

Upbest Group is incorporated in the Cayman Islands and is principally engaged in financial business.

The Group holds 33,812,000 (2020: 33,812,000) shares in Upbest Group, representing 1.26% (2020: 1.26%) interest in the issued share capital of Upbest Group with a corresponding investment cost of HK\$27,133,277 (2020: HK\$27,133,277) and derived a dividend income of HK\$338,120 (2020: HK\$338,160) for the year ended 31 December 2021. Based on the interim report for the six months ended at 30 September 2021 (2020: 30 September 2020), the net asset value of Upbest Group were approximately HK\$2,678,450,000 (2020: HK\$2,648,075,000).

## 32. PARTICULARS OF MAJOR INVESTMENTS (Continued)

### i) **Listed equity securities** (Continued)

#### ***i-Control Holdings Limited ("i-Control")***

i-Control is incorporated in the Cayman Islands and is principally engaged in provision of video conferencing and multimedia audio visual solutions.

The Group holds 17,320,000 (2020: 14,590,000) shares in i-Control, representing 1.65% (2020: 1.46%) interest in the issued share capital of i-Control with a corresponding investment cost of HK\$7,923,436 (2020: HK\$4,474,619) and derived a dividend income of HK\$77,480 (2020: HK\$240,300) for the year ended 31 December 2021. Based on the interim report for the six months ended 30 September 2021 (2020: 30 September 2020), the net asset value of i-Control were approximately HK\$169,720,000 (2020: HK\$141,553,000).

#### ***Ausupreme International Holdings Limited ("Ausupreme")***

Ausupreme is incorporated in the Cayman Islands and is principally engaged in developing marketing, selling and distributing of health and personal care products, classified by health supplement products, honey and pollen products and personal care products.

The Group holds 38,050,000 (2020: 6,520,000) shares in Ausupreme, representing 4.99% (2020: 0.86%) interest in the issued share capital of Ausupreme with a corresponding investment cost of HK\$10,519,415 (2020: HK\$3,313,828) and derived a dividend income of HK\$65,200 (2020: HK\$65,200) for the year ended 31 December 2021. Based on the interim report for the six months ended 30 September 2021 (2020: 30 September 2020), the net asset value of Ausupreme were approximately HK\$167,080,000 (2020: HK\$176,368,000).

#### ***Kwong Man Kee Group Limited ("Kwong Man Kee")***

Kwong Man Kee is incorporated in the Cayman Islands and is principally engaged in provision of carpark flooring services and ancillary services.

The Group holds 29,793,000 (2020: 29,961,000) shares in Kwong Man Kee, representing 4.97% (2020: 4.99%) interest in the issued share capital of Kwong Man Kee with a corresponding investment cost of HK\$9,979,864 (2020: HK\$10,062,688) and derived a dividend income of HK\$297,930 (2020: Nil) for the year ended 31 December 2021. Based on the interim report for the six months ended 30 September 2021 (2020: 30 September 2020), the net asset value of Kwong Man Kee were approximately HK\$104,669,000 (2020: HK\$96,420,000).

## 32. PARTICULARS OF MAJOR INVESTMENTS (Continued)

### i) **Listed equity securities** (Continued)

#### ***Gemilang International Limited ("Gemilang")***

Gemilang is incorporated in the Cayman Islands and is principally engaged in design and manufacture of bus bodies and assemble buses.

The Group holds 11,583,250 (2020: 11,531,250) shares in Gemilang, representing 4.61% (2020: 4.59%) interest in the issued share capital of Gemilang with a corresponding investment cost of HK\$12,419,174 (2020: HK\$12,385,381) and derived a dividend income of HK\$576,563 (2020: Nil) for the year ended 31 December 2021. Based on the annual financial statements for the year ended 31 October 2021 (2020: 31 October 2020), the net asset value of Gemilang were approximately HK\$149,700,000 (2020: HK\$154,436,000).

#### ***Shen You Holdings Limited ("Shen You")***

Shen You is incorporated in the Cayman Islands and is principally engaged in the manufacture and trading of sewing threads and broad categories of garment accessories, the provision of interior design, fitting out and decoration services, and equine services.

