

Oriental Explorer Holdings Limited
東方興業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0430)



2021

ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Chi Yung, Kenneth (*Chairman*)
Mr. Lau Michael Kei Chi
(*Vice-Chairman and Managing Director*)

Independent Non-executive Directors

Mr. Tsui Ka Wah
Mr. Lo Kam Cheung, Patrick
(*appointed on 27 May 2021*)
Mr. Lo Mun Lam, Raymond
(*appointed on 27 May 2021*)
Mr. Wong Yim Sum (*retired on 27 May 2021*)
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

AUDIT COMMITTEE

Mr. Lo Kam Cheung, Patrick (*Chairman*)
(*appointed on 27 May 2021*)
Mr. Lo Mun Lam, Raymond
(*appointed on 27 May 2021*)
Mr. Tsui Ka Wah
Mr. Wong Yim Sum (*retired on 27 May 2021*)
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

REMUNERATION COMMITTEE

Mr. Tsui Ka Wah (*Chairman*)
Mr. Lau Chi Yung, Kenneth
Mr. Lau Michael Kei Chi
Mr. Lo Kam Cheung, Patrick
(*appointed on 27 May 2021*)
Mr. Lo Mun Lam, Raymond
(*appointed on 27 May 2021*)
Mr. Wong Yim Sum (*retired on 27 May 2021*)
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

NOMINATION COMMITTEE

Mr. Lau Chi Yung, Kenneth (*Chairman*)
Mr. Lau Michael Kei Chi
Mr. Tsui Ka Wah
Mr. Lo Kam Cheung, Patrick
(*appointed on 27 May 2021*)
Mr. Lo Mun Lam, Raymond
(*appointed on 27 May 2021*)
Mr. Wong Yim Sum (*retired on 27 May 2021*)
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

COMPANY SECRETARY

Mr. Li Ying Leung

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
Bank J. Safra Sarasin Ltd, Hong Kong Branch
Bank of China

SOLICITORS

Ng and Fang Solicitors & Notaries
Wong & Tang Solicitors

AUDITORS

Elite Partners CPA Limited
Certified Public Accountants
and Registered Public Interest Entity Auditor
10/F, 8 Observatory Road
Tsim Sha Tsui
Kowloon
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Units 22-28, 25/F
Tower A, Southmark
11 Yip Hing Street
Wong Chuk Hang
Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

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

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the “Board”) of Oriental Explorer Holdings Limited (the “Company”), I am pleased to present the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021.

REVIEW OF OPERATIONS

Continuing operation

Property investment

The Group's investment properties mainly comprise offices, industrial and residential units in Hong Kong. The Group's investment property portfolio contributed rental revenue of approximately HK\$27 million for the year ended 31 December 2021 (2020: HK\$15 million).

The significant increase in rental revenue during the year was mainly attributable to the expansion of leasable floor area in the first seven months of 2021 compared with the corresponding period in 2020, which was an intended result of the group reorganisation plan between the Company and Multifield International Holdings Limited completed in 2020.

Discontinued operation

Financial investment

The Group has ceased its securities trading business since the second half of 2020. As a result, the Group recorded no significant fair value gain or loss on listed equity investments during the year (2020: loss of HK\$125 million).

FINANCIAL REVIEW

During the year under review, the Group recorded a profit of approximately HK\$19 million (2020: loss of HK\$115 million). The improvement in results was mainly due to the completion of the group reorganisation plan between the Company and Multifield International Holdings Limited in the second half of 2020, which resulted in the non-recurrence of substantial fair value loss on listed equity investments and the significant increase in rental income for the whole year of 2021 compared with 2020.

Continuing operation

Property Investment

The fair value of the Group's investment property portfolio was approximately HK\$1,697 million as at 31 December 2021 (31 December 2020: HK\$1,692 million). Rental revenue contributed by these investment properties increased by approximately HK\$12 million or 80% to approximately HK\$27 million in 2021 (2020: HK\$15 million).

Discontinued operation

Financial investment

In 2021, the Group recorded net unrealised fair value gain of Nil (2020: loss of HK\$125 million) and dividend income of Nil (2020: HK\$5 million) on its listed equity investments.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

Details of changes in capital structure of the Company during the year ended 31 December 2021 are as follows:

Share consolidation

On 26 March 2021, the Board proposed to implement a share consolidation on the basis of every ten ordinary shares of par value HK\$0.01 each in the capital of the Company be consolidated into one ordinary share of par value HK\$0.10 each. By an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2021, the aforesaid share consolidation took effect on 31 May 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the year ended 31 December 2021.

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and when appropriate hedge its currency risk.

As of 31 December 2021, the Group had no financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. The Group's cash and cash equivalents as of 31 December 2021 amounted to approximately HK\$171 million (31 December 2020: HK\$161 million).

As of 31 December 2021, total borrowings of the Group amounted to approximately HK\$308 million (31 December 2020: HK\$299 million), comprised (i) promissory notes issued by the Company of Nil (31 December 2020: HK\$149 million), (ii) amounts due to fellow subsidiaries of approximately HK\$156 million (31 December 2020: HK\$150 million), (iii) amount due to a director of approximately HK\$2 million (31 December 2020: Nil) which were all unsecured, interest free and without fixed term of repayment, and (iv) bank borrowings amounted to approximately HK\$150 million (31 December 2020: Nil) which were secured by legal charges on the Group's certain investment properties in Hong Kong. The Group's bank borrowings were mainly arranged on a floating rate basis.

The maturity of bank borrowings of the Group as at 31 December 2021 is as follows:

	<i>HK\$'000</i>
Within one year	3,000
In the second year	3,000
In the third to fifth years, inclusive	144,000
	<hr/>
Total	150,000
	<hr/> <hr/>

As at 31 December 2021, the Group's gearing ratio, being total borrowings divided by total equity, was approximately 20.29% (31 December 2020: 19.77%).

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON GROUP ASSETS

Details of charges on Group assets are set out in Note 22 to the consolidated financial statements.

CONTINGENT LIABILITY

As of 31 December 2021, the Group had no material contingent liability (31 December 2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group has no material events after reporting period which are required to be disclosed.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2021, the Group had approximately 9 employees in Hong Kong. During the year, the staff costs (including directors' emoluments) amounted to approximately HK\$3 million (2020: HK\$4 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

PROSPECT

The fifth wave of COVID-19 outbreak in Hong Kong, caused by the highly transmissible Omicron variant, has yet to show obvious signs of slowing down. The number of new local cases remains at a high level in recent days compared with the last four waves of outbreak.

Hong Kong's economy is being hit hard by various unfavourable internal and external factors such as repeated tightening of local pandemic prevention measures, long-standing restrictions on cross-border travel to and from Hong Kong, the escalating trade tensions between China and the United States, the military conflict between Russia and Ukraine, surging inflation, and interest rate hike expectations. The Group is not optimistic about the local economic outlook for 2022, in particular, retail, catering, and tourism-related industries are now under extremely difficult operating conditions, and a considerable number of small and medium enterprises are at risk of closing down. As the investment properties held by the Group are mainly local commercial and industrial properties, the related rental income will remain under severe pressure until the overall operations of tenants are improved.

Despite the uncertain outlook for the local economy, it is expected that the Group's financial position will not be significantly and adversely affected in the absence of unforeseeable circumstances. The Group will continue to adopt a prudent investment strategy with an aim to preserve financial resources for possible investment opportunities and thereby create value for shareholders.

ACKNOWLEDGEMENT

On behalf of the Board and management team, I would like to thank our shareholders who have extended to us their trust and have been patient with our efforts on exploring business opportunities. Again, I would like to thank my fellow directors and staff for their loyalty and efforts during the past year. I believe that we will create greater value to our investors in the future.

Lau Chi Yung, Kenneth
Chairman

Hong Kong, 31 March 2022

BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. LAU Chi Yung, Kenneth, aged 62, joined the Group in 1995. He is the Chairman of the Company. He is also the Chairman and Director of Multifield International Holdings Limited (Stock Code: 898) (“Multifield International”), whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

Mr. LAU Michael Kei Chi, aged 68, joined the Group in 2003. He is the Vice-Chairman and Managing Director of the Company. He is also the Vice-Chairman and Managing Director of Multifield International and is the elder brother of Mr. Lau Chi Yung, Kenneth.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSUI Ka Wah, aged 69, joined the Group as an Independent Non-executive Director in 2010. He has 28 years of banking experience with the United States and local banks, and has held various management positions in corporate, retail and private banking. Until 2009, he was the President of Great China Region for a U.S. bank, overseeing operations in Taiwan, the People’s Republic of China and Hong Kong. Since August 2013, he has held the position of Chief Executive Officer of SME Credit Company Limited. Mr. Tsui holds a Bachelor Degree and a Master Degree of Business Administration from the Chinese University of Hong Kong. He is also an Independent Non-executive Director of Multifield International, Southeast Asia Properties & Finance Limited (Stock Code: 252) and Grand Ming Group Holdings Limited (Stock Code: 1271) respectively, whose shares are listed on the main board of the Hong Kong Stock Exchange.

Mr. LO Mun Lam, Raymond, aged 69, joined the Group as an Independent Non-executive Director in 2021. He is a Chartered Accountant and Corporate Finance designate of the ICAEW (FCA/CF), a Chartered Surveyor (FRICS) and a Chartered Arbitrator (FCI Arb.). He is also a Trust & Estate Practitioner (TEP). Mr. Raymond Lo held both directorate and executive positions with multinational corporations, advisory and financial institutions in the past 30 years.

Mr. Raymond Lo is currently an executive director of Amasse Capital Holding Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8168), and is also a responsible officer of Amasse Capital Limited for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance.

Mr. Raymond Lo has been an independent non-executive director of China Datang Corporation Renewal Power Company Limited, a state-owned enterprise listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1798), since August 2013. He is also currently an independent non-executive director of Multifield International.

Mr. LO Kam Cheung, Patrick, aged 68, joined the Group as an Independent Non-executive Director in 2021. He is a Chartered Accountant in the United Kingdom and Canada, a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of the Hong Kong Institute of Directors, with extensive experience in auditing and risk advisory. Mr. Patrick Lo had served with a big 4 accounting firm for over 10 years, and had managed the internal audit and risk management functions of a fully licensed bank and a mobile operator in Hong Kong respectively for a total of over 15 years. Mr. Patrick Lo joined RSM Hong Kong in 2007 as a partner overseeing its Risk Advisory Services Department. Before retiring from the firm in 2019, Mr. Patrick Lo had participated in initial public offering assignments of over 50 successfully listed companies. The team led by Mr. Patrick Lo at the firm had also provided internal audit, risk management and corporate governance advisory services to more than 20 companies listed in Hong Kong, Singapore, the United States, and the United Kingdom respectively. Mr. Patrick Lo is currently a Senior Advisor of RSM Consulting (Hong Kong) Limited.

Mr. Patrick Lo was an independent non-executive director of Da Sen Holdings Group Limited, a company listed on the main board of the Hong Kong Stock Exchange (Stock Code: 1580), from May 2021 to March 2022. He is also currently an independent non-executive director of Multifield International.

BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. SIU Wai King, Donna, aged 57, joined the Group in 1992. She is the General Manager of the Group. She is responsible for the Group's Hong Kong property business and headquarter's operations and has over 20 years' experience in property business.

Mr. LI Ying Leung, aged 51, joined the Group in 2014. He is the Manager of the Accounting Department of the Group and the Company Secretary of the Company. He holds a Bachelor Degree, and is a member of the HKICPA. He has over 15 years' experience in auditing and accounting.

REPORT OF THE DIRECTORS

The directors present herewith their report and the audited financial statements of the Company and the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in Note 1 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2021 and the state of affairs of the Company and the Group at that date are set out in the accompanying audited consolidated financial statements.

The directors recommend the payment of a final dividend of HK2 cents per ordinary share of par value HK\$0.1 each in respect of the year ended 31 December 2021 (2020: HK0.2 cents per ordinary share of par value HK\$0.01 each), to shareholders whose name appeared on the register of members on 8 June 2022. The final dividend if approved, will be payable to the shareholders on or around 23 June 2022.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated/reclassified as appropriate. This summary does not form any part of the audited consolidated financial statements.

RESULTS

	Year ended 31 December				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000 (Restated)	2018 HK\$'000 (Restated)	2017 HK\$'000 (Restated)
CONTINUING OPERATIONS					
REVENUE	26,532	14,709	5,080	4,730	4,657
Cost of sales	(5,022)	(2,482)	(1,149)	(1,057)	(866)
Gross profit/(loss)	21,510	12,227	3,931	3,673	3,791
Other income and gains	6,262	3,154	15,712	243	21,186
Operating and administrative expenses	(6,111)	(8,059)	(7,561)	(7,803)	(7,895)
Finance costs	(439)	–	–	–	–
Share of profits and losses of associates	–	–*	(1)	(1)	(49)
PROFIT/(LOSS) BEFORE TAX					
FROM CONTINUING OPERATIONS	21,222	7,322	12,081	(3,888)	17,033
Income tax expense	(2,415)	(2,211)	(425)	(426)	(1,460)
PROFIT/(LOSS) FOR THE YEAR					
FROM CONTINUING OPERATIONS	<u>18,807</u>	<u>5,111</u>	<u>11,656</u>	<u>(4,314)</u>	<u>15,573</u>
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	–	(120,515)	40,389	(87,471)	185,346
PROFIT/(LOSS) FOR THE YEAR	<u>18,807</u>	<u>(115,404)</u>	<u>52,045</u>	<u>(91,785)</u>	<u>200,919</u>
Attributable to:					
Owners of the Company	18,807	(115,404)	52,045	(91,785)	200,919
Non-controlling interests	–	–	–	–	–
	<u>18,807</u>	<u>(115,404)</u>	<u>52,045</u>	<u>(91,785)</u>	<u>200,919</u>

* The amount is less than HK\$1,000

REPORT OF THE DIRECTORS

ASSETS AND LIABILITIES

	As at 31 December				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Total assets	1,872,079	1,855,831	1,755,055	1,773,409	1,319,603
Total liabilities	(353,604)	(344,376)	(305,749)	(389,964)	(366,550)
	<u>1,518,475</u>	<u>1,511,455</u>	<u>1,449,306</u>	<u>1,383,445</u>	<u>953,053</u>

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2021 are set out in the section headed “Chairman’s Statement and Management Discussion and Analysis” on pages 3 to 5 of the annual report and forms part of the “Report of the Directors”.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to support the environmental sustainability. The Group is committed to implementing policies and measures in our daily business operations to foster reduction of the Group’s environmental impact. The Group also strives to implement recycling and reducing measures in office premises where applicable.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year under review, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognizes that employees are our valuable assets. Thus employee management focuses on recruiting and growing the right people. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group’s corporate strategy.

