



FDB Holdings Limited **豐展控股有限公司**

(formerly known as Steering Holdings Limited (旭通控股有限公司))
(Incorporated in the Cayman Islands with limited liability)
(前稱為旭通控股有限公司)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1826

Annual Report
2021 年報

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Ng Kin Siu (*Chairman and chief executive officer*)

Ms. Feng Xuelian (resigned on 14 December 2021)

Ms. Chang Liang (appointed on 1 June 2021 and resigned on 14 December 2021)

Non-executive Director:

Mr. Gao Yunhong (resigned on 14 December 2021)

Independent non-executive Directors:

Mr. Chan Yuk Sang

Mr. Wan Chi Wai Anthony

Mr. Lau Kwok Fai Patrick

Mr. Wong Chi Shing (appointed on 1 June 2021 and resigned on 14 December 2021)

COMPANY SECRETARY

Mr. Yu Tsz Ngo (appointed on 14 December 2021)

Mr. Lee Chi Yung (resigned on 1 June 2021)

AUTHORISED REPRESENTATIVES

Mr. Ng Kin Siu

Mr. Yu Tsz Ngo (appointed on 14 December 2021)

Mr. Gao Yunhong

(appointed on 1 June 2021 and resigned on 14 December 2021)

Mr. Lee Chi Yung (resigned on 3 May 2021)

AUDIT COMMITTEE

Mr. Lau Kwok Fai Patrick (*Chairman*)

Mr. Chan Yuk Sang

Mr. Wan Chi Wai Anthony

REMUNERATION COMMITTEE

Mr. Ng Kin Siu (*Chairman*)

(appointed on 14 December 2021)

Mr. Wan Chi Wai Anthony

Mr. Chan Yuk Sang

Mr. Gao Yunhong (resigned on 14 December 2021)

NOMINATION COMMITTEE

Mr. Ng Kin Siu (*Chairman*)

(appointed on 14 December 2021)

Mr. Chan Yuk Sang

Mr. Wan Chi Wai Anthony

Mr. Lau Kwok Fai Patrick

Ms. Feng Xuelian (resigned on 14 December 2021)

AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

31/F, Gloucester Tower

The Landmark

11 Pedder Street

Central, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 602–603, 6th Floor

The Sun's Group Centre

200 Gloucester Road

Wan Chai

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co. Limited,

Hong Kong Branch

Fubon Bank (Hong Kong) Limited

Industrial and Commercial Bank of China (Asia) Limited

WEBSITE ADDRESS

www.fdbhk.com

STOCK CODE

01826

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of Directors (the "**Directors**") of FDB Holdings Limited (formerly known as Steering Holdings Limited, the "**Company**"), it is my pleasure to present the audited financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021.

RESULTS

For the year ended 31 December 2021, due to the combined effect of the coronavirus outbreak, China-US trade dispute, cash crunch of Chinese real estate developers and the economic downturn, the total revenue of the Group has reduced by 7.2% from approximately HK\$411.9 million for the corresponding period in 2020 to approximately HK\$382.3 million. The Group has achieved a net profit of approximately HK\$41.4 million as compared to the net loss of approximately HK\$429.5 million for the corresponding period in 2020.

BUSINESS REVIEW AND PROSPECT

During the year under review, the business of the Group had been severely affected by the declining business environment in Hong Kong and China. The strengthened credit measures adopted by the financing banks of the Group have also limited the business activities of the Group. With the view to solidify the business activities of the Group and to ensure that the resources of the Group were used in an effective and efficient manner, the Group has discontinued the business of building consultancy in the construction segment alongside with the disposal of a subsidiary in February 2021. The Group has also discontinued the financial segment in its entirety following the disposal of a number of subsidiaries operating such segment during the year and upon resignation of certain directors and senior management of such segment. With the discontinuation of such business operations, the Group will be able to better position itself in the construction industry and enhance its competitiveness and hence generate a sustainable income stream.

In April 2021, the controlling shareholder of the Company has changed to Masterveyor Holdings Limited, a company wholly-owned by Mr. Ng Kin Siu ("**Mr. Ng**"), an executive director and chief executive officer of the Company (who was subsequently appointed as the Chairman of the Board in December 2021). As a result of the change in control of the Company, the directors and senior management responsible for the financial segment have resigned from the Group in December 2021. The Group is now further restructuring its internal management structure so as to fully utilize and develop the talents, potential and market experience of its management team and staff members.

In December 2021, the Company further announced its intention to change its Company name, which will symbolize a new era of the Group alongside with the change in control of the Company. Whilst the Group will continue to solidify its business and clientele in the construction industry, the Group will look into business and investment opportunities for business expansion and capital injection in order to enhance the long-term growth potential of the Group. The Group will also maintain a close working relationship with its business partners, shareholders, financing banks and other stakeholders for further business development of the Group.

CHAIRMAN'S STATEMENT

A NOTE OF APPRECIATION

On behalf of the Board, I wish to take this opportunity to express our gratitude to our shareholders, clients, business partners, financing banks and suppliers who trust and remain faithful to the Group. I would also like to express our sincere gratitude and appreciation to the management and staff for their commitment and contribution to the continued success of the business throughout the years.

Ng Kin Siu

Chairman of the Board and chief executive officer

Hong Kong, 31 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

As at 31 December 2021, the principal business activity of the Group is the Construction Segment.

Construction Segment

The Construction Segment is principally engaged in the provision of contracting services for alteration and addition works, maintenance, specialist works and new development, and consulting services for alteration and addition works, new development, licensing and building services for buildings in Hong Kong. The Group provides a one-stop integrated solution for both contracting and consulting services from project planning, resources allocation, subcontractor management and material procurement to monitoring and quality assurance, and to offering value-adding services such as providing advice on designs to the Group's customers.

During the year ended 31 December 2021 (the "Year"), the Group discontinued the business of the provision of consultancy services of Construction Segment, details of which have been set out in the sub-section headed "Discontinued Operations" below.

Financial Segment

The Financial Segment is principally engaged in the provision of financial information and technology services to individuals in the PRC with the aim of changing consumer habits through providing a wide range of financial products or services to improve customers' accessibility of financial services. The Group will act as a financial intermediary to leverage on risk management and operations management's systems and other related technologies to analyse big data, assess risk levels, and match the financial needs of services providers and consumers by adopting artificial intelligence.