The Group holds 16,852,711 (2020: Nil) shares in Shen You, representing 4.12% (2020: Nil) interest in the issued share capital of Shen You with a corresponding investment cost of HK\$6,404,030 (2020: Nil). No dividend income was received for the year ended 31 December 2021 (2020: Nil). Based on the annual financial statements for the year ended 31 December 2021 (2020: 31 December 2020), the net asset value of Shen You were approximately HK\$91,765,000 (2020: HK\$45,608,000).

#### ***Bank of Communication Company Limited ("Bank of Communication")***

Bank of Communication is incorporated in the People's Republic of China and is principally engaged in provision of corporate and personal banking services conducting treasury business, provision of asset management, trustee, finance leasing, investment banking, insurance and other financial services.

The Group holds 720,000 (2020: 500,000) shares in Bank of Communication, representing 0.002% (2020: 0.001%) interest in the issued share capital of Bank of Communication with a corresponding investment cost of HK\$4,001,968 (2020: HK\$2,898,205) and derived a dividend income of HK\$243,157 (2020: HK\$117,992) for the year ended 31 December 2021. Based on the annual financial statements for the year ended 31 December 2021 (2020: 31 December 2020), the net asset value of Bank of Communication were approximately HK\$1,179,859,746,000 (2020: HK\$1,032,562,000,000).

## 32. PARTICULARS OF MAJOR INVESTMENTS (Continued)

### i) **Listed equity securities** (Continued)

#### ***China Construction Bank Corporation ("CCB")***

CCB is incorporated in the People's Republic of China and is principally engaged in provision of corporate and personal banking services, conducting treasury business, the provision of asset management, trustee, finance leasing, investment banking, insurance and other financial services.

The Group holds 500,000 (2020: Nil) shares in CCB, representing 0.0002% (2020: Nil) interest in the issued share capital of CCB with a corresponding investment cost of HK\$3,072,691 (2020: Nil) and derived a dividend income of HK\$158,288 for the year ended 31 December 2021 (2020: Nil). Based on the annual financial statements for the year ended 31 December 2021 (2020: 31 December 2020), the net asset value of CCB were approximately HK\$3,165,665,336,000 (2020: HK\$2,817,668,732,000).

#### ***MTR Corporation Limited ("MTR")***

MTR is incorporated in the Hong Kong and is principally engaged in railway operation.

The Group holds 110,000 (2020: 100,000) shares in MTR, representing 0.002% (2020: 0.002%) interest in the issued share capital of MTR with a corresponding investment cost of HK\$4,845,536 (2020: HK\$4,405,393) and derived a dividend income of HK\$130,755 (2020: HK\$113,752) for the year ended 31 December 2021. Based on the annual financial statements for the year ended 31 December 2021 (2020: 31 December 2020), the net asset value of MTR were approximately HK\$179,714,000,000 (2020: HK\$176,788,000,000).

### ii) **Unlisted equity securities**

#### ***廣州市金洋水產養殖有限公司 ("金洋水產")***

金洋水產 is incorporated in the People's Republic of China and is principally engaged in business of aquacultural and feed production during the year.

The Group holds 1.6% (2020: 1.6%) equity interest in 金洋水產 with a corresponding investment cost of HK\$4,219,243 (2020: HK\$4,219,243). No dividend was received during the years ended 31 December 2021 and 2020. Based on the unaudited financial statements for the year ended 31 December 2021 (2020: 31 December 2020), the net asset value of 金洋水產 were approximately HK\$270,529,000 (2020: HK\$261,954,000). The Group's share of the net asset value of 金洋水產 was approximately HK\$4,328,000 (2020: HK\$4,191,000).

## 33. EVENTS AFTER THE REPORTING PERIOD

In January 2022, the Group invested in a private Fund (the "Fund") incorporated in the Cayman Islands, by subscribing 20,000 participating, non-redeemable, non-voting class A shares with a subscription amount of HK\$20,000,000. The Fund has a term of 2 years from the initial closing date, 31 January 2022, subject to an extension of up to one additional two-year period at the discretion of the Fund's directors. PBGAM, the investment manager of P.B. Capital Advanced Fund SPC – P.B. Capital Advanced Fund 2 Segregated Portfolio, a substantial shareholder of the Group, is also the investment manager of the Fund.