The Group also understands that maintaining long-term good relationship with business partners is also one of the primary objectives of the Group. Accordingly, our management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year under review, there was no material and significant dispute between the Group and its business partners.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in Note 16 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of movements in the share capital and share option scheme of the Company during the year are set out in Notes 26 and 27 to the consolidated financial statements, respectively.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 37 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As of 31 December 2021, the Company's reserves available for cash distribution and/or distribution in specie, as calculated in accordance with the Companies Act of Bermuda, amounted to approximately HK\$452,116,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's turnover and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

DIRECTORS

The directors of the Company (the "Director(s)") during the year and up to the date of this report were:

Executive Directors

Mr. Lau Chi Yung, Kenneth *(Chairman)*
Mr. Lau Michael Kei Chi *(Vice-Chairman and Managing Director)*

Independent Non-executive Directors

Mr. Tsui Ka Wah
Mr. Lo Mun Lam, Raymond *(appointed on 27 May 2021)*
Mr. Lo Kam Cheung, Patrick *(appointed on 27 May 2021)*
Mr. Wong Yim Sum *(retired on 27 May 2021)*
Mr. Lee Siu Man, Ervin *(retired on 27 May 2021)*

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

In accordance with the Company's bye-laws, Mr. Tsui Ka Wah and Mr. Lo Kam Cheung, Patrick will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors are set out below:

Mr. Lo Kam Cheung, Patrick has resigned as an independent non-executive director of Da Sen Holdings Group Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1580), with effect from 4 March 2022.

REPORT OF THE DIRECTORS

BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Brief biography of the Directors and senior management of the Group are set out on pages 6 & 7 of the annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed in Note 32 to the consolidated financial statements, there were no other transactions, arrangements or contracts that are significant in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a director of the Company or his connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against Directors and its officers.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the "Corporate Governance Report" contained in this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of 31 December 2021, the interests and short positions of the Directors and the chief executive of the Company and each of their respective associates, 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 (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

REPORT OF THE DIRECTORS

Long position in ordinary shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	291,137,700*	75.00

Long position in ordinary shares of associated corporation – Multifield International, an intermediate holding company of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of associated corporation %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	559,411,142*	66.91

* *The above shares are ultimately controlled by Power Resources Holdings Limited which acts as the trustee under the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family.*

The interests of the directors in the share options of the Company are separately disclosed in Note 27 to the consolidated financial statements.

Other than certain nominee shares in subsidiaries held by a Director in trust for the companies in the Group, no Director held an interest in the share capital of the Company's subsidiaries during the year.

Save as disclosed above, as of 31 December 2021, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations" above and in the share option schemes disclosures in Note 27 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES

So far as was known to the Directors, as of 31 December 2021, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company

Name of Shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Limitless Investment Limited	Directly beneficially owned	291,137,700 [#]	75.00
Multifield International Holdings (B.V.I.) Limited	Interest of controlled corporation	291,137,700 [#]	75.00
Multifield International	Interest of controlled corporation	291,137,700 [#]	75.00
Lucky Speculator Limited	Interest of controlled corporation	291,137,700 [#]	75.00
Desert Prince Limited	Interest of controlled corporation	291,137,700 [#]	75.00
Power Resources Holdings Limited	Interest of controlled corporation	291,137,700 [#]	75.00

[#] *Power Resources Holdings Limited was deemed to have a beneficial interest in 291,137,700 ordinary shares of the Company by virtue of its indirect interests in Lucky Speculator Limited, Desert Prince Limited, Multifield International, Multifield International Holdings (B.V.I.) Limited and Limitless Investment Limited.*

Save as disclosed above, as at 31 December 2021, so far as was known to the Directors, no person, other than a Director, whose interests are set out in the section "Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, interests of the Directors in businesses which were considered to compete or were likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules are as follows:

Name of Director	Name of company	Competing business	Nature of interest
Mr. Lau Chi Yung, Kenneth	Multifield International Holdings Limited group of companies	Property investment	Director and controlling shareholder
Mr. Lau Michael Kei Chi	Multifield International Holdings Limited group of companies	Property investment	Director

Save as disclosed above, as at 31 December 2021 and up to the date of this report, none of the Directors or their respective associates was interested in any business which was considered to compete or was likely to compete, either directly or indirectly, with business of the Group.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

Details of material related party transactions of the Group for the year are set out in Note 32 to the consolidated financial statements.

None of the related party transactions disclosed in Note 32 to the consolidated financial statements constituted a connected transaction or a continuing connected transaction of the Company which is subject to any of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

The consolidated financial statements for the year ended 31 December 2021 have been audited by Elite Partners CPA Limited, Certified Public Accountants, who are proposed for reappointment at the forthcoming annual general meeting.

With effect from 22 December 2021, HLB Hodgson Impey Cheng Limited ("HLB") resigned as the auditor of the Company. Further, with effect from the conclusion of the special general meeting held on 20 January 2022, Elite Partners CPA Limited was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of HLB and to hold office until the conclusion of the next annual general meeting of the Company.

Save for the aforementioned, there has been no other change of auditors in the past three years.

ON BEHALF OF THE BOARD

Lau Chi Yung, Kenneth
Chairman

Hong Kong
31 March 2022

CORPORATE GOVERNANCE REPORT

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal control, transparency and accountability to all shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has applied the principles and complied with code provisions of the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) throughout the year ended 31 December 2021, save as disclosed below.

Under code provisions A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term, subject to re-election; and (ii) all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Certain non-executive Directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any Director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.

BOARD COMPOSITION AND BOARD PRACTICE

The Board is mandated to promote the success of the Company by providing leadership and supervising control of the Group’s business.

Currently, the Board comprises of two executive Directors and three independent non-executive Directors. The positions of chairman and managing director are held by separate individuals. The chairman provides leadership for the Board and the managing director, supported by the management team, provides planning and implementation. The Board, led by Mr. Lau Chi Yung, Kenneth is responsible for the approval and monitoring of the Group’s overall strategies and policies, approval of annual budgets and business plans, evaluating the performance of Group, and oversight of management. The chairman ensures that the Board works effectively and discharges its responsibilities. All Directors have been consulted on all major and material matters of the Company. With the support of the company secretary, the chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

To implement the strategies and plans approved by the Board, executive Directors and senior management meet on a regular basis to review the performance of the Group and make financial and operational decisions.

Under the Listing Rules, every listed issuer is required to have at least three independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. Currently, the number of independent non-executive Directors represents more than one-third of the total Board members.

Save as Mr. Lau Michael Kei Chi is the elder brother of Mr. Lau Chi Yung, Kenneth, the members of the Board have no financial, business, family or other material/relevant relationships with one another.

The Company has arranged directors and officers liability and company reimbursement insurances for Directors and its officers. The insurance coverage is reviewed on an annual basis.

CORPORATE GOVERNANCE REPORT

Consideration was given to the independence of Mr. Tsui Ka Wah, who has served on the Board for more than 11 years. Mr. Tsui has been serving as an independent non-executive Director since 2010. The Nomination Committee of the Company has evaluated the performance of Mr. Tsui and found he has not engaged in any executive management of the Group, but has consistently contributed independent judgement and critical mindset to the Board over the past years. Both the Board and the Nomination Committee are of the view that the independence of Mr. Tsui has not been affected despite he has served as an independent non-executive Director for more than 11 years.

Each of the independent non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. Review will be made regularly on the Board composition to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The brief biography of the Directors are set out on page 6.

The Board has scheduled regular meetings per year and meets more frequently as and when required to discuss and formulate the Group's overall business strategies, monitor financial performance and discuss the annual results, interim results and other significant matters. The Directors can attend meetings in person or through other means of electronic communication. During the financial year ended 31 December 2021, the attendance of individual Director to the Board meeting and general meeting is summarized below:

	Number of meetings attended/held	
	Board meetings	General meetings
Executive Directors		
Mr. Lau Chi Yung, Kenneth	8/8	1/1
Mr. Lau Michael Kei Chi	8/8	1/1
Independent Non-executive Directors		
Mr. Tsui Ka Wah	8/8	1/1
Mr. Lo Mun Lam, Raymond (<i>appointed on 27 May 2021</i>)	4/4	N/A
Mr. Lo Kam Cheung, Patrick (<i>appointed on 27 May 2021</i>)	4/4	N/A
Mr. Wong Yim Sum (<i>retired on 27 May 2021</i>)	4/4	1/1
Mr. Lee Siu Man, Ervin (<i>retired on 27 May 2021</i>)	4/4	1/1

The company secretary keeps the minutes of meetings of the Board for inspection by the Directors and all Directors have full access to information of the Company.

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy in December 2013 which sets out the approach to achieve diversity on the Board.

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee has set measurable objectives based on talents, skills, regional and industry experience, background, gender and other qualities to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises members of single gender. In order to achieve gender diversity on the Board level, the Board will propose the appointment of at least one Director of different gender no later than 31 December 2024.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2021. The interests held by individual Directors in the Company's securities as of 31 December 2021 are set out in the "Report of the Directors" on pages 8 to 14.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

With the assistance from the Finance Department, which is under the supervision of the Qualified Accountant of the Company, the Directors ensure that preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

The statement of the external auditors of the Company, Elite Partners CPA Limited, with regard to its reporting responsibilities on the Group's consolidated financial statements, is set out in the Independent Auditors' Report included in this annual report.

The Directors confirm that, to the best of their knowledge, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions which may cause the Group not to continue as a going concern.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Each newly appointed Director is provided with necessary induction and information to ensure that such Director has a proper understanding of the Company's operations and businesses as well as his responsibilities of a director under the relevant statutes, laws, rules and regulations.

Directors' training is an ongoing process. During the year, Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

Briefings were organised for Directors in 2021 to update the Directors on the duties of directors and roles and function of board committees, risk management and internal control, environmental, social and governance reporting and corporate governance, and directors' responsibilities at Initial Public Offering were given to the Directors.

During the year, according to the records provided by the Directors, a summary of training is as follows:

Type of continuous professional development programmes

Executive Directors

Mr. Lau Chi Yung, Kenneth	A, B
Mr. Lau Michael Kei Chi	A, B

Independent Non-executive Directors

Mr. Tsui Ka Wah	A, B
Mr. Lo Mun Lam, Raymond	A, B
Mr. Lo Kam Cheung, Patrick	A, B

Notes:

- A: attending training sessions, including but not limited to briefing, seminars, webinars, conferences and workshops
 B: reading relevant news alerts, newspapers, journals, magazines and relevant publications

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Lau Chi Yung, Kenneth serves as the Chairman of the Company, and the role of Chief Executive Officer of the Company is served by our Managing Director, Mr. Lau Michael Kei Chi. They have separate defined responsibilities whereby the Chairman is primarily responsible for leadership and effective functioning of the Board, ensuring key issues are promptly addressed by the Board, as well as providing strategic direction of the Company, and also take primary responsibility for ensuring good corporate governance practices and procedures are established. The Managing Director is responsible for the day-to-day management of the Company's business and the effective implementation of corporate strategy and policies.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the Listing Rules. The Audit Committee's terms of reference includes those specific duties as set out in the code provision C.3.3 of the Code. Pursuant to its terms of reference, the Audit Committee is required, amongst other things, to consider and recommend to the Board the appointment, re-appointment and removal of the external auditors and to approve their remuneration, to review the interim and annual financial statements, to review the Group's financial controls, internal controls and risk management system, the effectiveness of the Group's internal audit function and to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response. The Audit Committee should meet at least twice each year and when the need arises. Details of the attendance of Audit Committee meetings are as follows:

Members	Number of meetings attended/held
Mr. Lo, Kam Cheung, Patrick (<i>Chairman</i>) (<i>appointed on 27 May 2021</i>)	2/2
Mr. Tsui Ka Wah	4/4
Mr. Lo Mun Lam, Raymond (<i>appointed on 27 May 2021</i>)	2/2
Mr. Wong Yim Sum (<i>ex-chairman, retired on 27 May 2021</i>)	2/2
Mr. Lee Siu Man, Ervin (<i>retired on 27 May 2021</i>)	2/2

In the presence of the representatives of the Company's independent external auditors, the Group's audited consolidated financial statements for the year ended 31 December 2021 have been reviewed by the Audit Committee, and with recommendation to the Board for approval.

The accounts for the year ended 31 December 2021 were audited by Elite Partners CPA Limited whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that Elite Partners CPA Limited be reappointed as the auditors of the Company at the forthcoming annual general meeting of the Company.

REMUNERATION COMMITTEE

The main responsibilities of the Remuneration Committee are to consider and recommend to the Board the Company's remuneration policy and structure and to review and determine the remuneration and compensation packages of the executive directors and senior management of the Company. The Remuneration Committee reviews and proposes the management's remuneration proposals with reference to considerations factors such as the Group's performance and profitability, directors' experience, responsibilities and time commitment, existing market environment, salaries paid by comparable companies, employment conditions elsewhere in the Group, and considers the reasonableness on remuneration based on performance.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee set up on 16 September 2005 comprises two executive Directors and three independent non-executive Directors. Details of the attendance of the committee are as follows:

Members	Number of meetings attended/held
Mr. Tsui Ka Wah (<i>Chairman</i>)	2/2
Mr. Lau Chi Yung, Kenneth	2/2
Mr. Lau Michael Kei Chi	2/2
Mr. Lo Mun Lam, Raymond (<i>appointed on 27 May 2021</i>)	1/1
Mr. Lo Kam Cheung, Patrick (<i>appointed on 27 May 2021</i>)	1/1
Mr. Wong Yim Sum (<i>retired on 27 May 2021</i>)	1/1
Mr. Lee Siu Man, Ervin (<i>retired on 27 May 2021</i>)	1/1

NOMINATION COMMITTEE

The role of Nomination Committee set up on 28 March 2012 is to advise on and propose to appoint any person as a Director either to fill a casual vacancy on or as an additional member of the Board. The selection criteria are mainly based on the professional qualification and experience of the candidate. A newly appointed director must retire and be re-elected at the first general meeting after his appointment. At each annual general meeting, one-third of the directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring director shall be eligible for re-election. Details of the attendance of the committee are as follows:

Members	Number of meetings attended/held
Mr. Lau Chi Yung, Kenneth (<i>Chairman</i>)	1/1
Mr. Lau Michael Kei Chi	1/1
Mr. Tsui Ka Wah	1/1
Mr. Lo Mun Lam, Raymond (<i>appointed on 27 May 2021</i>)	N/A
Mr. Lo Kam Cheung, Patrick (<i>appointed on 27 May 2021</i>)	N/A
Mr. Wong Yim Sum (<i>retired on 27 May 2021</i>)	1/1
Mr. Lee Siu Man, Ervin (<i>retired on 27 May 2021</i>)	1/1

The Nomination Committee periodically reviews the structure, size and composition of the Board, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include identifying individuals suitably qualified to become Board members, and select or make recommendations to the Board on the selection of individuals nominated for directorships, and assess the independence of independent non-executive Directors.