Following the resignation of the former Directors, namely, Mr. Gao Yunhong, Ms. Feng Xuelian and Ms. Chang Liang (collectively, the "Outgoing Directors") on 14 December 2021 subsequent to the change in control of the Company, the Company has discontinued the operations of the Financial Segment. For details, please refer to the sub-section headed "Discontinued Operations" below.

CHANGE OF CONTROLLING SHAREHOLDERS AND BOARD COMPOSITION

On 26 April 2021, CMBC Capital Finance Limited ("CMBCCFL") effected the transfer of 652,680,000 shares of the Company (the "Shares"), representing 49% of the entire issued share capital of the Company which was charged by Gentle Soar Limited ("Gentle Soar") in favour of CMBCCFL to Masterveyor Holdings Limited ("Masterveyor"), a company incorporated in the British Virgin Islands, in exercising its rights under the certain finance documents executed by Gentle Soar in favour of CMBCCFL. Masterveyor is wholly-owned by Mr. Ng, an executive Director and chief executive officer of the Company, who was subsequently appointed as chairman of the Board on 14 December 2021. On 3 June 2021, Masterveyor has made a mandatory unconditional cash offer to acquire all the issued shares (other than those owned or agreed to be acquired by Masterveyor and parties acting in concert with it) (the "Offer") pursuant to rule 26.1 of the Takeovers Code. The offer closed at 4:00p.m. on 12 July 2021. Since 26 April 2021, Masterveyor and Mr. Ng have become the controlling shareholders of the Company.

Following the change in control of the Company, each of the Outgoing Directors together with Mr. Wong Chi Shing, a former independent non-executive Director, have resigned as a Director.

MANAGEMENT DISCUSSION AND ANALYSIS

DISCONTINUED OPERATIONS

During the year ended 31 December 2021, the Group discontinued the business of the provision of consultancy services in the Construction Segment along with the disposal of Fruit Design and Build Limited (“**Fruit Design**”), details of such disposal are set out in the section headed “Material Acquisitions and Disposals of Subsidiaries” below.

The Financial Segment was operated and supervised by the Outgoing Directors through the Company’s indirect wholly-owned subsidiaries Shanghai Faye Yu Technology Company Limited (“**Shanghai Faye Yu**”) and its subsidiaries (the “**Shanghai Faye Yu Group**”), Tianjin Tuling Technology Information Consultancy Limited* (天津圖靈科技信息諮詢有限公司) (“**Tianjin Tuling**”) and its subsidiaries (the “**Tianjin Tuling Group**”) and Growth Profit International Limited (“**Growth Profit**”) which in turn held 80% equity interest of (the “**Growth Profit Group**”). On 30 March 2021 and 28 May 2021, the Company has completed the disposal of the Shanghai Faye Yu Group and the Tianjin Tuling Group, details of which are set out in the section headed “Material Acquisitions and Disposals of Subsidiaries” below. On 14 December 2021, the Outgoing Directors have resigned and the Company no longer has sufficient personnel who possesses the necessary experience and/or qualification to operate the business activity of the Financial Segment. As a result of which, the Company has discontinued the operations of the Financial Segment and the assets and liabilities of the Growth Profit Group have been classified as assets and liabilities classified as held for sale.

FULFILMENT OF RESUMPTION CONDITIONS AND RESUMPTION OF TRADING

As the auditor of the Company has issued a disclaimer opinion in relation to the consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Disclaimer Opinion**”), trading in the Shares on the Stock Exchange has been suspended with effect from 9:00a.m. on 31 March 2021 in accordance with Rule 13.50A of the Listing Rules.

On 17 May 2021, the Stock Exchange has issued a resumption guidance to the Company. On 2 September 2021, the Stock Exchange has issued an additional resumption guidance to the Company. All resumption conditions imposed on the Company by the Stock Exchange (including but not limited to addressing the issues giving rise to the 2020 Disclaimer Opinion) have been fully fulfilled to the Stock Exchange’s satisfaction, trading in the Shares on the Stock Exchange has resumed with effect from 9:00a.m. on 5 November 2021. For details, please refer to the announcements of the Company dated 31 March 2021, 20 May 2021, 6 September 2021, 13 September 2021 and 4 November 2021.

CHANGE OF COMPANY NAME

On 28 December 2021, the Company has announced its intention to change its English name from “Steering Holdings Limited” to “FDB Holdings Limited” and its dual foreign name in Chinese from “旭通控股有限公司” to “豐展控股有限公司” (the “**Proposed Change of Company Name**”). On 25 January 2022, the Company has passed a Special Resolution approving the Proposed Change of Company Name subject to and conditional upon the approval of the Registrar of Companies in the Cayman Islands having been obtained. The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 28 January 2022, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 21 March 2022. The stock short names of the Company for trading in the Shares on the Stock Exchange has been changed from “STEERING HLDGS” to “FDB HOLDINGS” in English and from “旭通控股” to “豐展控股” in Chinese with effect from 9:00 a.m. on 12 April 2022. The Directors are of the view that the Proposed Change of Name will symbolize a new era of the Group alongside with the change in control of the Company in April 2021. For details, please refer to the announcements of the Company dated 28 December 2021, 25 January 2022 and 1 April 2022.

* for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

During the year ended 31 December 2021, the Group continued to develop contracting services in the Construction Segment in Hong Kong.

With the outbreak of the coronavirus pandemic (the “**COVID-19**”) in Hong Kong which have led to the implementation of travel restrictions and social distancing measures, coupled with the effect of China-US trade dispute, the cash crunch of Chinese real estate developers as the economic downturn, the business operation of the Group has been severely affected.

For the year ended 31 December 2021, the Company has undertaken 51 contracting projects with revenue contribution. With the discontinuance of the operation of the Financial Segment, the Group considers that it would be able to utilise the resources of the Group in a more effective manner.