Most Nomination Committee members are independent non-executive Directors.

REMUNERATION OF MEMBERS OF SENIOR MANAGEMENT BY BAND

Pursuant to paragraph B.1.5 of the Code, the remuneration of the members of the senior management by band for the year ended 31 December 2021 is set out in Note 9 to the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility for maintaining a sound and effective system of internal controls and risk management. The Board has identified the top risks of the Group and determined how much risk the Board is willing to take to achieve the Group's strategic objectives. During year 2016, an in-house internal audit department had been set up. In addition, the Group established a risk management system. Each business unit is required to identify and manage risks on a day-to-day basis as the first line of defence. Internal auditor, as the second line of defence, provides independent and objective assurance on the overall effectiveness of the internal control and risk management system.

The Audit Committee had reviewed the adequacy and effectiveness of the Group's risk management and internal controls system based on the review report issued by the internal auditor. The Board, through the review by the audit committee, considers that the Group's internal control and risk management system is effective and adequate.

CORPORATE GOVERNANCE REPORT

There are inherent limitations in any systems of risk management and internal control and accordingly the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

There are also procedures including pre-clearance on dealing in the Group's securities by designated Directors, notification of regular blackout period and securities dealing restrictions to Directors and relevant employees, and dissemination of information for specified purpose and on a need-to-know basis have been implemented to guard against possible mishandling of inside information within the Group.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with all relevant laws and regulations in relation to the handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before any inside information being fully disclosed to the public, the Group ensures such information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in relevant announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

BUSINESS MODEL AND STRATEGY

The Group has the mission to maintain long term profitability and assets growth with adoption of flexible business model and strategy and prudential risk and capital management framework. The Board has played and will continue to play a proactive role in the Group's development of business model to preserve the culture of the Group in serving customers well with premium service quality; the Group's business strategic drive for business expansion and opportunities; and the Group's setting of strategic goals, priorities and initiatives undertaken to motivate staff to achieve business and financial targets. Details of the Group's Business Review and financial review in the year 2021 are set out in the "Chairman's Statement and Management Discussion and Analysis" section of this annual report.

DIVIDEND POLICY

Pursuant to the Dividend Policy of the Company, in deciding whether to propose/declare dividends and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

- (a) the overall results of operation and financial performance of the Group;
- (b) the Group's expected working capital requirements, capital expenditure requirements and future development plans;
- (c) the Group's financial position, retained earnings and distributable reserves;
- (d) any restrictions on payment of dividends by the Company that may be imposed by the Group's lenders or creditors;
- (e) the interests of the Company's shareholders;
- (f) taxation considerations;
- (g) possible effects on the Company's creditworthiness;

CORPORATE GOVERNANCE REPORT

- (h) the general economic and other external factors that may have an impact on the future business and financial performance of the Group; and
- (i) any other factors that the Board may consider relevant and appropriate.

Any recommendation, declaration and payment of dividends are also subject to the compliance with any applicable laws and regulations, including but not limited to the laws of Bermuda and the Company's by-laws.

The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid in future. There is no assurance that dividends will be paid in any particular manner or amount for any given period.

AUDITORS' REMUNERATION

In line with the sound practice that the independence of external auditors should not be impaired by other non-audit assignments, the Group ensures that assignments other than statutory audits undertaken by external auditors should not have an adverse impact on their independence.

For the year ended 31 December 2021, the auditors of the Company received approximately HK\$380,000 for audit services.

COMPANY SECRETARY

As at 31 December 2021, the company secretary of the Company, Mr. Li Ying Leung fulfills the requirement under Rules 3.28 and 3.29 of the Listing Rules. As an employee of the Company, the company secretary supports the Board, ensures good information flow within the Board and Board policies and procedures are followed, advises the Board on governance matters, facilitates induction and monitors the training and continuous professional development of Directors. He has attained not less than 15 hours of relevant professional training during the year ended 31 December 2021.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene a Special General Meeting ("SGM")

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

If within twenty-one days of such deposit the Board fails to proceed to convene a SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details are as follows:

Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong

Shareholders may also make enquiries with the Board at the general meetings of the Company.

CORPORATE GOVERNANCE REPORT

Procedures for putting forward proposals at shareholders' meeting

Shareholders can submit a written requisition to move a resolution at shareholders' meeting. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the shareholders' meeting, or who are no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's principal place of business in Hong Kong at Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong, for the attention of the company secretary not less than six weeks before the shareholders' meeting in case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

CONSTITUTIONAL DOCUMENTS

There are no changes in the Company's constitutional documents during the year.

INVESTOR RELATIONS AND COMMUNICATION

The Company establishes different communication channels with shareholders and investors. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or SGM providing a forum for shareholders of the Company to raise comments and exchange views with the Board; (iii) the Company replies to enquiries from shareholders timely; and (iv) the Company's share registrar in Hong Kong serves the shareholders regarding all share registration matters.

In fact, the Company's annual general meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Group's performance. A separate resolution is proposed for each substantially separate issue at annual general meetings.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Oriental Explorer Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Oriental Explorer Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 27 to 91, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of 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 (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors’ 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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties

Refer to Note 16 to the consolidated financial statements.

We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the estimates associated with determining the fair value.

As at 31 December 2021, the Group had investment properties at a carrying amount of approximately HK\$1,696,920,000 with a gain arising on fair value changes on investment properties, net amounting to HK\$5,100,000 recognised in the consolidated statement of profit or loss for the year then ended.

All of the Group's investment properties are stated at fair value based on valuations performed by an independent qualified professional valuer (the "Valuer") not connected with the Group.

The valuations were based on the direct comparison approach which involved the use of estimates and assumptions including recent sales price of similar properties with adjustments for any difference in location and condition of the properties.

Our key procedures in relation to the valuation of investment properties included:

- Communicating with the management about the valuation techniques adopted by the Valuer, obtaining the valuation reports for all properties measured at fair value, and assessing the relevance and reasonableness of valuation techniques used by the Valuer;
- Evaluating the appropriateness of the key input data used in the determination of fair value; comparing the key inputs to supporting evidence such as recent sale transaction on the market;
- Engaging an auditors' expert to assist our assessment on the appropriateness of the methodologies and the reasonableness of the assumptions and key input data adopted in the valuation; and
- Evaluating the independent qualified professional valuer's competence, capabilities and objectivity and reviewing their terms of engagement with the Group.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditors' report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS 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 of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

INDEPENDENT AUDITOR'S REPORT

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Leung Man Kin with Practising Certificate Number P07174.

Elite Partners CPA Limited
Certified Public Accountants

10th Floor
8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

31 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
CONTINUING OPERATION			
REVENUE	5	26,532	14,709
Cost of sales		<u>(5,022)</u>	<u>(2,482)</u>
Gross profit		21,510	12,227
Other income and gains	5	1,151	609
Fair value changes on equity investments at fair value through profit or loss, net		8	39
Foreign exchange differences, net		3	6
Fair value changes on investment properties, net		5,100	2,500
Operating and administrative expenses		(6,111)	(8,059)
Finance costs	7	<u>(439)</u>	<u>–</u>
PROFIT BEFORE TAX FROM A CONTINUING OPERATION	6	21,222	7,322
Income tax expense	10	<u>(2,415)</u>	<u>(2,211)</u>
PROFIT FOR THE YEAR FROM A CONTINUING OPERATION		<u><u>18,807</u></u>	<u><u>5,111</u></u>
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	11	<u>–</u>	<u>(120,515)</u>
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u><u>18,807</u></u>	<u><u>(115,404)</u></u>
EARNINGS/(LOSS) PER SHARE			(Restated)
Basic and diluted			
– For profit/(loss) for the year	13	HK4.84 cents	HK(36.13) cents
– For profit from a continuing operation	13	<u><u>HK4.84 cents</u></u>	<u><u>HK1.60 cents</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>18,807</u>	<u>(115,404)</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
<i>Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(141)</u>	<u>(321)</u>
Net other comprehensive expense that may be reclassified to profit or loss in subsequent periods	<u>(141)</u>	<u>(321)</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments at fair value through other comprehensive income: Changes in fair value	<u>–</u>	<u>85,691</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>–</u>	<u>85,691</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR	<u>(141)</u>	<u>85,370</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u><u>18,666</u></u>	<u><u>(30,034)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	14	44	38
Right-of-use assets	15(a)	348	357
Investment properties	16	1,696,920	1,691,820
Club debenture		330	330
		<hr/>	<hr/>
Total non-current assets		1,697,642	1,692,545
CURRENT ASSETS			
Trade receivables	17	602	600
Prepayments, deposits and other receivables	18	2,652	1,472
Equity investments at fair value through profit or loss	19	106	98
Cash and cash equivalents	20	171,077	161,116
		<hr/>	<hr/>
Total current assets		174,437	163,286
CURRENT LIABILITIES			
Other payables and accruals	21	15,513	15,919
Interest-bearing bank borrowings	22	150,000	–
Promissory notes	23	–	148,639
Amount due to a director	24	1,531	–
Amounts due to fellow subsidiaries	24	155,938	150,149
Tax payable		5,074	5,378
		<hr/>	<hr/>
Total current liabilities		328,056	320,085
NET CURRENT LIABILITIES		<hr/> (153,619)	<hr/> (156,799)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 1,544,023	<hr/> 1,535,746
NON-CURRENT LIABILITIES			
Deferred tax liabilities	25	25,548	24,291
		<hr/>	<hr/>
Total non-current liabilities		25,548	24,291
Net assets		<hr/> 1,518,475	<hr/> 1,511,455
EQUITY			
Equity attributable to owners of the Company			
Issued capital	26	38,818	38,818
Reserves		1,479,657	1,472,637
		<hr/>	<hr/>
Total equity		<hr/> 1,518,475	<hr/> 1,511,455

Lau Chi Yung, Kenneth
Chairman

Lau Michael Kei Chi
Vice-Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the Company						Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000 (note a)	Fair value reserve HK\$'000 (note b)	Exchange fluctuation reserve HK\$'000 (note c)	Retained profits HK\$'000	
At 1 January 2020	27,000	498,761	546	537,315	(598)	386,282	1,449,306
Loss for the year	-	-	-	-	-	(115,404)	(115,404)
Other comprehensive income/(expense) for the year:							
Change in fair value of equity investments at fair value through other comprehensive income	-	-	-	85,691	-	-	85,691
Exchange differences on translation of foreign operations	-	-	-	-	(321)	-	(321)
Total comprehensive income/(expense) for the year	-	-	-	85,691	(321)	(115,404)	(30,034)
Share issuance	11,818	80,365	-	-	-	-	92,183
Disposal of subsidiaries	-	-	-	(623,006)	670	622,336	-
At 31 December 2020	38,818	579,126	546	-	(249)	893,214	1,511,455
At 1 January 2021	38,818	579,126	546	-	(249)	893,214	1,511,455
Profit for the year	-	-	-	-	-	18,807	18,807
Other comprehensive (expense)/income for the year:							
Exchange differences on translation of foreign operations	-	-	-	-	(141)	-	(141)
Total comprehensive (expense)/income for the year	-	-	-	-	(141)	18,807	18,666
Final 2020 dividend declared (Note 12)	-	-	-	-	-	(7,764)	(7,764)
Interim 2021 dividend (Note 12)	-	-	-	-	-	(3,882)	(3,882)
At 31 December 2021	38,818	579,126	546	-	(390)	900,375	1,518,475

Notes:

- (a) The capital redemption reserve represents the aggregate par value of shares which have been repurchased and cancelled.
- (b) The fair value reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income.
- (c) The exchange fluctuation reserve of the Group comprises exchange differences arising from the translation of the financial statements of foreign operations.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
From a continuing operation		21,222	7,322
From a discontinued operation	11	–	(120,515)
Adjustments for:			
Finance costs		439	425
Share of losses of an associate		–	–*
Interest income		(1,115)	(103)
Dividend income from listed investments		–	(4,864)
Depreciation of property, plant and equipment		5	3
Changes in fair value of investment properties		(5,100)	(2,500)
Depreciation of right-of-use assets		9	9
Impairment of club debenture		–	340
Fair value changes on equity investments at fair value through profit or loss, net		(8)	124,638
		15,452	4,755
(Increase)/decrease in trade receivables		(2)	47
Increase in prepayments, deposits and other receivables		(1,180)	(2,352)
Increase in amounts due to fellow subsidiaries		5,431	244,009
(Decrease)/increase in other payables and accruals		(421)	1,078
		19,280	247,537
Cash generated from operations		19,280	247,537
Dividends received from listed investments		–	4,864
Hong Kong profits tax paid		(1,605)	(395)
		17,675	252,006
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(11)	–
Acquisition of a subsidiary	28	–	1,914
Disposal of subsidiaries	29	–	(1,826)
Interest received		1,115	234
		1,104	322
Net cash flows generated from investing activities		1,104	322

* The amount is less than HK\$1,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short-term revolving loans	22	–	(291,408)
New interest-bearing bank borrowings raised		150,000	–
Interest paid		(439)	(464)
Advance from a director		1,531	–
Dividends paid		(11,646)	–
Repayment of promissory notes		(148,639)	–
		<hr/>	<hr/>
Net cash flows used in financing activities		(9,193)	(291,872)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		9,586	(39,544)
Effect of foreign exchange rate changes, net		375	(321)
Cash and cash equivalents at beginning of the year		161,116	200,981
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		171,077	161,116
		<hr/> <hr/>	<hr/> <hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	8,342	10,611
Non-pledged deposits with original maturity of less than three months when acquired	20	162,735	150,505
		<hr/>	<hr/>
Cash and cash equivalents		171,077	161,116
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

1. CORPORATE AND GROUP INFORMATION

Oriental Explorer Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is located at Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong. The shares of the Company are listed on the Hong Kong Stock Exchange.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- property investment; and
- investment holding.

In the opinion of the directors, the holding company of the Company is Limitless Investment Limited, which is incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Power Resources Holdings Limited, which is incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Lau Chi Yung, Kenneth, who is also a director of the Company.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company				Principal activities
			Direct		Indirect		
			2021 %	2020 %	2021 %	2020 %	
Conrad Shipping Limited	Hong Kong	HK\$1	–	–	100	100	Property investment
Golden Charter International Limited	Hong Kong	HK\$2	–	–	100	100	Property investment
Goodrich Properties Limited	Hong Kong	HK\$2	–	–	100	100	Property investment
Grandfield Nominees Limited	Hong Kong	HK\$1,000,000	–	–	100	100	Property investment
Keen2learn.com International Limited	Hong Kong	HK\$2	–	–	100	100	Property investment
Lau & Partners Consultants Limited	Hong Kong/ Mainland China	HK\$10,000	–	–	100	100	Property investment
Linkful (Holdings) Limited	Hong Kong	Ordinary HK\$1,000 Non-voting deferred HK\$20,000,000	–	–	100	100	Investment holding
Linkful Management Services Limited	Hong Kong	HK\$2	–	–	100	100	Provision of management services
Linkful (PRC) Investments Limited	Hong Kong	HK\$2	–	–	100	100	Investment holding

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company				Principal activities
			Direct		Indirect		
			2021 %	2020 %	2021 %	2020 %	
Linkful Properties Company Limited	Hong Kong/ Mainland China	HK\$2	–	–	100	100	Property investment
Linkful Secretarial Services Limited	Hong Kong	HK\$10,000	–	–	100	100	Property investment
Maxlord Limited	Hong Kong	HK\$10,000	–	–	100	100	Property investment
Multifield Contracting Limited	Hong Kong	HK\$10,000	–	–	100	100	Property investment
Multifield Property Agency Limited	Hong Kong	HK\$2	–	–	100	100	Property investment
Power Earning Limited	Hong Kong	HK\$1	–	–	100	100	Property investment
Reach Profit Investments Limited	British Virgin Islands	US\$1	100	100	–	–	Investment holding
Rich Century Development Limited	Hong Kong	HK\$1	–	–	100	100	Property investment
Silver Nominees Limited	Hong Kong	HK\$2	–	–	100	100	Property investment
Tellink Development Limited	Hong Kong	HK\$100	–	–	100	100	Property investment
Verywell Properties Limited	British Virgin Islands/ Hong Kong	US\$1	–	–	100	100	Property investment

During the year, the Group acquired Reach Profit Investments Limited from intermediate holding company. For the details of this acquisition are included in Notes 28 and 32(b) to the consolidated financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair value.

These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, and its subsidiaries (the “Group”) for the year ended 31 December 2021. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 9, HKAS 39,
HKFRS 4, HKFRS 7 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Covid-19-Related Rent Concessions

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amendments to HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 17	<i>Insurance contracts³</i>
Amendments to HKFRS 17	<i>Insurance contracts^{3,6}</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies³</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates³</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction³</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current³</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021¹</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use²</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract²</i>
Annual Improvements to HKFRSs 2018 – 2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41²</i>

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ No mandatory effective date yet determined but available for adoption

⁵ As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion

⁶ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the consolidated financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Fair value measurement

The Group measures its investment properties and listed equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group 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); and
 - (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.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its 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, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5% or over the lease terms, if shorter
Furniture, fixtures and office equipment	20% – 33 ¹ / ₃ %
Motor vehicles	20% – 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of the retirement or disposal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, 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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement (continued)

Financial assets at fair value through profit or loss

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

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the consolidated statement of 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.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the assets. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. 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-months (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 in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider 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.

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 except for trade receivables which apply the simplified approach as detailed below.

- 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

Simplified approach

For trade receivables that does not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables and accruals, interest-bearing bank borrowings, promissory notes, amounts due to fellow subsidiaries and amount due to a director.

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in OCI or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grant is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate option pricing model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employee’s relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

The employees of the Group’s subsidiary which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of their payroll costs to the central pension scheme. The only obligation of the Group with respect to the central pension scheme is to pay the ongoing contributions under the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group’s employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 31 December 2021, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

Employment Ordinance long service payments

Certain of the Group’s employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of the reporting period.

Borrowing costs

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

Dividends

Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in OCI or profit or loss is also recognised in OCI or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and an associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollar at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollar at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in OCI and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, management of the Group has reviewed the Group's investment properties and concluded that the certain of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in these investment properties over time. Therefore, in determining the Group's deferred taxation on these investment properties, the directors have determined that the presumption that these investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties of rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties be subsequently disposed by the Group, rather than all of the economic benefits embodied in the investment properties are consumed substantially by leasing over time. In the event the investment properties are being disposed of, the Group may be liable to higher tax upon disposal considering the impact of corporate income tax and land appreciation tax.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

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

Impairment of receivables

The Group estimates the amount of impairment loss for trade receivables and other receivables by assessing the ECLs. The ECLs for trade receivables and other receivables are based on assumptions about risk of default and expected loss rates. The Group makes these assumptions and selects the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in Notes 17, 18 and 35 to the consolidated financial statements.

Estimation of fair value of investment properties

As described in Note 16 to the consolidated financial statements, the investment properties were revalued at the end of the reporting period based on the appraised market value provided by an independent professional valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Income taxes and deferred taxation

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be recognised. The outcome of their actual recognition may be different.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one (2020: one) reportable operating segments as follows:

Continuing operations:

- the property investment segment mainly comprises rental income from investment properties; and

Discontinued operation:

- the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's gain/loss before tax except that unallocated corporate expenses, interest income on bank deposits, fair value changes on investment properties, net, fair value changes on equity investments at fair value through profit or loss, net, other gains are excluded from such measurement.

During the year ended 31 December 2020, the Group has a reorganisation plan by transferring all its equity interest to other members of the Group. Further details on the disposal are included in Note 29. Subsequent to the reorganisation, the Group has decided to focus its resources on its property investments business. As the Group's trading and investment business after the disposal has decreased substantially, management no longer independently review this line of business. As such, result from trading and investment business is now included in "Unallocated" for current year's presentation.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other borrowings, promissory notes, amounts due to fellow subsidiaries, tax payable, deferred tax liabilities, amount due to a director and unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There are no sales or other transactions between the operating segments during the year (2020: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4. OPERATING SEGMENT INFORMATION *(continued)*

Years ended 31 December 2021 and 2020

	Continuing operation		Discontinued operation		Total	
	Property investment		Trading and investment			
	2021	2020	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue <i>(Note 5)</i>						
Revenue from external customers	<u>26,532</u>	<u>14,709</u>	<u>–</u>	<u>4,864</u>	<u>26,532</u>	<u>19,573</u>
Segment results	<u>19,842</u>	<u>13,459</u>	<u>–</u>	<u>(120,093)</u>	<u>19,842</u>	<u>(106,634)</u>
<i>Reconciliation:</i>						
Fair value changes on equity investments at fair value through profit or loss, net					8	39
Unallocated corporate expenses					(4,440)	(9,285)
Interest income on bank deposits					1,115	103
Other gains					36	509
Fair value changes on investment properties, net	5,100	2,500	–	–	5,100	2,500
Finance costs					(439)	(425)
Profit/(loss) before tax					<u>21,222</u>	<u>(113,193)</u>
Segment assets	1,711,818	1,701,268	–	–	1,711,818	1,701,268
<i>Reconciliation:</i>						
Unallocated assets					160,261	154,563
Total assets					<u>1,872,079</u>	<u>1,855,831</u>
Segment liabilities	9,919	10,392	–	–	9,919	10,392
<i>Reconciliation:</i>						
Unallocated liabilities					343,685	333,984
Total liabilities					<u>353,604</u>	<u>344,376</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4. OPERATING SEGMENT INFORMATION (continued)

Years ended 31 December 2021 and 2020 (continued)

	Continuing operation Property investment		Discontinued operation Trading and investment		Unallocated		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Other segment information:								
Depreciation and amortisation	5	1	-	-	9	11	14	12
Fair value changes on equity investments at fair value through profit or loss, net	-	-	-	124,677	(8)	(39)	(8)	124,638

Geographical information

(a) Revenue from external customers

	Continuing operation		Discontinued operation		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	26,270	14,610	-	4,864	26,270	19,474
Mainland China	262	99	-	-	262	99
	<u>26,532</u>	<u>14,709</u>	<u>-</u>	<u>4,864</u>	<u>26,532</u>	<u>19,573</u>

The revenue information of operations above is based on the locations of the customers.

(b)

	Hong Kong		Mainland China		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Non-current assets	<u>1,672,463</u>	<u>1,669,558</u>	<u>24,849</u>	<u>22,657</u>	<u>1,697,312</u>	<u>1,692,215</u>

The non-current assets information above is based on the locations of assets and excludes club debenture.

Information about a major customer

There is no single customer accounted for 10% or more of the total revenue for the year ended 31 December 2021 (2020: approximately HK\$3,432,000 was derived from lease rental by the property investment segment to a single customer, including lease to a group of entities which are known to be under common control with that customer).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operation		
<i>Revenue from other sources:</i>		
Rental income from property letting under fixed lease payments	<u>26,532</u>	<u>14,709</u>
Discontinued operation:		
Dividend income from listed investments	<u>–</u>	<u>4,864</u>
Other income and gains		
Continuing operation		
Interest income on bank deposits	1,115	103
Government grants (<i>Note</i>)	–	452
Others	<u>36</u>	<u>54</u>
	<u>1,151</u>	<u>609</u>
Discontinued operation:		
Others	<u>–</u>	<u>3</u>

Note: During the year ended 31 December 2020, the Group recognised government grants of approximately HK\$452,000 in respect of Covid-19-related subsidies, of which all relates to Employment Support Scheme provided by the Hong Kong government.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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6. PROFIT BEFORE TAX

The Group's profit before tax from a continuing operation is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation of property, plant and equipment	5	3
Depreciation of right-of-use assets	9	9
Impairment of club debenture (<i>Note a</i>)	–	340
Expense relating to short-term leases not included in the measurement of lease liabilities	735	725
Auditors' remuneration – audit services	380	450
Auditors' remuneration – non-audit services	–	150
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	4,926	2,415
Foreign exchange differences, net	<u>(3)</u>	<u>(6)</u>
Employee benefit expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	3,043	4,115
Pension scheme contributions (defined contribution scheme) (<i>Note b</i>)	<u>127</u>	<u>111</u>
Total staff costs	<u>3,170</u>	<u>4,226</u>

Notes:

- (a) During the year ended 31 December 2020, the directors of the Company consider HK\$340,000 impairment identified with reference to the second hand market price of the club debenture.
- (b) At 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2020: Nil).

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operation:		
Interest on bank loans	<u>439</u>	<u>–</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Details of directors' and chief executive's remuneration for the years are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fees	280	252
Other emoluments:		
Salaries, wages and other benefits	–	1,610
Pension scheme contributions	–	11
	–	1,621
	280	1,873

(a) Independent non-executive directors

The fees paid to the independent non-executive directors during the years were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Mr. Wong Yim Sum (<i>Note a</i>)	42	84
Mr. Lee Siu Man, Ervin (<i>Note a</i>)	42	84
Mr. Tsui Ka Wah	84	84
Mr. Lo Kam Cheung, Patrick (<i>Note b</i>)	56	–
Mr. Lo Mun Lam, Raymond (<i>Note b</i>)	56	–
	280	252

Notes:

- (a) Mr. Wong Yim Sum and Mr. Lee Siu Man, Ervin retired as the Company's independent non executive director on 27 May 2021.
- (b) Mr. Lo Kam Cheung, Patrick and Mr. Lo Mun Lam, Raymond were appointed as the Company's independent non executive director on 27 May 2021.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive

	Fees <i>HK\$'000</i>	Salaries, wages and other benefits <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
2021				
Executive directors:				
Mr. Lau Chi Yung, Kenneth	–	–	–	–
Mr. Lau Michael Kei Chi (Chief executive)	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
2020				
Executive directors:				
Mr. Lau Chi Yung, Kenneth	–	1,610	11	1,621
Mr. Lau Michael Kei Chi (Chief executive)	–	–	–	–
	<u>–</u>	<u>1,610</u>	<u>11</u>	<u>1,621</u>
	<u>–</u>	<u>1,610</u>	<u>11</u>	<u>1,621</u>

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

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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9. FIVE HIGHEST PAID EMPLOYEES

During the year, there is no director and the chief executive (2020: one) are included in five highest paid employees, details of whose remuneration are set out in Note 8 above. Details of the remuneration for the year of the five (2020: remaining four) highest paid employees who are neither a director nor chief executive of the Company for the year are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Salaries, wages and other benefits	1,717	1,386
Pension scheme contributions	<u>68</u>	<u>64</u>
	<u>1,785</u>	<u>1,450</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2021	2020
Nil to HK\$1,000,000	<u>5</u>	<u>4</u>

10. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China, in which the Group operates. Pursuant to the relevant PRC tax laws and regulations, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income if such non-resident enterprise does not have an establishment or place in the PRC. The Group's subsidiaries incorporated in Hong Kong and engaged in the property investment in the PRC does not have an establishment or place in the PRC. As a result, those subsidiaries is subject to a 10% enterprise income tax on PRC-sourced income.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	1,299	1,094
Deferred tax (<i>Note 25</i>)	<u>1,116</u>	<u>1,117</u>
Total tax charges for the year from a continuing operation	<u>2,415</u>	<u>2,211</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

10. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the applicable rates for the countries (or jurisdictions) in which the Company and the majority of its subsidiaries are determined to the tax expenses at the effective tax rate is as follows:

2021	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
Profit before tax from a continuing operation	<u>20,282</u>	<u>940</u>	<u>21,222</u>
Tax at the applicable tax rate	3,346	235	3,581
Income not subject to tax	(927)	(235)	(1,162)
Expenses not deductible for tax	108	–	108
Tax losses utilised from previous periods	(251)	–	(251)
Tax losses not recognised	262	–	262
Effect of PRC land appreciation tax	–	(123)	(123)
	<u>2,538</u>	<u>(123)</u>	<u>2,415</u>
Tax charge/(credit) at the Group's effective rate			
Tax charge/(credit) from a continuing operation at effective rate	<u>2,538</u>	<u>(123)</u>	<u>2,415</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

10. INCOME TAX (continued)

2020	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>
Profit before tax from a continuing operation	7,243	79	7,322
Loss before tax from a discontinued operation	<u>(120,515)</u>	<u>–</u>	<u>(120,515)</u>
	<u>(113,272)</u>	<u>79</u>	<u>(113,193)</u>
Tax at the applicable tax rate	(18,690)	20	(18,670)
Lower tax rate for specific provinces or enacted by local authority	(40)	–	(40)
Income not subject to tax	(100)	(25)	(125)
Expenses not deductible for tax	20,072	5	20,077
Tax losses utilised from previous periods	(573)	–	(573)
Tax losses not recognised	885	–	885
Effect of PRC land appreciation tax	–	(120)	(120)
Others	<u>777</u>	<u>–</u>	<u>777</u>
Tax charge/(credit) at the Group's effective rate	<u>2,331</u>	<u>(120)</u>	<u>2,211</u>
Tax charge/(credit) from a continuing operation at effective rate	<u>2,331</u>	<u>(120)</u>	<u>2,211</u>
Tax charge from a discontinued operation at effective rate	<u>–</u>	<u>–</u>	<u>–</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

11. DISCONTINUED OPERATION

On 31 July 2020, the Company disposed a 100% interest in Linkful Strategic Investment Limited (the “Linkful Strategic”) to the immediate holding company of the Company. Linkful Strategic and its subsidiaries is engaged in investment holding. After disposal of Linkful Strategic, the Group has decided to cease its trading and investments business because it plans to focus its resources on its properties investments business.