Due to the high risk profile of the Financial Segment as well as unsatisfactory financial performance of the Group in previous years, the financing banks of the Group have adopted strengthened credit measures towards the Group and tightened the credit control over the Group, including but not limited to accelerating loan repayments and reducing the credit facility limits. With the change of controlling shareholders of the Company as well as the streamlining of the principal businesses of the Group, the Group will explore with its financing banks on various financing options and possibilities to enhance the financial position of the Group.

Looking forward, the Group will conduct a detailed review of the existing principal business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group’s future development. In particular, the Group will look into business and investment opportunities in different business areas and geographical locations and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, and/or restructuring of the business will be appropriate in order to enhance the long-term growth potential of the Group. The Group also intends to leverage upon the expertise and business opportunities that Mr. Ng may have in his sectors of real estate development, property project management and financial services and expand the income stream of the Group. Further announcement(s) in this regard will be made as and when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the Year, due to the slow down of the economy in the PRC and Hong Kong and the outbreak of COVID-19, the revenue of the Group decreased by approximately HK\$29.6 million or 7.2% to approximately HK\$382.3 million (2020: HK\$411.9 million). The Group recorded a gross loss of approximately HK\$29.9 million (2020: HK\$9.1 million). During the Year, the Group recognised impairment losses under ECL model, net of reversal of approximately HK\$2.9 million (2020: HK\$20.2 million). As a result, the Group recorded a net loss for the Year of approximately HK\$64.8 million (2020: net loss of HK\$60.1 million) attributable to owners of the Company from continuing operations.

CONTINUING OPERATIONS

Construction segment

During the Year, the demands of the Group's contracting services dropped as compared with the previous year due to the economic downturn in Hong Kong. All the services involved in the construction segment including alternation and addition works, maintenance, specialist works and new development and licensing were severely affected. As a result, the revenue of contracting services declined by approximately 7.2% from approximately HK\$411.9 million for the year ended 31 December 2020 to approximately HK\$382.3 million for the Year.

The contracting services recorded a gross loss of approximately HK\$29.9 million for the Year (2020: HK\$9.1 million) and recorded a gross loss margin of 7.8% for the relevant period (2020: 2.2%).

The gross loss of contracting services was mainly due to (i) the decrease in gross profit of our top five projects in terms of the contract size; and (ii) high costs of the project team and operating team incurred in maintaining competitiveness of the Group in the tender bidding of other projects in the coming years.

Other income

Other income amounted to approximately HK\$0.7 million for the Year (2020: HK\$6.6 million), representing a decrease of approximately 89.8%, which due to the one-off income that only included for the year ended 31 December 2020 comprising approximately HK\$5.6 million of Employment Support Scheme in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

Other gains and losses, net

The Group has other net losses of approximately HK\$0.4 million (2020: HK\$6.8 million) for the Year. It mainly resulted from the net exchange loss of approximately HK\$0.4 million (2020: the gain on disposal of subsidiaries, of approximately HK\$1.9 million and offset by the effect of impairment losses of right-of-use assets of approximately HK\$5.0 million, impairment losses of property, plant and equipment of approximately HK\$0.9 million, loss on disposal of property, plant and equipment of approximately HK\$0.1 million and the net exchange losses of approximately HK\$2.7 million).

Impairment losses, net of reversal

During the Year, the impairment losses, net of reversal decreased by approximately HK\$17.2 million or 85.5% to approximately HK\$2.9 million (2020: HK\$20.2 million) which is in relation to construction segment services.

Details of impairment losses, net of reversal for the Year:

Impairment losses recognised on:	Non credit-impaired HK\$ million
Trade and retention receivables	1.5
Other receivables and deposits	(0.2)
Contract assets	1.6
<hr/>	
Total	2.9

The Group has applied the simplified approach in HKFRS to measure the loss allowance at lifetime ECL by using a provision matrix on a portfolio basis with reference to the Company's historical and the counterparties' industry default data, among others, historical aging schedules, settlement and default records, industry credit data and default records, and forward-looking information. The core inputs of the assessment models are consistent with last year. The Group has applied the general approach in HKFRS 9 to measure the 12-month or lifetime ECL with reference to the Company's historical and the counterparties' industry default data, among others, historical aging schedules, settlement and default records, industry credit data and default records, and forward-looking information. The Group has engaged an independent valuer to perform impairment assessment. The core inputs of the assessment models are consistent with last year.

Trade and retention receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount trade debt at the end of the reporting period to ensure that adequate impairment loss is recognised for irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is exposed to concentration of credit risk as at 31 December 2021 on the trade and retention receivables from the Group's five major customers amounting to approximately HK\$72,179,000 (2020: HK\$30,779,000) and accounted for 75% (2020: 37%) of the Group's total trade and retention receivables. In the opinion of the directors of the Company, the major customers of the Group are reputable organisation in the market. The directors of the Company consider that the credit risk is limited in this regard. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Credit-impaired debtors are assessed for impairment individually, the remaining trade and retention receivables and contract assets are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. During the year ended 31 December 2021, net impairment losses of approximately HK\$1,511,000 and HK\$1,569,000 (2020: HK\$123,246,000 and HK\$6,079,000) are recognised for trade and retention receivables and contract assets, respectively.

Other receivables and deposits

During the year ended 31 December 2020, the directors of the Company estimate the loss rates of deposits to a credit service provider and a financial institution and other receivables from a credit service provider based on historical credit loss experience of these counterparties as well as other factors, including the operation scale and business performance of these counterparties.

For the year ended 31 December 2020, impairment losses of approximately HK\$36,537,000 and HK\$77,544,000 are recognised for deposits to a credit service provider and a financial institution and other receivables from a credit service provider, respectively. For the year ended 31 December 2021, reversal of impairment losses of approximately HK\$161,000 are recognised for the remaining other receivables and deposits (2020: impairment loss of approximately HK\$79,851,000).

Administrative expenses

Administrative expenses of the Group increased by approximately HK\$3.8 million or 13.6% from approximately HK\$28.2 million for the year ended 31 December 2020 to approximately HK\$32.0 million for the Year. Such increase was primarily due to increased salaries and other allowances during the Year.

Finance costs

Finance costs of the Group decreased by 84.9% from approximately HK\$1.9 million for the year ended 31 December 2020 to approximately HK\$0.3 million for the Year, as the interest paid for the bank overdrafts and bank borrowings declined for the Year.