The results of Linkful Strategic as below:

	2020 HK\$'000
Revenue	4,864
Cost of sales	—
Gross profit	4,864
Fair value changes on equity investments at fair value through profit or loss, net	(124,677)
Other income and gains	3
Operating and administrative expenses	(280)
Finance costs	(425)
Loss before tax from a discontinued operation	(120,515)
Income tax expense	—
Loss for the year from a discontinued operation	<u>(120,515)</u>

The net cash flows incurred by Linkful Strategic are as follows:

	2020 HK\$'000
Operating activities	293,667
Investing activities	—
Financing activities	(291,872)
Net cash inflow	<u>1,795</u>

(Restated)

Loss per share:	
Basic and diluted, from the discontinued operation	<u>HK(37.73) cents</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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11. DISCONTINUED OPERATION *(continued)*

The calculations of basic and diluted loss per share from the discontinued operation are based on:

	2020 HK\$'000
Loss attributable to Owners of the Company	(120,515)

	Number of shares 2020 '000 (Restated)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (<i>Note 13</i>)	319,405

12. DIVIDENDS

	2021 HK\$'000	2020 HK\$'000
Interim dividend – HK1 cent per ordinary share of par value HK\$0.1 each (2020: Nil)	3,882	–
Proposed final dividend – HK2 cents per ordinary share of par value HK\$0.10 each (2020: HK0.2 cents per ordinary share of par value HK\$0.01 each)	7,764	7,764
	<u>11,646</u>	<u>7,764</u>

Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 26 May 2022, dividend warrants will be posted on or about 23 June 2022 to shareholders whose names appear on the register of members of the Company on 8 June 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK\$18,807,000 (2020: loss for the year of approximately HK\$115,404,000), and the weighted average number of ordinary shares of 388,183,600 (2020: 319,404,600 shares as adjusted to reflect the effect of the share consolidation of the Company with effect from 31 May 2021) in issue during the year.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there is no potentially ordinary shares in issue during the years ended 31 December 2021 and 2020.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From a continuing operation	18,807	5,111
From a discontinued operation	—	(120,515)
	<u>18,807</u>	<u>(115,404)</u>
Profit/(loss) attributable to ordinary equity holders of the Company	<u>18,807</u>	<u>(115,404)</u>
	Number of shares	
	2021	2020
	'000	'000
		(Restated)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>388,184</u>	<u>319,405</u>

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2020 has been adjusted for the consolidation of every ten ordinary shares of the Company of HK\$0.01 each into one consolidated share of HK\$0.10 each which become effective on 31 May 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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14. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 December 2021				
At 31 December 2020 and at 1 January 2021:				
Cost	748	14	5,430	6,192
Accumulated depreciation	<u>(746)</u>	<u>(10)</u>	<u>(5,398)</u>	<u>(6,154)</u>
Net carrying amount	<u><u>2</u></u>	<u><u>4</u></u>	<u><u>32</u></u>	<u><u>38</u></u>
At 1 January 2021, net of accumulated depreciation	2	4	32	38
Addition	–	11	–	11
Depreciation provided during the year	<u>(2)</u>	<u>(3)</u>	<u>–</u>	<u>(5)</u>
At 31 December 2021, net of accumulated depreciation	<u><u>–</u></u>	<u><u>12</u></u>	<u><u>32</u></u>	<u><u>44</u></u>
At 31 December 2021:				
Cost	748	25	5,430	6,203
Accumulated depreciation	<u>(748)</u>	<u>(13)</u>	<u>(5,398)</u>	<u>(6,159)</u>
Net carrying amount	<u><u>–</u></u>	<u><u>12</u></u>	<u><u>32</u></u>	<u><u>44</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 December 2020				
At 31 December 2019 and at 1 January 2020:				
Cost	746	8	5,430	6,184
Accumulated depreciation	(746)	(7)	(5,398)	(6,151)
Net carrying amount	<u>–</u>	<u>1</u>	<u>32</u>	<u>33</u>
At 1 January 2020, net of accumulated depreciation	–	1	32	33
Addition	2	6	–	8
Depreciation provided during the year	–	(3)	–	(3)
At 31 December 2020, net of accumulated depreciation	<u>2</u>	<u>4</u>	<u>32</u>	<u>38</u>
At 31 December 2020:				
Cost	748	14	5,430	6,192
Accumulated depreciation	(746)	(10)	(5,398)	(6,154)
Net carrying amount	<u>2</u>	<u>4</u>	<u>32</u>	<u>38</u>

15. LEASES

The Group as a lessee

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK\$'000
As at 1 January 2020	366
Depreciation charge	(9)
As at 31 December 2020 and 1 January 2021	<u>357</u>
Depreciation charge	(9)
As at 31 December 2021	<u>348</u>

Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 39 years (2020: 40 years), and no ongoing payments will be made under the terms of these land leases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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15. LEASES (continued)

The Group as a lessee (continued)

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation charge of right-of-use assets	9	9
Expense relating to short-term leases	<u>735</u>	<u>725</u>
Total amount recognised in profit or loss	<u>744</u>	<u>734</u>

The Group regularly entered into short-term leases for office premise. The Group does not recognise right-of-use assets and lease liabilities in regard of these short-term leases. The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease terms. There is no renewal options and variable lease payments included in the lease agreement.

For the year ended 31 December 2021, total cash outflow for leases amounts to approximately HK\$735,000 (2020: \$725,000).

The Group as a lessor

The Group leases its investment properties (*Note 16*) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was approximately HK\$26,532,000 (2020: HK\$14,709,000), details of which are included in Note 5 to the consolidated financial statements.

At 31 December 2021 and 2020, the undiscounted lease payments receivable by the Group in the future periods under non-cancellable operating leases with its tenants are as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	17,877	18,719
In the second year	6,464	8,074
In the third year	<u>1,061</u>	<u>1,268</u>
	<u>25,402</u>	<u>28,061</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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16. INVESTMENT PROPERTIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Carrying amount at 1 January	1,691,820	282,780
Addition from business combination	–	1,406,540
Net gain from fair value adjustments	<u>5,100</u>	<u>2,500</u>
Carrying amount at 31 December	<u><u>1,696,920</u></u>	<u><u>1,691,820</u></u>

The directors of the Company have determined that the investment properties consist of four classes of asset, i.e., car parking spaces, commercial properties, residential properties and industrial properties, based on the nature, characteristics and risk of each property.

The fair value of the Group's investment properties situated in Hong Kong at 31 December 2021 and 2020 had been arrived at based on a valuation carried out on that date by Ravia Global Appraisal Advisory Limited, the independent professional qualified valuer not connected to the Group.

The fair value of the Group's investment properties were revalued by Ravia Global Appraisal Advisory Limited on 31 December 2021 and 2020. The valuation was determined using the direct comparison method by making reference to comparable market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. There has been no change from the valuation techniques used in the prior year.

The key input was the market price per square feet or per car parking space. The valuation takes into account the characteristics which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price.

Management reviews the valuation performed by the independent valuer for financial reporting purposes on a yearly basis. The review includes verification of all major inputs to the valuation, assessing property valuation movements and discussions with the independent valuer. Management considers that the current use of investment properties equates the highest and best use.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Recurring fair value measurement for:				
2021				
Car parking spaces	–	51,000	–	51,000
Commercial properties	–	897,800	–	897,800
Residential properties	–	203,300	–	203,300
Industrial properties	–	544,820	–	544,820
	–	1,696,920	–	1,696,920
2020				
Car parking spaces	–	50,200	–	50,200
Commercial properties	–	897,800	–	897,800
Residential properties	–	199,000	–	199,000
Industrial properties	–	544,820	–	544,820
	–	1,691,820	–	1,691,820

During the year ended 31 December 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2020: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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17. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	602	600
Less: Loss allowance	—	—
	<u>602</u>	<u>600</u>

Trade receivables mainly consists of receivables from rental receivables, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments. The Group does not hold any other collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	66	130
1 to 2 months	64	15
2 to 3 months	—	—
Over 3 months	472	455
	<u>602</u>	<u>600</u>

At 31 December 2021 and 2020, the allowance for credit loss represents lifetime ECL recognised for trade receivables under simplified approach. Details of impairment assessment of trade receivables for the year ended 31 December 2021 and 2020 are set out in Note 35 to the consolidated financial statements. No loss allowance on trade receivables is recognised as at 31 December 2021 (2020: Nil).

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18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2021 and 2020, the allowance for credit loss represents a 12-month ECL recognised for deposits and other receivables under general approach. Details of impairment assessment of deposits and other receivables for the year ended 31 December 2021 and 2020 are set out in Note 35 to the consolidated financial statements. No loss allowance on deposits and other receivables is recognised as at 31 December 2021 (2020: Nil).

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to other receivables for which there was no recent history of default.

19. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Listed equity investments, at fair value	<u>106</u>	<u>98</u>

The above listed equity investments at 31 December 2021 and 2020 were classified as equity investments at fair value through profit or loss as they were held for trading.

20. CASH AND CASH EQUIVALENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cash and bank balances	8,341	10,611
Time deposits with original of maturity less than three months	<u>162,736</u>	<u>150,505</u>
Cash and cash equivalents	<u>171,077</u>	<u>161,116</u>

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates.

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21. OTHER PAYABLES AND ACCRUALS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accruals	1,619	3,600
Other payables	5,806	3,253
Received in advance	8,088	9,066
	<u>15,513</u>	<u>15,919</u>

Other payables are non-interest-bearing and repayable on demand.

22. INTEREST-BEARING BANK BORROWINGS

	2021		
	Contractual interest rate (%)	Maturity	<i>HK\$'000</i>
Current liabilities			
Secured short term loans denominated in Hong Kong dollar	HIBOR + 0.95%	2026	150,000

The scheduled principal repayment dates of the Group with reference to the loan agreements and ignore the effect of any repayment on-demand clause are as follows:

	2021 <i>HK\$'000</i>
Analysed into:	
Interest-bearing bank borrowings repayable:	
Within one year	3,000
In the second year	3,000
In the third to fifth years, inclusive	144,000
	<u>150,000</u>

The Group's bank loans are secured by:

- (i) Mortgages over the Group's certain investment properties situated in Hong Kong and, which had an aggregate carrying value at the end of the reporting period of approximately HK\$ 649,000,000 (2020: Nil); and
- (ii) The Company has guarantee certain of the Group's bank loans up to HK\$280,000,000 (2020: Nil) as at the end of the reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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23. PROMISSORY NOTES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Promissory notes	–	148,639

On 31 July 2020 and 30 September 2020, the Company issued promissory notes with a principal amount of approximately HK\$147,773,000 and HK\$866,000, respectively, as part of the consideration to acquire a 100% interest in Reach Profit Investments Limited.

The promissory note was unsecured and interest free. The promissory note was matured within one year from the date of issue, being 31 July 2021 and 30 September 2021.

The promissory notes were fully settled during the year.

24. AMOUNT DUE TO A DIRECTOR/FELLOW SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

25. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2020	3,844	–	3,844
Deferred tax charged to the statement of profit or loss during the year (<i>Note 10</i>)	1,237	(120)	1,117
Addition from business combination (<i>Note 28</i>)	14,200	4,809	19,009
Exchange realignment	–	321	321
At 31 December 2020 and 1 January 2021	19,281	5,010	24,291
Deferred tax charged to the statement of profit or loss during the year (<i>Note 10</i>)	1,239	(123)	1,116
Exchange realignment	–	141	141
At 31 December 2021	20,520	5,028	25,548

The Group has tax losses arising in Hong Kong of approximately HK\$118,317,000 (2020: approximately HK\$118,251,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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26. SHARE CAPITAL

Shares

	2021 HK\$'000	2020 HK\$'000
Authorised:		
2,000,000,000 ordinary shares of par value HK\$0.10 each (2020: 20,000,000,000 ordinary shares of par value HK\$0.01 each)	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
388,183,600 ordinary shares of par value HK\$0.10 each (2020: 3,881,836,004 ordinary shares of par value HK\$0.01 each)	<u>38,818</u>	<u>38,818</u>

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

	Number of shares '000	Share capital HK\$'000
Authorised:		
At 1 January 2020, 31 December 2020 and 1 January 2021	20,000,000	200,000
Share consolidation (<i>Note(a)</i>)	<u>(18,000,000)</u>	<u>–</u>
At 31 December 2021	<u>2,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 January 2020	2,700,000	27,000
Share issuance (<i>Note(b)</i>)	<u>1,181,836</u>	<u>11,818</u>
At 31 December 2020 and 1 January 2021	3,881,836	38,818
Share consolidation (<i>Note(a)</i>)	<u>(3,493,652)</u>	<u>–</u>
At 31 December 2021	<u>388,184</u>	<u>38,818</u>

Note(a): On 31 May 2021, every ten (10) issued and unissued ordinary shares of par value HK\$0.01 each in the share capital of the Company were consolidated into one (1) ordinary share of par value HK\$0.10 each pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2021.

Note(b): On 31 July 2020, 1,181,836,004 shares were issued as a consideration of business combination.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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27. SHARE OPTION SCHEME

The Group's share option scheme (the "2013 Scheme") was adopted pursuant to a resolution passed on 30 May 2013 for the primary purpose of providing incentives to eligible participants.

The 2013 Scheme

The Company operates the 2013 Scheme for the purpose of, among others, is to recognise and motivate the contribution of eligible participants to the Group and to provide incentives and help the Company in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company. Eligible participants of the 2013 Scheme include any (full-time or part-time) employee, including, without limitation, any executive and non-executive director or proposed executive and non-executive director of the Group, and any adviser, consultant, agent, contractor, client, customer or supplier or any member of the Group. The 2013 Scheme, unless otherwise cancelled or amended, will remain in force for 10 years from 30 May 2013.

The total number of securities available for issue under the 2013 Scheme is 180,000,000, which is equivalent to 10% of the issued share capital of the Company at the date of adoption of the 2013 Scheme. The maximum number of shares issuable under share options to each eligible participant in the 2013 Scheme within any 12-month period, is limited to 1% of the shares of the Company for the time being in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 5 business days from the date of the offer upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the directors, which is not later than 10 years from the date of offer of the share options or the expiry date of the 2013 Scheme, if earlier.