Income tax expense

The Group had no income tax expenses for the Year, as there is no assessable profit recorded. For the year ended 31 December 2020, the Group recorded income tax expenses of approximately HK\$0.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Discontinued operations

Profit for the year from discontinued operations was approximately HK\$106.3 million for the Year (2020: loss for the year from discontinued operations was approximately HK\$369.4 million). It was primarily attributable to (i) gain on disposal of subsidiaries; and (ii) decrease in impairment losses recorded from discontinued operations for the Year.

Profit/loss and total comprehensive income/loss for the Year attributable to the owners of the Company

Profit for the year attributable to the owners of the Company was approximately HK\$40.1 million for the Year (2020: loss for the year attributable to the owners of the Company of HK\$245.0 million).

It was primarily attributable to the net effect of (i) the decrease in revenue of construction segment services; (ii) impairment losses recorded for the Year; and (iii) gain on disposal of subsidiaries from discontinued operations.

Total comprehensive income for the year attributable to the owners of the Company was approximately HK\$22.4 million (2020: total comprehensive loss for the year attributable to the owners of the Company of HK\$230.9 million).

It was primarily attributable to the net effect of (i) the decrease in revenue of construction segment services; (ii) impairment losses recorded for the Year; (iii) gain on disposal of subsidiaries from discontinued operations; (iv) exchange loss on disposals of subsidiaries and translation from functional currency to presentation currency; and (v) the fair value loss on the change in fair value of equity instruments through other comprehensive income.

Equity instruments at fair value through other comprehensive income

Equity instruments at fair value through other comprehensive income (“FVTOCI”) represents investments in the ordinary shares of an entity listed in Hong Kong which are held for long-term strategic purposes. FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the investment revaluation reserve. The fair value of the equity is determined based on the quoted market price available on the Stock Exchange.

During the Year, the equity instruments at FVTOCI were disposed (31 December 2020: the fair value of equity instruments at FVTOCI was approximately HK\$18.5 million) and loss recognised in other comprehensive income during the Year amounted to approximately HK\$4.8 million (2020: HK\$1.2 million). During the Year, the Company had no dividend received from FVTOCI (2020: HK\$0.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent investment in the equity securities issued by a listed company in the PRC. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses, net” line item in profit or loss. The fair value of the equity securities as at 31 December 2020 are determined based on the valuation under market approach performed by independent qualified valuer.

During the Year, the Group disposed the financial assets at FVTPL and had recognised a gain on fair value change of approximately HK\$2.8 million for the year ended 31 December 2021. As at 31 December 2020, the fair value of financial asset at FVTPL was approximately HK\$13.9 million and loss from change in fair value of financial assets at FVTPL recognised in other gains and losses amounted to approximately HK\$11.9 million during the year ended 31 December 2020. During the Year, the Company did not receive any dividend from FVTPL (2020: nil).

LIQUIDITY AND FINANCIAL RESOURCES

Net borrowing position

The total borrowings, including bank overdrafts and bank borrowings and amounts due to shareholders, as at 31 December 2021 decreased by approximately HK\$4.8 million to approximately HK\$14.1 million (31 December 2020: HK\$18.9 million). The change in total borrowings was mainly attributable to decrease in bank overdrafts and bank borrowings of approximately HK\$6.5 million during the Year. Bank balances and cash and pledged deposits as at 31 December 2021 dropped by approximately HK\$30.2 million to approximately HK\$19.4 million (31 December 2020: HK\$49.6 million). Therefore, the net cash position of the Group declined to approximately HK\$5.3 million (31 December 2020: HK\$30.7 million).

Structure of bank overdrafts and bank borrowings and amounts due to shareholders

As at 31 December 2021, bank balances and cash and pledged deposits of the Group denominated in Hong Kong dollar (31 December 2020: denominated in Hong Kong dollar and Renminbi approximately HK\$49.6 million and approximately HK\$6.1 million respectively).

As at 31 December 2021, the Group had amounts due to shareholders amounted to approximately HK\$14.1 million (31 December 2020: HK\$12.4 million), and the Group had no bank overdraft or bank borrowing (31 December 2020: the Group’s bank overdraft and bank borrowings amounted to approximately HK\$6.5 million), all of which (31 December 2020: all) were denominated in Hong Kong Dollars. As at 31 December 2020, the effective interest rate was 2.97%. As at 31 December 2021, all bank overdrafts and bank borrowings and amounts due to shareholders were wholly repayable within one year or on demand (31 December 2020: all). As at 31 December 2021, all bank overdrafts and bank borrowings (31 December 2020: all) were charged with reference to the variable-rate and all amounts due to shareholders (31 December 2020: all) were interest-free.

Liquidity ratios and gearing ratios

The current ratio of the Group as at 31 December 2021 was 1.25 times (31 December 2020: 0.96 times). Such increase was primarily attributable to the one-off impairment losses recognised of approximately HK\$311.1 million during the year ended 31 December 2020.

The gearing ratio, calculated based on the total borrowings including bank borrowings and amounts due to shareholders divided by total equity at the end of the Relevant Period and multiplied by 100%, decreased to approximately 28.4% as at 31 December 2021 from approximately 816.3% as at 31 December 2020. The gearing ratio decreased as the total borrowings decreased during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

Funding policy and treasury policy

The Group maintains a prudent funding and treasury policy of its overall business operations to minimise financial risks. Surplus funds are generally placed in short term deposits denominated primarily in Hong Kong Dollars or Renminbi. All future projects will be financed by cash flows from operations, banking facilities, or any forms of financing available in Hong Kong and the PRC.

The Group regularly monitors its liquidity requirements and its relationship with bankers to ensure that it maintains sufficient reserves of cash and an adequate committed line of funding from major financial institutions to meet its liquidity requirements in the short and long term.