The exercise price of the share options is determined by the board of directors, but may be not less than the higher of (i) the nominal value of the shares; (ii) the Hong Kong Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options under the 2013 Scheme have been granted, exercised, lapsed or cancelled since the establishment of the 2013 Scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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28. BUSINESS COMBINATION

On 31 July 2020, the Company acquired a 100% interest in Reach Profit Investments Limited (the “Reach Profit”) from intermediate holding company of the Company. Reach Profit is engaged in investment holding and its subsidiaries is engaged in property investment. The acquisition was made as part of the Group’s strategy to expand its investment properties portfolio. The purchase consideration approximately HK\$1,379,916,000 for the acquisition was in the form of consideration of disposal of a subsidiary amounting to approximately HK\$1,139,094,000, issuance of share 1,181,836,004 on 31 July 2020 and the remaining approximately HK\$148,639,000 in the form of issuance of interest-free promissory notes.

The fair values of the identifiable assets and liabilities of Reach Profit and its subsidiaries as at the date of acquisition were as follows:

	Fair value recognised on acquisition <i>HK\$’000</i>
Property, plant and equipment	8
Investment properties	1,406,540
Trade receivables	647
Prepayments, other receivables and other assets	523
Cash and cash equivalents	1,914
Trade payables	(42)
Other payables and accruals	(8,480)
Tax payable	(2,185)
Deferred tax liabilities	(19,009)
	<hr/>
Total identifiable net assets at fair value	1,379,916
Satisfied by:	
Issuance of share	92,183
Issuance of interest-free promissory notes	148,639
Consideration of disposal of subsidiaries (<i>Note 29</i>)	1,139,094
	<hr/>
	1,379,916
	<hr/> <hr/>

The fair values of the trade receivables and prepayments, other receivables and other assets as at the date of acquisition amounted to approximately HK\$647,000 and approximately HK\$523,000, respectively. The gross contractual amounts of trade receivables and prepayments, other receivables and other assets were approximately HK\$647,000 and approximately HK\$523,000, respectively.

The Group incurred transaction costs of approximately HK\$1,025,000 for this acquisition. These transaction costs have been expensed and are included in Operating and administrative expenses in the consolidated statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

28. BUSINESS COMBINATION *(continued)*

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>HK\$'000</i>
Cash consideration	–
Cash and bank balances acquired	1,914
Net inflow of cash and cash equivalents included in cash flows from investing activities	<u>1,914</u>
Transaction costs of the acquisition included in cash flows from operating activities	(1,025)
	<u><u>889</u></u>

Since the acquisition, Reach Profit and its subsidiaries contributed approximately HK\$9,820,000 to the Group's revenue and approximately HK\$9,133,000 to the consolidated profit for the year ended 31 December 2020. Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been approximately HK\$17,677,000 and approximately HK\$15,640,000, respectively.

29. DISPOSAL OF SUBSIDIARIES

	2020 <i>HK\$'000</i>
Net assets disposed of:	
Investment in an associate	2,066
Equity investments at fair value through other comprehensive income	791,719
Equity investments at fair value through profit or loss	436,443
Other receivable	2,224
Cash and cash equivalents	1,826
Amount due to a director	(93,860)
Tax payable	(1,324)
	<u><u>1,139,094</u></u>
Satisfied by:	
as part of purchase consideration of Reach Profit <i>(Note 28)</i>	<u><u>1,139,094</u></u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2020 <i>HK\$'000</i>
Cash consideration	–
Cash and bank balances disposed	(1,826)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u><u>(1,826)</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year 31 December 2020, the Group had non-cash business combination and disposal of subsidiaries of approximately HK\$1,379,916,000 and approximately HK\$1,139,094,000, respectively. Further details of the transaction are included in Notes 28 and 29 to the consolidated financial statements.

(b) Changes in liabilities arising from financing activities:

	As at 1 January 2021 <i>HK\$'000</i>	Cash flows <i>HK\$'000</i>	Non-cash changes <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Interest-bearing bank borrowings	–	150,000	–	150,000
	As at 1 January 2020 <i>HK\$'000</i>	Cash flows <i>HK\$'000</i>	Non-cash changes <i>HK\$'000</i>	As at 31 December 2020 <i>HK\$'000</i>
Interest-bearing bank borrowings	291,408	(291,408)	–	–

31. CORPORATE GUARANTEES

At 31 December 2021, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiary to the extent of approximately HK\$280,000,000 (2020: Nil), of which approximately HK\$150,000,000 (2020: Nil) was utilised.

In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business of the Group and the fair values of the corporate guarantees granted by the Company are immaterial.

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fellow subsidiary:		
Rental expenses (<i>Note (a)</i>)	735	725
Rental incomes (<i>Note (b)</i>)	732	–

Note (a): Rental expenses charged by Chater Land Limited were based on office areas occupied by the Group at a rent agreed by both parties.

Note (b): Rental income generated from Multifield (Holdings) Limited were based on office areas occupied by Group at a rent agreed by both parties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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32. RELATED PARTY TRANSACTIONS *(continued)*

(b) Other transactions with related parties

During the year 31 December 2020, the Group acquired a subsidiary, Reach Profit and its subsidiaries from the Company's intermediate holding company at a consideration of approximately HK\$1,379,916,000, based on a valuation of the business performed by the directors of the Group with reference to the valuation report performed by independent external valuer. Further details of the transaction are included in Note 28 to the consolidated financial statements.

During the year 31 December 2020, the Group disposed a subsidiary, Linkful Strategic Investment Limited and its subsidiaries, to the Company's intermediate holding company at a consideration of approximately HK\$1,139,094,000, based on a valuation of the business performed by the directors of the Group with reference to the valuation report performed by independent external valuer. Further details of the transaction are included in Note 29 to the consolidated financial statements.

(c) Outstanding balances with related parties

The Group has an outstanding promissory notes to its intermediate holding company of HK\$148,639,000 as at 31 December 2020. This balance is unsecured, interest-free and repayable within one year. The promissory notes were fully settled during the year.

The Group has an outstanding balance due to its fellow subsidiaries of approximately HK\$155,938,000 (2020: HK\$150,149,000) as at 31 December 2021. This balance is unsecured, interest-free and has no fixed terms of repayment.

The Group has an outstanding balance due to its director of approximately HK\$1,531,000 (2020: Nil) as at 31 December 2021. This balance is unsecured, interest-free and has no fixed terms of repayment.

(d) Compensation of key management personnel of the Group:

The directors' and chief executive's emoluments are included in Note 8 to the consolidated financial statements.

The related party transactions in respect of Note 32(b) above also constitute connected transactions as defined in Chapter 14A of Listing Rules.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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33. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Financial assets		
Equity investments at fair value through profit or loss	106	98
At amortised cost:		
– Trade receivables	602	600
– Deposits and other receivables	829	903
– Cash and cash equivalents	171,077	161,116
	<u>172,508</u>	<u>162,619</u>
	<u>172,614</u>	<u>162,717</u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Financial liabilities		
At amortised cost:		
– Other payables and accruals	7,425	10,687
– Interest-bearing bank borrowings	150,000	–
– Promissory notes	–	148,639
– Amounts due to fellow subsidiaries	155,938	150,149
– Amounts due to a director	1,531	–
	<u>314,894</u>	<u>309,475</u>

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents, trade receivables, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, promissory notes, amounts due to fellow subsidiaries and amount due to a director are not materially different from their carrying amounts because of the immediate or the short term maturities of these instruments.

As detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values:

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Value of inputs
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>				
Assets						
Equity investments at fair value through profit or loss	106	98	Level 1	Quoted last trade prices in an active market.	N/A	N/A

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 31 December 2021				
Equity investments at fair value through profit or loss	106	–	–	106
	<u>106</u>	<u>–</u>	<u>–</u>	<u>106</u>
At 31 December 2020				
Equity investments at fair value through profit or loss	98	–	–	98
	<u>98</u>	<u>–</u>	<u>–</u>	<u>98</u>

The Group did not have any financial liabilities measured at fair value at 31 December 2021 and 2020.

During the year ended 31 December 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2020: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise other interest-bearing loans, promissory notes, amounts due to fellow subsidiaries, equity investments at fair value through profit or loss, and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade receivables, other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's other borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax <i>HK\$'000</i>	Increase/ (decrease) in equity* <i>HK\$'000</i>
2021			
Hong Kong dollar	50	(61)	–
Hong Kong dollar	(50)	61	–
2020			
Hong Kong dollar	50	–	–
Hong Kong dollar	(50)	–	–

* Excluding retained profits

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group's exposure to market risk for change in foreign currency exchange rates relates primarily to certain investments and certain cash and cash equivalents in currencies other than the functional currency of Hong Kong dollar.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Renminbi ("RMB") exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity. As Hong Kong dollar is pegged to United States dollar within a narrow range, it is considered that the amount had no significant exposure to foreign exchange risk relating to this currency.

	Increase/ (decrease) in USD/RMB rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
2021			
If Hong Kong dollar weakens against RMB	(5)	3,541	–
If Hong Kong dollar strengthens against RMB	5	(3,541)	–
2020			
If Hong Kong dollar weakens against RMB	(5)	4	–
If Hong Kong dollar strengthens against RMB	5	(4)	–

* Excluding retained profits

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

As at 31 December 2021 and 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the Group holds rental deposits from tenants for leasing of properties. The Group has no significant concentration of credit risk as credits are granted to a large population of clients.

Trade receivables from rental receivables

In order to minimise the credit risk, the management of the Group will internally assess the credit quality of the potential tenants before accepting any new tenants. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances from rental receivables based on provision matrix.

Other receivables

No allowance for impairment was made for other receivables since the directors of the Company consider the probability of default is minimal after assessing the counter-parties' financial background and creditability.

Short-term bank deposits/fixed bank deposits/bank balances

The credit risk on short-term bank deposit, fixed bank deposits and bank balances are limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no other significant concentration of credit risk.

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

Category	Group definition of category	Basis for recognition of ECL
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
Default	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL for trade receivables from rental receivables. To measure the expected credit losses, these trade receivables have been based on past due status, historical credit loss experience based on the past default experience of the Group and are adjusted with forward-looking information. On that basis, the Group assessed that there is no loss allowance recognised in accordance with HKFRS 9 at 31 December 2021 and 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

For the purpose of impairment assessment for other receivables, the management considered that the credit risk of these financial assets have not significantly increased since initial recognition. The Group has assessed and concluded that the expected credit loss rate for these receivables is immaterial under 12-month ECL method after taken into account the historical default experience, historical settlement records, collateral values as well as the loss upon default in each case and are adjusted with forward-looking information.

Liquidity risk

In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of other borrowings and ensures compliance with relevant covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate %	2021				Total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2021 HK\$'000
		On demand and less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000		
Other payables and accruals	-	7,425	-	-	-	7,425	7,425
Interest-bearing bank borrowings	HIBOR+0.95%	151,663	-	-	-	151,663	150,000
Amount due to a director	-	1,531	-	-	-	1,531	1,531
Amounts due to fellow subsidiaries	-	155,938	-	-	-	155,938	155,938
		<u>316,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,557</u>	<u>314,894</u>
2020							
	Weighted average interest rate %	On demand and less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2020 HK\$'000
Other payables and accruals	-	10,687	-	-	-	10,687	10,687
Promissory notes	-	-	148,639	-	-	148,639	148,639
Amounts due to fellow subsidiaries	-	150,149	-	-	-	150,149	150,149
		<u>160,836</u>	<u>148,639</u>	<u>-</u>	<u>-</u>	<u>309,475</u>	<u>309,475</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from listed equity securities classified as equity investments at fair value through profit or loss (*Note 19*) as at 31 December 2021 and 2020. The Group's listed investments are mainly listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2021	High/low 2021	31 December 2020	High/low 2020
Hong Kong – Hang Seng Index	23,398	31,183/ 22,665	27,231	29,174/ 21,139

The following table demonstrates the sensitivity to every 10% change in the fair values of the listed and unlisted equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the equity investments at FVTOCI, the impact was deemed to be on the fair value reserve.

	Carrying amount of equity investments <i>HK\$'000</i>	Increase/ (decrease) in profit before tax <i>HK\$'000</i>	Increase/ (decrease) in equity* <i>HK\$'000</i>
2021			
Investments listed in Hong Kong and overseas			
– Held for trading	106	11/ (11)	–
2020			
Investments listed in Hong Kong and overseas			
– Held for trading	98	10/ (10)	–

* Excluding retained profits

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a debt-to-equity ratio, which is total debt (including interest-bearing bank borrowings, promissory notes, amount due to a director and amounts due to fellow subsidiaries) divided by the shareholders' equity. The debt-to-equity ratios at the end of the reporting periods were as follows:

	2021 HK\$'000	2020 HK\$'000
Interest-bearing bank borrowings	150,000	–
Promissory notes	–	148,639
Amount due to a director	1,531	–
Amounts due to fellow subsidiaries	<u>155,938</u>	<u>150,149</u>
Total debt	<u><u>307,469</u></u>	<u><u>298,788</u></u>
Equity attributable to owners of the Company	<u><u>1,518,475</u></u>	<u><u>1,511,455</u></u>
Debt-to-equity ratio	<u><u>20.25%</u></u>	<u><u>19.77%</u></u>

36. EVENTS AFTER THE REPORTING PERIOD

As at report date, the Group has no material events after reporting period which are required to be disclosed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS		
Investments in subsidiaries	1,067,178	1,067,178
Club debenture	330	330
	<u>1,067,508</u>	<u>1,067,508</u>
Total non-current assets	<u>1,067,508</u>	<u>1,067,508</u>
CURRENT ASSETS		
Amounts due from subsidiaries	211,066	399,189
Prepayments and other receivables	376	541
Equity investments at fair value through profit or loss	106	98
Cash and cash equivalents	631	42
	<u>212,179</u>	<u>399,870</u>
Total current assets	<u>212,179</u>	<u>399,870</u>
CURRENT LIABILITIES		
Amounts due to subsidiaries	209,059	47,659
Other payables and accruals	568	48
Promissory notes	–	148,639
	<u>209,627</u>	<u>196,346</u>
Total current liabilities	<u>209,627</u>	<u>196,346</u>
NET CURRENT ASSETS	<u>2,552</u>	<u>203,524</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u><u>1,070,060</u></u>	<u><u>1,271,032</u></u>
EQUITY		
Issued capital	38,818	38,818
Reserves (<i>Note</i>)	1,031,242	1,232,214
	<u>1,070,060</u>	<u>1,271,032</u>
TOTAL EQUITY	<u><u>1,070,060</u></u>	<u><u>1,271,032</u></u>

Lau Chi Yung, Kenneth
Chairman

Lau Michael Kei Chi
Vice-Chairman

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

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

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	(Accumulated losses)/ retained profit HK\$'000	Total HK\$'000
At 1 January 2020	498,761	546	88,380	(355,738)	231,949
Share issuance	80,365	–	–	–	80,365
Total comprehensive income for the year	–	–	–	919,900	919,900
At 31 December 2020 and 1 January 2021	579,126	546	88,380	564,162	1,232,214
Final 2020 dividend declared	–	–	–	(7,764)	(7,764)
Interim 2021 dividend	–	–	–	(3,882)	(3,882)
Total comprehensive expense for the year	–	–	–	(189,326)	(189,326)
At 31 December 2021	579,126	546	88,380	363,190	1,031,242

The Company's contributed surplus represents the difference arising between the nominal value of the Company's shares issued in exchange for the issued share capital of the subsidiaries and the value of the net assets of the subsidiaries acquired at the time of the Group's reorganisation in prior years. Under the Companies Act of Bermuda, the contributed surplus is distributable to shareholders in certain circumstances prescribed by Section 54 thereof.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CHAPTER 1 INTRODUCTION

Oriental Explorer Holdings Limited (the “Company”) is pleased to present its annual Environmental, Social and Governance (“ESG”) Report (“ESG Report”) to demonstrate its commitment to sustainable development. This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). With reference to the definition stated in the ESG Guide, this ESG Report presents those aspects and key performance indicators which are relevant to the businesses and operations of the Company and its subsidiaries (collectively the “Group”, “we/our” or “us”).

Unless otherwise specified, this ESG Report covers the ESG management and performance of the Group from 1 January 2021 to 31 December 2021 (the “Reporting Period”).

BOARD STATEMENT ON ESG GOVERNANCE

The board of directors of the Company (the “Board”) is committed to incorporating the ESG mindset into business operations. The Board accepts full responsibility for the sustainability of the Group, including formulating strategies, overseeing the Group’s ESG related risks and opportunities, and approving this ESG Report. The Board is required to keep abreast of and comply with the latest regulatory requirements before the approval of this ESG Report.

The Board believes that the management of ESG-related risks and opportunities is essential to the Group’s efficient and effective operation. The risk management and internal control systems on ESG assure accuracy, reliability and the timeliness of the data presented in ESG Reports and sustainable development measures. The Board regularly reviews the implementation effectiveness of such systems to determine whether they cover major control measures on material ESG issues.

SCOPE OF REPORTING

This ESG Report covers significant revenue generating activities of the Group, including the operations of the Group’s headquarter office in Hong Kong and Multifield Centre, an office building wholly owned by the Group located at Yau Ma Tei, Kowloon.

This ESG Report highlights the Group’s sustainability efforts in environmental and social aspects. For details of our corporate governance practices during the Reporting Period, please refer to the Corporate Governance Report included in the Company’s 2021 Annual Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PRINCIPLES

The Group has prepared this ESG Report in accordance with the following reporting principles stated in the ESG Reporting Guide:

- **Materiality:** The Group communicates with its major stakeholder groups on a regular basis to identify and assess ESG-related issues that matter most from stakeholders' perspectives. Key ESG issues are identified through stakeholder engagement and materiality assessment.
- **Quantitative:** Quantitative information/KPIs presented in this ESG Report are accompanied by narrative, explanation and comparison wherever applicable.
- **Consistency:** Unless otherwise stated, the Group adopts consistent methodologies and retrieves social and environmental KPIs from the Group's internal record system. The scope of reporting and KPIs are consistent with those of the previous report to allow meaningful comparison over time.

STAKEHOLDERS' FEEDBACK

We sincerely welcome your feedback on this ESG Report and our ESG performance. Please contact us by any of the following means to share your comments with us:

Address: Units 22-28, 25/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong.
Phone: (852) 2802 2668
Fax: (852) 2802 2178

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CHAPTER 2 OUR STAKEHOLDERS

As stakeholders play a crucial role in sustaining the success of our business, we make use of various communication channels to understand and engage our stakeholders. The probable points of concern of our stakeholders identified and the way of our communication and responses are as follows:

Stakeholders	Expectations	Communication and Responses
Government	Compliance with laws and regulations	Interaction and visits, government inspections, and filing statutory returns
Regulators	Compliance with the Listing Rules, and making timely and accurate disclosures	Meetings, training programmes, workshops, website updates, and announcements
Employees	Labour rights, benefits and compensation, training and career development, work hours, and working environment	Training, interviews, internal memos, and employee suggestion boxes
Customers	Service quality, service value, and personal data protection	Routine business communications, and property management services
Investors	Corporate governance, business strategies and performance, and investment returns	Shareholders' meetings, circulars, announcements, and financial reports
Suppliers	Corporate reputation, payment schedule, and stable demand	Site visits, meetings, and adherence to payment terms
Community	Community environment, and employment opportunities	Environmental protection measures, selection of investment projects, and provision of employment opportunities

CHAPTER 3 MATERIALITY ASSESSMENT

During the Reporting Period, we conducted a materiality assessment to identify ESG issues and assess their importance to the Group and its stakeholders.

With reference to the ESG Reporting Guide and taking into consideration of the Group's business characteristics, the ESG issues determined to be material to the Group and/or our stakeholders include:

- Employee welfare
- Workplace health and safety
- Education, training and career development
- Equal opportunities
- Energy consumption
- Anti-corruption
- Protection of intellectual property rights
- Community investments

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CHAPTER 4 ENVIRONMENT

4.1 EMISSION CONTROL AND WASTE MANAGEMENT

We are dedicated to protecting the environment and integrating environmental considerations into our daily operations. During the Reporting Period, we implemented the following emission control measures:

- Promotion and implementation of environmental management plans related to air and greenhouse gas emissions, water and land discharges, and generation of hazardous and non-hazardous waste;
- Compliance with all relevant environmental legislations and requirements, such as the Motor Vehicle Idling Ordinance (Cap 611 of the Laws of Hong Kong); and
- Provision of sufficient resources to implement measures in relation to pollution abatement, waste management and natural environmental mitigation.

AIR AND GREENHOUSE GAS EMISSIONS

During the Reporting Period, air and greenhouse gas emissions were mainly generated from consumption of purchased electricity and use of vehicles. In order to reduce air emissions from vehicles, the Group has adopted a business travelling policy to reduce the use of company vehicles in favour of public transportation. Moreover, conference calls instead of face-to-face meetings were arranged where possible to minimise the need for traveling.

The Group has set a target of 20% reduction in absolute emissions by 2030 from the base year of 2020. In order to reach this goal, we strive to reduce electricity consumption through various measures as described in the section headed “Effective Use of Resources” below.

Due to the addition of Multifield Centre to the Group in 31 July 2020, there was a significant increase in the amount of indirect greenhouse gas emissions for the first 7 months of the Reporting Period compared with the corresponding period for the year ended 31 December 2020.

Total Air Emissions

	2021	Intensity (tonnes per facility)
Nitrogen Oxides (NO _x) Emissions (kg)	0.24	0.08
Sulphur Oxides (SO _x) Emissions (kg)	0.01	0.00
Particulate Matter Emissions (kg)	0.02	0.01

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Total Greenhouse Gas Emissions

	Scope 1		Scope 2		Scope 3		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Carbon dioxide equivalent (tonnes)	0.9	0.2	124.7	58.6	0.4	0.1	126.0	58.9

Note: Scope 1 includes mobile combustion emissions; scope 2 includes energy indirect emissions; scope 3 includes greenhouse gas emissions due to electricity used for fresh water and sewage processing. Insignificant emission amounts are neglected in calculations.

	Scope 1	
	2021	2020
Intensity (tonnes per vehicle)	0.30	0.07
	Scope 2	
	2021	2020
Intensity (tonnes per facility)	41.57	19.53

WASTE MANAGEMENT

Due to our business nature, we do not generate significant hazardous waste^(Note) during our course of business. Furthermore, the major non-hazardous waste produced was used printing paper, which we consider to be insignificant as we always encourage our employees to go paperless. Therefore, no data regarding hazardous and non-hazardous waste were recorded during the Reporting Period.

In spite of this, we strive to reducing our impacts on the environment by minimising waste generation. We have implemented a variety of waste reduction measures such as using reusable glass cups in conference rooms and reception rooms, and encouraging our employees to reuse envelopes and plastic bags.

Note: hazardous waste is defined as chemical waste (Cap. 354C. of the Laws of Hong Kong), clinical waste (Cap. 354, Cap. 354O of the Laws of Hong Kong, and various pieces of additional legislation) and hazardous chemicals (Cap. 595 of the Laws of Hong Kong)

During the Reporting Period, no cases of violation of any laws and regulations related to air, greenhouse gas emissions, water and land discharges, and generation of hazardous and non-hazardous waste were noted.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.2 EFFECTIVE USE OF RESOURCES

The Group's resources usage strategy focuses on reducing paper usage, recycling of materials, and reducing electricity consumption. We strive to reduce paper usage by using computer systems for filing where possible. We also promote sustainable use of resources by encouraging our employees to separate recyclable waste such as paper, plastic or glass bottles, and rechargeable batteries. In making purchase decision, recyclable goods are always preferred.

The Group is committed to continual improvement in energy performance and to comply with all applicable legal requirements. Our energy saving strategies include reminding our employees to switch off lights, air-conditioners, printers, and computers at workstations when they are not in use, maintaining room temperature at 25 degree Celsius, and choosing energy efficient office equipment in making purchase decisions. These measures help us to reach the goal of reducing energy consumption from fossil fuels to 20% below the 2020 level by 2030.

Due to the additional of Multifield Centre to the Group in 31 July 2020, electricity consumption increased significantly for the first 7 months of the Reporting Period compared with the corresponding period for the year ended 31 December 2020.

Total Energy Consumption

	2021	2020
Electricity (kWh in '000s)	143.75	78.75
Intensity (kWh in '000s per facility)	47.91	26.25

Water Usage

We do not have any issue in sourcing water, and the existing supply of water meets our daily operational needs. Water consumption mainly arises from the daily operations of properties managed by us and our employees' daily use during working hours. Domestic sewage is directly discharged into municipal sewage pipelines.

The Group has set a target to reduce water consumption intensity to 20% below the 2020 level by 2030. To achieve this target, we have implemented various measures to promote water conservation, such as installing flow controllers on water taps and putting notices and reminders near sinks to promote awareness on water conservation.

Due to the additional of Multifield Centre to the Group in 31 July 2020, water consumption increased significantly for the first 7 months of the Reporting Period compared with the corresponding period for the year ended 31 December 2020.

Total Water Consumption

	2021	2020
Water consumed (m ²)	970	203
Intensity (m ² per facility)	323.33	67.67

Packaging Materials

Due to the business nature of the Group, we do not consume any packaging materials during our ordinary course of business and thus this disclosure is not applicable to the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.3 ENVIRONMENT AND NATURAL RESOURCES

We aim at aligning our business operations with environmental best practices. Although our daily operations' impacts on environment and natural resources are limited, we will continue to minimise any such impacts by implementing green practices.

We consider our major impacts on the environment and natural resources are the emissions from paper usage and electricity consumption. In addition to the measures which we have already implemented, we will continue to explore other ways to further reduce our emissions and waste generation.

4.4 CLIMATE RELATED ISSUES

We are concerned about the possible impacts of climate-related issues on the Group's operations.

We regularly assess the adverse impacts brought about by climate change on our business operations and are prepared to react accordingly when relevant risks are discovered.

According to the Task Force on Climate-related Financial Disclosure, climate-related risks are divided into two major categories: transition risks and physical risks.

In-line with the mega-trend, there is a global transition to a lower-carbon economy which refers to transition risks. Policy, technology and market changes in mitigating and adapting a low-carbon economy may lead to changes to the Group. We are not aware of any transition risk that will have significant adverse impact on our operations at present stage.

Physical risks can be caused acutely (event driven) or chronically (long-term shift) in climate patterns. Due to the nature of our core business, we are less dependence on the environment. We are not aware of any significant physical risk that will have significant adverse impact on our operations at present stage.

CHAPTER 5 EMPLOYMENT AND LABOUR PRACTICES

5.1 EMPLOYMENT

The Group strives to maintain a harmonious workplace where employees are free from any form of discrimination. All persons are given equal opportunities to be considered regardless of race, social class, age, nationality, religion, disability, gender, or sexual orientation in our recruitment and promotion process.

All matters related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare are structured to comply the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), Personal Data (Privacy) Ordinance (Cap. 486 of the Laws 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) in Hong Kong, and all other applicable labour laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At the end of the Reporting Period, the Group had 9 employees. The Group’s workforce was all in Hong Kong. The composition of the Group’s workforce by gender, age group, and employment type are shown below:

Table 1: Total workforce by gender

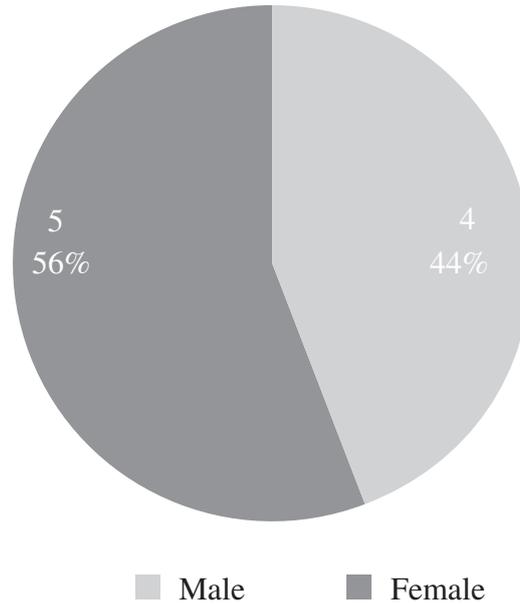
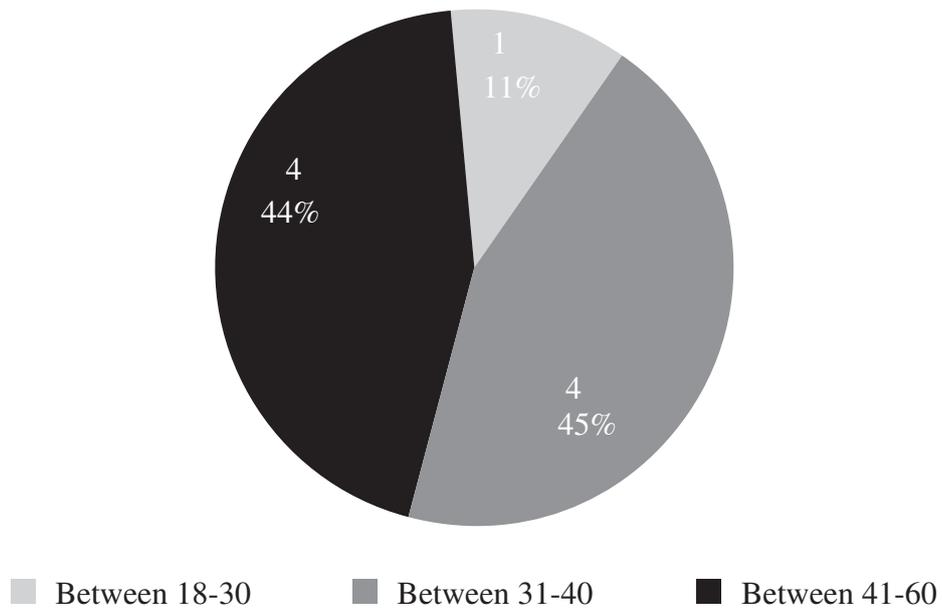
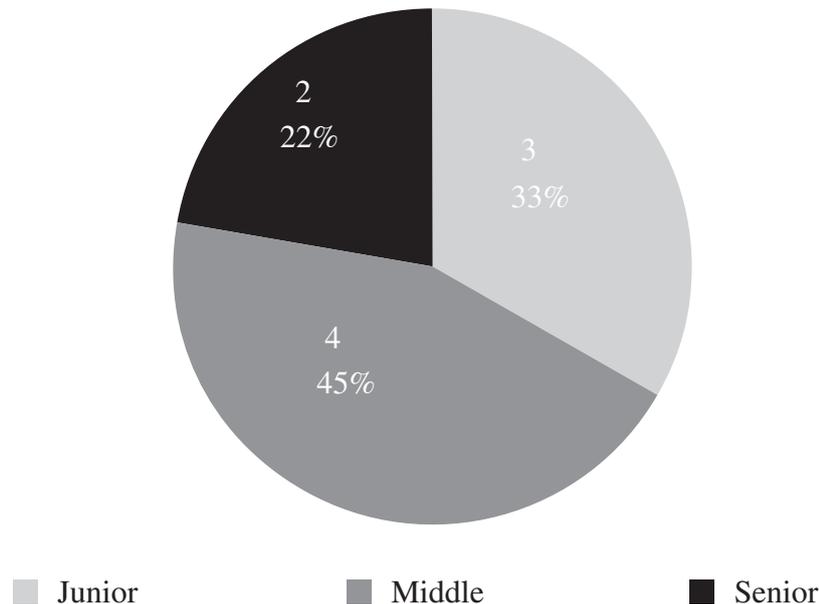