As at 31 December 2021, the Company's issued share capital was approximately HK\$13,320,000 (31 December 2020: HK\$13,320,000) and the number of issued ordinary shares was 1,332,000,000 (31 December 2020: 1,332,000,000) of HK\$0.01 each.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

Most of the operations of the Group were carried out in Hong Kong. The transactions were denominated in Hong Kong Dollars (2020: approximately 96.4% and 3.6% of the revenue transactions were denominated in Hong Kong Dollars and Renminbi respectively). The management of the Company has been closely monitoring the Group's exposure to foreign exchange fluctuations in Renminbi and is of the view that there is no material unfavourable exposure to foreign exchange fluctuations in Renminbi. The Group will continuously review the economic situation, development of the Group's business segments and its overall foreign exchange rate risk profile, and will consider appropriate hedging measures in the future as and when necessary. As of 31 December 2021, the Group had no significant exposure to fluctuations in exchange rates or under foreign exchange contracts, interest, currency swaps or other financial derivatives (31 December 2020: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Whilst the Group will continue to solidify its business and clientele in the construction industry, the Group will look into business and investment opportunities for business expansion and capital injection in order to enhance the long-term growth potential of the Group, as at 31 December 2021, the Group did not have other plans for material investments and capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Fruit Design

On 22 January 2021, FDB & Associates Limited, a direct wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Mr. Ip Kong Ling (“**Mr. Ip**”), a director of Fruit Design, to dispose of the entire issued share capital of Fruit Design, an indirect wholly-owned subsidiary of the Company at a consideration of HK\$8,500,000 (the “**Fruit Design Disposal**”).

Fruit Design was principally engaged in contracting business and provision of building consultancy services prior to the entering and completion of a Business Transfer Agreement dated 25 September 2020 with Win Lee Building Engineering Limited (“**Win Lee**”), another indirect wholly-owned subsidiary of the Company, pursuant to which Fruit Design has transferred the contracting business of the Construction Segment (including all assets and liabilities related therein) to Win Lee (the “**Business Transfer**”) such that the entire contracting business of the Construction Segment previously operated by Fruit Design will be retained and continued to be operated by the Group through Win Lee and Fruit Design would will be principally engaged in building consultancy services of the Construction Segment.

The consideration of the Fruit Design Disposal was determined after arm’s length negotiations with reference to various factors, including but not limited to the market value of the entire issued share capital of Fruit Design after the Business Transfer and its pro forma unaudited consolidated net asset value as at 31 August 2020.

Completion of the Fruit Design Disposal was conditional upon, among other things, satisfactory results of the due diligence on Fruit Design, completion of the Business Transfer and all necessary authorisations having been obtained, and has taken place on 10 February 2021. Upon completion of the Fruit Design Disposal, Fruit Design had ceased to be a subsidiary of the Company and the Group had discontinued the business of the provision of consultancy services of the Construction Segment.

The proceeds from the Fruit Design have been applied towards the general working capital of the Group and repayment of bank loans of the Construction Segment.

As Mr. Ip was a director of Fruit Design, Mr. Ip is a connected person of the Company at the subsidiary level under the Listing Rules. As the Stock Exchange had accepted the Company’s application to use the alternative size tests in relation to the Fruit Design Disposal, all the applicable percentage ratios for the Disposal were less than 25% and the aggregate consideration for the Fruit Design Disposal is less than HK\$10,000,000, the Disposal shall not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules but is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders’ approval requirement pursuant to Chapter 14A of the Listing Rules. For details, please refer to the announcements of the Company dated 5 October 2020, 22 January 2021 and 2 February 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Shanghai Faye Yu

On 30 March 2021, Jet Speed Asia Pacific Limited (“**Jet Speed**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Shanghai Faye Yu, an indirect wholly-owned subsidiary of the Company at the consideration of RMB1 (the “**Shanghai Faye Yu Disposal**”). Prior to the Shanghai Faye Yu Disposal, Shanghai Faye Yu held 51% equity interest in Shangrao Hongmiao Information Technology Co., Ltd.* (上饒市紅淼信息科技有限公司), which in turn held 100% equity interest in Shenzhen Yunteng Dafy Technology Company Limited* (深圳雲騰達飛科技有限公司) and Beijing Yunyang Dafy Technology Company Limited* (北京雲揚達飛科技有限公司), and had effective control over the finance, operation and assets of Shenzhen Qianhai Weiyuan Zhicheng Operation Management Technology Co., Ltd* (深圳前海微遠至誠運營管理科技有限公司) by virtue of a variable interest entity (VIE) structure established through a series of agreements. Shanghai Faye Yu was principally engaged in the provision of computer information network, electronic technology development consulting and advertising and the Shanghai Faye Yu Group carried out the loan facilitation business of the Group in the PRC.

The consideration of the Shanghai Faye Yu Disposal was determined after arm’s length negotiations with reference to various factors, including but not limited to net liabilities of the Shanghai Faye Yu Group as at 31 December 2020 and the appraised fair value of the Shanghai Faye Yu Group as assessed by an independent valuer as at 31 December 2020.

Completion of the Shanghai Faye Yu Disposal took place on 30 March 2021 and the industrial and commercial registration (工商登記) in respect of the Shanghai Faye Yu Disposal has been completed on 19 October 2021. Upon completion of the Shanghai Faye Yu Disposal, Shanghai Faye Yu and the Shanghai Faye Yu Group had ceased to be subsidiaries of the Company.

Given that one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Shanghai Faye Yu Disposal exceeds 5% but is less than 25%, the Shanghai Faye Yu Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 31 March 2021, 29 April 2021, 6 September 2021 and 4 November 2021.

Tianjin Tuling

On 28 May 2021, Jet Speed entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Tianjin Tuling, an indirect wholly-owned subsidiary of the Company at the consideration of RMB1 (the “**Tianjin Tuling Disposal**”). Prior to the Tianjin Tuling Disposal, Tianjin Tuling held 80% equity interest in Qindao Zhiyunyi Technology Company Limited * (青島智雲易科技有限公司). Tianjin Tuling Group was principally engaged in consumer asset management business in the PRC.

The consideration of the Tianjin Tuling Disposal was determined after arm’s length negotiations with reference to various factors, including but not limited to net liabilities of Tianjin Tuling as at 31 December 2020 and the appraised fair value of Tianjin Tuling as assessed by an independent valuer as at 30 April 2021.