Table 2: Total workforce by age group



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table 3: Total workforce by employment type



During the Reporting Period, there were 3 employees left the Group, contributing to a turnover rate of 32%. The following table sets for the turnover rates of the Group's employees for the Reporting Period

		Number of employees resigned in 2021	Turnover rates
By gender	Male	2	44%
	Female	1	20%
By age	Aged below 30	1	67%
	Aged between 31 and 40	2	44%
	Aged between 41 and 60	0	0%
	Aged above 60	0	N/A
By geographical region	Hong Kong	3	32%

5.2 WORKPLACE HEALTH AND SAFETY

The Group is committed to maintaining a high standard of workplace health and safety and acting in compliance with all applicable occupational safety and health legislation such as the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong). We strive to maintain a safe working environment for our employees which is free from recognisable occupational hazards. Sufficient first aid kits and fire extinguishers are made available at workplaces for emergency preparedness.

We value the health and well-being of our employees. We provide medical benefits to full-time employees after their completion of probation. Such medical benefits cover part of their medical expenses for diagnosis, hospitalisation, and outpatient follow-up care.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In response to the outbreak of COVID-19 pandemic, we implemented measures to safeguard the health of our employees. Complimentary surgical face masks and other disinfectant products are always available to our employees for use at workplace.

During the past three years, the Group did not record any work-related injury or fatality of employees nor any lost days due to work injury. No cases of material non-compliance with the Employees' Compensation Ordinance, Occupational Safety and Health Ordinance or other related laws and regulations were noted.

5.3 EDUCATION, TRAINING AND CAREER DEVELOPMENT

Training and competence of staff are crucial to the continuous growth of the business of the Group. Through comprehensive staff development, we broaden the professional knowledge, skills and qualifications of our staff, with the aim of creating a solid foundation for the Group's sustainable development in business.

We are committed to providing opportunities to our employees to acquire job-related training and development, mainly through on-the-job training, seminars, workshops, site visits and formal training programmes. We have implemented policies to encourage our employees to participate in job related continuing education and professional development programmes, such as making available to them paid examination leave and reimbursement of tuition, seminar or workshop fees.

During the Reporting Period, a total of approximately 33 hours (2020: 16 hours) of training were provided to employees. The following table shows the percentage of employees trained and average training hours by employee category and gender.

Percentage of employees trained	2021	2020
By employee category		
Senior	50%	33.3%
Middle	50%	50%
Junior	0%	0%
By gender		
Male	44%	20%
Female	20%	40%
Average training hours	2021	2020
By employee category		
Senior	10.0	3.5
Middle	11.5	1.4
Junior	0.0	0.0
By gender		
Male	14.8	2.3
Female	3.5	0.9

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.4 RESPECT FOR LABOUR RIGHTS

The Group does not condone child and forced labour. To prevent the risk of using child labour, forced labour and illegal workers in any of our workplaces, a comprehensive identity checking and screening process is always conducted during recruitment process. We consider our risk of using child or forced labour is minimal. Nevertheless, upon discovery of any use of child or forced labour, the employment will be terminated immediately. The issue will be reviewed by the Board and will be further reported to relevant authorities where appropriate.

During the Reporting Period, no cases of non-compliance with the Employment of Children Regulation under the Employment Ordinance (Cap. 57B of the Laws of Hong Kong) or other child and forced labour-related laws and regulations were noted.

CHAPTER 6 OPERATING PRACTICES

6.1 SUPPLY CHAIN MANAGEMENT

We consider active engagement with contractors and suppliers is important not only to the effectiveness of our operations, but also to the management of environmental and social risks of the supply chain.

We take into consideration a number of environmental and social risk factors in selection of contractors and suppliers. For substantial procurement or projects, contractors and suppliers are asked to provide information on their environmental and labour practices upon submission of quotations, those who are unable to meet our requirements will not be selected.

We require contractors and suppliers to follow our ESG related policies. For example, no noisy work is allowed on public holidays at our residential properties, and waste must be handled in accordance with our guidelines. For the protection of environment and customers' health and safety, we prohibit the use of hazardous materials. Regular reviews are conducted to ensure materials used by contractors and suppliers meet all relevant environmental and safety standards.

Our suppliers are mainly providers of property management related services and supplies and office supplies in Hong Kong. As our ordinary course of business neither involve production of finished goods nor rely substantially on any of our suppliers, we consider statistics in respect of suppliers are immaterial to our reporting boundary. Nevertheless, we will continue to strengthen the management of suppliers and will report on relevant statistics when appropriate.

6.2 QUALITY AND COMPLIANCE MANAGEMENT

We are committed to providing rental properties and property management services of top quality to our clients and ensuring the safety of our properties' users are well protected.

We have put in place a comprehensive complaints handling procedure to resolve complaints in a timely and effective manner. Complaints can be lodged with our Real Estate Department by phone, email, and instant messaging services. Over the past years, complaints we received were usually related to repair and maintenance of our properties and could be resolved by our in-house technicians. There were no material products and services related complaints received during the Reporting Period.

We committed to ensuring we do not infringe any intellectual property rights of others in the course of our operations. Appropriate licenses are obtained for all software installed on our computer systems. To prevent any risk of unintentional infringement of intellectual property rights, any installation of software on our computer systems can only be done by authorised persons.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We recognise of the importance of consumer data and privacy protection. Personal data collected during our operations are handled in accordance with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and all applicable laws and regulations of similar nature. Visitors of buildings managed by us may be requested to provide certain of their personal data for record purposes and prevention of crime. To ensure data protection, such personal data collected can only be accessed by authorised persons and are retained for a maximum of one month. On-site property managers with relevant delegated authority are responsible for the implementation and monitoring of these data and privacy protection measures.

Due to our business nature, we do not sell or ship any product subject to recalls for safety and health reasons and therefore have no relevant quality assurance process and recall procedure.

During the Reporting Period, no cases of non-compliance with any laws and regulations relating to health and safety, advertising, labelling, and privacy matters relating to works and services provided were noted.

6.3 MORAL INTEGRITY AND ANTI-CORRUPTION

We uphold high standards on promoting anti-corruption. We require all of our employees and directors to maintain a high level of business ethics. The audit committee of the Company (the “**Audit Committee**”) has the overall responsibility for matters related to the internal controls of anti-corruption of the Group.

Whistle-blowing procedures apply to all parties including internal as well as external informers. Any complaint of suspected misconduct, malpractice or impropriety can be made either verbally or by confidentially writing to the Audit Committee; all issues will be treated promptly and fairly. In cases of suspected corruption or other criminal offences, a report may be made to the appropriate authority. We encourage our employees to study publicly available materials on anti-corruption prevention such as those available on the website of The Hong Kong Business Ethics Development Centre.

During the Reporting Period, no cases of non-compliance with laws and regulations related to bribery, extortion, fraud and money laundering, such as the Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong) were noted. There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.

CHAPTER 7 COMMUNITY INVESTMENT

We are aware of the importance of interacting with the wider community in fulfilling corporate social responsibility. In this regard, the Company would explore the possibility to identify suitable partners and support community and environmental programmes that align with our missions and values.

During the Reporting Period, we made a green deposit amounted to HK\$5 million with a bank in Hong Kong. Such green deposit was set to be utilised to finance qualified green projects which include, but not limited to, projects targeting on energy efficiency, pollution prevention and control, sustainable water management and waste management, clean transportation, efficient buildings and sustainable land use.

We believe the best way to serve the community is to drive positive impact through our investment portfolio. To create shared values with the community and stakeholders. We will continue to consider ESG factors in selecting future investment projects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 1 HKEX ESG REPORTING GUIDE CONTENT INDEX TABLE

Subject Areas, Aspects, General Disclosures and KPIs

A. Environmental

Aspect A1: Emissions

General Disclosure	<p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note:</i> Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</p> <p style="padding-left: 40px;">Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p style="padding-left: 40px;">Hazardous wastes are those defined by national regulations.</p>
KPI A1.1	The types of emissions and respective emissions data.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

Aspect A2:

Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note:</i> Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.

Aspect A3:

The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

Aspect A4:

Climate Change

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

B. Social

Employment and Labour Practices

Aspect B1: Employment

General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.
KPI B1.2	Employee turnover rate by gender, age group and geographical region.

Aspect B2: Health and Safety

General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.
KPI B2.2	Lost days due to work injury.
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

Aspect B3: Development and Training

General Disclosure	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.</p>
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).
KPI B3.2	The average training hours completed per employee by gender and employee category.

Aspect B4: Labour Standards

General Disclosure	<p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to preventing child and forced labour.</p>
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.
KPI B4.2	Description of steps taken to eliminate such practices when discovered.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

Operating Practices

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.
KPI B5.1	Number of suppliers by geographical region.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.

Aspect B6: Product Responsibility

General Disclosure	<p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.
KPI B6.4	Description of quality assurance process and recall procedures.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

Aspect B7:

Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.
KPI B7.3	Description of anti-corruption training provided to directors and staff.

Community

Aspect B8:

Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.

PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
Hong Kong						
1	Ground Floor of Block 1B, Pine Villas, Nos.118 & 118A Castle Peak Road, Castle Peak Bay, Tuen Mun, New Territories, Hong Kong	Residential	100%	1,833	1,833	Up to 30 June 2047
2	Multifield Centre, No. 426 Shanghai Street, Kowloon, Hong Kong	Commercial	100%	46,351	46,351	150 years from 25 December 1887
3	Flat B on the 30th Floor of Tower 6 and Private Car Car Park No. 58 on Car Park Level 2, Bel-Air on the Peak of Island South, No. 68 Bel-Air Peak Avenue, Hong Kong	Residential/ Car park	100%	913	913	50 years from 22 May 2000
4	Flat E, 18th Floor, Block H-9, Fu Yip Yuen, Chi Fu Fa Yuen, No. 9 Chi Fu Road, Hong Kong	Residential	100%	518	518	75 years from 19 October 1976 renewable for a further term of 75 years
5	Flat H, 18th Floor, Block H-14, Fu Chun Yuen, Chi Fu Fa Yuen, No. 14 Chi Fu Road, Hong Kong	Residential	100%	518	518	75 years from 19 October 1976 renewable for a further term of 75 years
6	Flat H, 21st Floor, Block H-12, Fu Yar Yuen, Chi Fu Fa Yuen, No. 12 Chi Fu Road, Hong Kong	Residential	100%	518	518	75 years from 19 October 1976 renewable for a further term of 75 years
7	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 19th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Commercial	100%	11,439	11,439	A term from 17 December 1991 to 30 June 2047
8	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 20th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Commercial	100%	11,438	11,438	A term from 17 December 1991 to 30 June 2047

PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
9	Car Parking Space (Private Carpark) No. P101 on 1st Floor and Nos. P201 and P202 on 2nd Floor, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Car Park	100%	N/A	N/A	A term from 17 December 1991 to 30 June 2047
10	Car Parking Space (Private Carpark) Nos. P229 and P230 on 2nd Floor, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Car Park	100%	N/A	N/A	A term from 17 December 1991 to 30 June 2047
11	Flat A (Including the Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 12th Floor, Tower 2, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Residential	100%	2,423	2,423	A term from 25 January 1995 to 30 June 2047
12	Flat A (Including the Balcony thereof) on the 12th Floor, Tower 8, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Residential	100%	1,317	1,317	A term from 25 January 1995 to 30 June 2047
13	Flat A (Including the Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 30th Floor, Tower 1 and Car Parking Space No. 16 on the Ground Floor, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Residential/ Car Park	100%	2,545	2,545	A term from 25 January 1995 to 30 June 2047
14	Car Parking Space No. 1071 on 1st Floor, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Car Park	100%	N/A	N/A	A term from 25 January 1995 to 30 June 2047
15	Whole of 4th, 5th, 8th and 9th Floor, Units B1 and B2 on 2nd and 14th Floor and Car Parking Space Nos. 1-4 and 10-21, Blue Box Factory Building, No. 25 (Formerly No. 15) Hing Wo Street, Hong Kong	Industrial/ Car Park	100%	90,800	90,800	75 years from 23 March 1970 renewable for a further term of 75 years

PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
The PRC						
16	Units A to F on Level 16, Tower II, Innotect Tower, No. 239 Nanjing Road, Heping District, Tianjin, The PRC	Residential	100%	8,620	8,620	A term from 25 May 1992 to 24 May 2062
17	Unit No.7-10-I on Level 10 of Block No. 7, No. 68 Xinzhong Street, Dongcheng District, Beijing, The PRC	Residential	100%	1,132	1,132	Up to 1 November 2063

Note: N/A – Not Applicable