Completion of the Tianjin Tuling Disposal took place on 28 May 2021. Upon completion of the Tianjin Tuling Disposal, Tianjin Tuling and the Tianjin Tuling Group had ceased to be a subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Given that all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Tianjin Tuling Disposal are less than 5%, the Tianjin Tuling Disposal does not constitute a discloseable transaction of the Company.

Save as disclosed above and the section headed “Events after the Reporting Period”, there was no significant event that took place subsequent to 31 December 2021 and up to the date of this report.

CHARGE ON THE GROUP’S ASSETS

As at 31 December 2021, the Group has pledged its bank deposit of approximately HK\$9.9 million (31 December 2020: HK\$25.6 million) to secure the guaranteed credit facilities for issuing surety bonds and general banking facilities amounting to approximately HK\$30.7 million (31 December 2020: HK\$41.2 million).

SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group entities to issue guarantees for performance of contract works in the form of surety bonds secured by pledged bank deposits. In addition, the Group provided a counter-indemnity to the financial institutions which have issued such surety bonds.

As at 31 December 2021, the outstanding amount of surety bonds of the Group was approximately HK\$30.7 million (2020: HK\$33.2 million).

Save as disclosed above, as at 31 December 2021, the Group did not have any other material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed a total of 114 employees (2020: 207 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$54.7 million for the Year (2020: HK\$49.2 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of the individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to staff with outstanding performance to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

LITIGATION

During the period under review, the Group was involved in the following litigation cases:-

1. Board Composition Case

Reference is made to the announcement of the Company dated 15 June 2021 under the section headed "Inside information — Legal Proceedings of the Offeror" and the response document issued by the Company dated 28 June 2021 in relation to the Offer (the "**Response Document**") under the sub-section headed "HCA No.704 of 2021" at page II-5 of the Response Document.

On 3 May 2021, Mr. Gao, a former non-executive Director and Ms. Feng Xuelian ("**Ms. Feng**"), a former executive Director, purportedly passed a Board resolution (the "**Purported Removal Resolution**") removing each of Mr. Ng, Mr. Chan Yuk Sang ("**Mr. Chan**"), Mr. Wan Chi Wai Anthony ("**Mr. Wan**") and Mr. Lau Kwok Fai Patrick ("**Mr. Lau**") as Directors (the "**Purported Removal**"). On 5 May 2021, Mr. Gao and Ms. Feng purportedly passed another Board resolution (the "**Purported Appointment Resolution**") appointing Ms. Chang Liang ("**Ms. Chang**") as an executive Director and each of Mr. Hao Lijun ("**Mr. Hao**"), Mr. Wong Chi Shing ("**Mr. Wong**") and Mr. Yu Xiaogeng ("**Mr. Yu**", and collectively, the "**New Directors**") as an independent non-executive Director (the "**Purported Appointment**").

On 6 May 2021, Masterveyor has commenced a derivative action in the High Court of Hong Kong (the "**High Court**") under HCA No.704 of 2021 (the "**Board Composition Case**") against Mr. Gao, Ms. Feng, the New Directors for, among other things, (a) a declaration that each of the Purported Removal Resolution and the Purported Appointment Resolution (collectively, the "**Purported Resolutions**") be invalid and/or void and/or otherwise of no legal effect; (b) an order that each of Mr. Gao and Ms. Feng be restrained from acting on, implementing or carrying into effect the Purported Resolutions; and (c) an order that each of Mr. Gao, Ms. Feng and the New Directors be restrained from acting on, implementing or carrying into effect the Purported Appointment.

On 4 June 2021, upon the undertaking by Ms. Feng and Mr. Gao to Masterveyor and the High Court that each of them and servants or agents or otherwise not to act on, implement or carry into effect the Purported Resolutions pending determination of the Board or further order of the High Court, it was ordered by the High Court, among others, that the New Directors and the Company, each of them and their servants or agents or otherwise, be restrained from acting on, implementing or carrying into effect the Purported Resolutions pending determination of the Board Composition Case or further order of the High Court.

The Company has not taken any steps in the Board Composition Case and has maintained a neutral stance.

As of the date of this report, the Board Composition Case is still ongoing.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Disposal of FVTOCI Case

Reference is made to the Response Document under the sub-section headed “HCA No.859 of 2021” at page II-7 of the Response Document.

As set out in the sub-section headed “Financial Review” under “Equity instruments at fair value through other comprehensive income” in this annual report at page 11, the Company has disposed of certain FVTOCI during the year under review. The above FVTOCI was held through Jet Speed, an indirect wholly-owned subsidiary of the Company.

On 23 June 2021, Masterveyor has commenced a derivative action in the High Court under HCA No.859 of 2021 (the “**Disposal of FVTOCI Case**”) against Ms. Feng (an executive Director and the sole director of Jet Speed at the material times), Rhythm Hope Limited (a direct wholly-owned subsidiary of the Company and the immediate holding company of Jet Speed), Jet Speed and the Company, in which it was alleged by Masterveyor that:-

- (a) the disposal of the FVTOCI (the “**FVTOCI Disposal**”) was in breach of Rule 4 of the Takeovers Code by the Company and might frustrate the progress of the Offer;
- (b) by effecting the FVTOCI Disposal, Ms. Feng has exercised her power as the sole director of Jet Speed for an improper purpose and in breach of fiduciary/directors duty owed to both Jet Speed and the Company; and
- (c) Ms. Feng was in breach of her duties as a director and/or fiduciary duties owed to Jet Speed and the Company, and thereby acted ultra vires, and/or committed a fraud on Jet Speed and the Company, and/or obtained personal benefits or preferred or promoted her personal interests at the expense of the interest of other shareholders or that of Jet Speed and the Company.

The Company has not taken any steps in the Disposal of FVTOCI Case and has maintained a neutral stance.

As of the date of this report, the Disposal of FVTOCI Case is still ongoing.

3. Shareholders Loan Case

Reference is made to the announcements of the Company dated 21 June 2021 and 13 July 2021 and the Response Document under the sub-section headed “Statutory Demand issued by Gentle Soar against the Company” at page II-7 of the Response Document.

On 18 June 2021, the Company received a statutory demand dated 18 June 2021 the (“**Statutory Demand**”) from the legal advisers of Gentle Soar pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), demanding the Company to pay the amount of HK\$14,148,825, purportedly being the amount paid, injected and/or credited to the Company from time to time between the period from 15 August 2018 to 18 May 2021, within 3 weeks from 18 June 2021, failing which Gentle Soar may present a winding up petition against the Company.

On 7 July 2021, Masterveyor has commenced a derivative action in the High Court under HCMP No.953 of 2021 (the “**Shareholders Loan Case**”) against Gentle Soar and the Company in relation to the Statutory Demand.

MANAGEMENT DISCUSSION AND ANALYSIS

On 9 July 2021, upon the undertaking given by Gentle Soar to Masterveyor, the Company and the High Court that it will, and hereby did, withdraw the Statutory Demand, leave has been granted by the High Court to Masterveyor to discontinue the HCMP Action. Please refer to the announcements of the Company dated 18 June 2021 and 13 July 2021 for details.

4. Withholding of Records Case

Reference is made to the announcement of the Company dated 4 November 2021 under the sub-section headed "Fulfillment of Resumption Guidance — Inside Information Condition".

On 30 August 2021, Gentle Soar has commenced a derivative action in the High Court under HCA No.1298 of 2021 (the "**Withholding of Records Case**") against Mr. Ng, Mr. Fung Kai Man ("**Mr. Fung**") and the Company in relation to the alleged non-provision of books and records of certain subsidiaries of the Company. The Company understand that each of Mr. Ng and Mr. Fung denied such allegations and have contested the Withholding of Records Case.

Since the Company was sued as a nominal Defendant and no relief is sought against the Company, the Company has not taken any steps in the Withholding of Records Case and has maintained a neutral stance.

As of the date of this report, the Withholding of Records Case is still ongoing.

5. Jet Speed Winding-up Case

On 24 December 2021, Gentle Soar has presented a winding-up petition in the High Court under HCCW No.482 of 2021 (the "**Jet Speed Winding-up Case**") against Jet Speed, for the sum of HK\$14,148,825.00 (the "**Purported Shareholders Loan**"), allegedly being the monies paid, injected and/or credited to the Company by Gentle Soar during the period from around 15 August 2018 to 21 May 2021. The Company has engaged legal advisors to handle the Jet Speed Winding-up Case. As of the date hereof, Gentle Soar has yet to obtain the certificate of the Registrar of High Court showing compliance of the Companies (Winding-up) Rules (Chapter 32H of the Laws of Hong Kong).

Jet Speed is not considered as a major subsidiary of the Company under rule 13.25(2) of the Listing Rules and is a net liability company with no business operations. The Jet Speed Winding-up Case has no material adverse impact on the overall financial or operation conditions of the Group. In the event that a Winding-up order is granted against Jet Speed, the liabilities of Jet Speed, including the Purported Shareholders Loan, which were consolidated into the Group's financial results, would be written off accordingly.

As of the date of this report, the Jet Speed Winding-up Case is still ongoing.

In addition to the above litigation cases, there are other ongoing litigation cases involving the shareholders of the Company, particulars of which have been set out under the sub-section headed "Litigation cases among the Offeror, Mr. Ng and Gentle Soar" at page II-8 of the Response Document. Save that the Injunction Application (as defined in the Response Document) has been dismissed by the High Court on 22 November 2021, the Company has not received any significant developments in relation to the litigation cases therein. For details, please refer to the announcement of the Company dated 24 November 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

ADDITIONAL INFORMATION REGARDING THE DISCLAIMER OF OPINION

As stated in the section headed “Basis for Disclaimer Opinion” in the draft extract of the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2021 (the “**Independent Auditor’s Report**”), the auditor of the Company (the “**Auditor**”) does not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Disclaimer Opinion**”). The basis for the disclaimer of opinion is more particularly set out in the Independent Auditor’s Report and is essentially relating to the Faye Yu Group (as to the basis regarding “other receivables, deposits and prepayments”, “income tax payable” and “gain on disposal of subsidiaries” are concerned) (the “**Faye Yu Disclaimer**”) and the Growth Profit Group (as to the basis regarding “assets classified as held for sale and liabilities, results and cash flows of disposal group classified as Held for Sale”) (the “**Growth Profit Disclaimer**”). In view of the 2021 Disclaimer Opinion, the Board would like to provide the following additional information:-

1. The Faye Yu Disclaimer

As stated in the Independent Auditor’s Report, the Auditor is unable to obtain sufficient appropriate audit evidence on (a) the net carrying amounts of certain deposits, prepayments and other receivables which had been long outstanding as at 31 December 2020 in relation to the Faye Yu Group (the “**Receivables**”), (b) the carrying amounts of the tax payable and related provision of the Group as at 31 December 2020 in relation to the Faye Yu Group (the “**Tax Payables**”), which were the issues giving rise to the disclaimer opinion expressed by the Auditor on the consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Disclaimer Opinion**”).

On 30 March 2021, the Group has completed the disposal of the Shanghai Faye Yu Group, and the Receivables and the Tax Payables were derecognised by the Group during the year ended 31 December 2021. As disclosed in the annual results announcement of the Company dated 30 March 2021 and the subsequent announcements of the Company dated 29 April 2021 and 4 November 2021, such above issues have been satisfactorily addressed upon the disposal of the Shanghai Faye Yu Group.

As disclosed in the announcement of the Company dated 4 November 2021, it was expected that the Auditor will express modified opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 in relation to the net carrying amounts of the net assets and liabilities of the Faye Yu Group at the date of disposal of approximately HK\$109,558,000 and hence the amount of the gain (or loss) on disposal of the Faye Yu Group of approximately HK\$96,844,000 and the impairment losses or reversal of impairment losses to be recognised in respect of the Receivables and the tax and related expenses for the period from 1 January 2021 to the date of disposal of the Faye Yu Group. As a result of the disposal of the Faye Yu Group, the Group has recorded a gain on disposal of subsidiaries for the year ended 31 December 2021 and the elements of which included those related to the Receivables and the Tax Payables. As disclosed in the Independent Auditor’s Report, the Auditor is unable to conclude whether the gain on disposal of the Faye Yu Group of approximately HK\$96,844,000 and the impairment losses or reversal of impairment losses to be recognised in respect of the Receivables and the tax and related expenses for the period from 1 January 2021 to the date of disposal of the Faye Yu Group were appropriately stated and free from material misstatement. Since these were the consequential effects of the disposal of the Faye Yu Group, such audit modification would no longer be required on the consolidated financial statements of the Group going forward, except for the possible effects on comparability, and the issues giving rise to the Faye Yu Disclaimer have been satisfactorily addressed.

MANAGEMENT DISCUSSION AND ANALYSIS

2. The Growth Profit Qualification

Immediately prior to the resignation of the Outgoing Directors on 14 December 2021, the principal business activities of the Group were the Construction Segment and the Financial Segment. The Financial Segment was operated by the Group through the Faye Yu Group, the Tianjin Tuling Group and the Growth Profit Group. The Growth Profit Group comprised of Growth Profit, which in turn held 80% of the equity interest in Shenzhen Heshilao Intelligence Technology Company Limited* (深圳和事佬智能科技有限公司) (“Heshilao”), a company incorporated in the PRC. The Financial Segment was operated and supervised by the Outgoing Directors who have resigned from their offices on 14 December 2021. As disclosed in sub-section headed “Discontinued Operations” above, subsequent to the resignation of the Outgoing Directors, the Company no longer has sufficient personnel who possesses the necessary experience and/or qualification to operate the business activity of the Financial Segment. As a result of which, the Group has discontinued the operations of the Financial Segment upon the resignation of the Outgoing Directors. As further disclosed in the sub-section headed “Material Acquisitions and Disposals of Subsidiaries” above, the Faye Yu Group and the Tianjin Tuling Group have been disposed of by the Group on 30 March 2021 and 28 May 2021, leaving the Growth Profit Group being the only subsidiaries of the Company in the Financial Segment.

As the Growth Profit Group has not yet been disposed of by the Group as at 31 December 2021 notwithstanding that the Group has ceased the operations of the Financial Segment, whilst the Group has consolidated the financial performance and cashflows of the Growth Profit Group for the period from 1 January 2021 to 30 June 2021, the Group has reclassified the assets and liabilities of the Growth Profit Group as held for sale and are presented as current assets and current liabilities of the Group respectively.

Since and upon the resignation of the Outgoing Directors, the Company has, either by itself, its Hong Kong legal advisors and its PRC legal advisors, made various requests and demands to the Outgoing Directors, the legal representative of Heshilao and the minority shareholder of Heshilao with the view to retrieve the full books and records of the Growth Profit Group. However, the Company has not received any substantive reply so far.

The Company has been made available of the full books and records of the Growth Profit Group up to 30 June 2021 when the interim results of the Company for the 6 months ended 30 June 2021 was prepared. Based on the books and records of the Growth Profit Group that are available to the Company, total assets and liabilities classified as held for sale are approximately HK\$6.0 million and HK\$6.6 million respectively, representing approximately 2.51% and 3.43% of the total assets and liabilities of the Group respectively as at 31 December 2021. As such, the Growth Profit Group is considered as an insignificant subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

As stated in the Independent Auditor's Report, due to the lack of access to the relevant management personnel and accounting books and records of the Growth Profit Group, the Auditor has indicated that it was unable to obtain sufficient appropriate audit evidence to satisfy themselves as to whether (i) the financial performance and cash flows of the Growth Profit Group for the year ended 31 December 2021 that should be included in the results and cash flows of the discontinued operation of the Financial Segment disclosed in Note 38 to the consolidated financial statements and presented as profit from discontinued operations of the Group for the year ended 31 December 2021; and (ii) the carrying amounts of the assets and liabilities of the Growth Profit Group as at 31 December 2021 that should be included in Assets classified as held for sale and Liabilities associated with the Growth Profit Group classified as held for sale in the consolidated statements of financial position of the Group as at 31 December 2021 were materially different from those as at and for the six month period ended 30 June 2021 disclosed in Note 38 to the consolidated financial statements which were used by the Group as the measurement basis for the carrying amounts of the assets and liabilities of the disposal group held for sale in the consolidated statement of financial position of the Group as at 31 December 2021 were free from material misstatements.

On 24 March 2022, the Group has completed the disposal of the Growth Profit Group.

Based on the information available to the Company, the Directors are of the view that:

- (1) there are minimal transactions of the Growth Profit Group occurred since 1 July 2021 and the financial position of the Group as at 31 December 2021 would not be materially affected;
- (2) as the Group has discontinued the operations of the Financial Segment, there will be no material financial effect after the disposal of Growth Profit Group relating to such segment for the year going forward;
- (3) save that there will be audit qualifications on the gain or loss on disposal of the assets classified as held for sale, such other audit modifications would not be required for the year going forward.

3. The Company's views on the 2021 Disclaimer Opinion

Based on the foregoing, the Directors are of the view that:- (i) the Growth Profit Qualification has been addressed; (ii) any modified opinion in the forthcoming year in respect of the Growth Profit Qualification should only relate to (a) the carrying amounts of the assets and liabilities of the Growth Profit Group as at 31 December 2021 and date of disposal included in Assets classified as held for sale and Liabilities associated with assets classified as held for sale at the date of disposal and hence the amount of the gain (or loss) on disposal of the Growth Profit Group and the result and cash flows of the Growth Profit Group from 1 January 2022 to date of disposal; and (c) the comparability of the 2021/2022 figures and the 2022/2023 figures to be presented in the consolidated financial statements for the years ending 31 December 2022 and 31 December 2023 respectively; and (iii) accordingly, the Growth Profit Qualification should not have any continuing effect on the Group's consolidated financial statements after the financial year ending 31 December 2023.

To conclude, the Directors are of the view (to which the Audit Committee has concurred) that the Company has satisfactorily addressed to all issues giving rise to the 2021 Disclaimer Opinion.

4. The Auditor's views on the 2021 Disclaimer Opinion

Based on the information available, the Auditor concurs with the Directors' views stated above in relation to the matters stated in the 2021 Disclaimer Opinion that have been addressed by the Company.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules.

Except for the disclosure below, the Board has complied with all applicable code provisions of the CG Code during the year ended 31 December 2021.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the year ended 31 December 2021.

BOARD OF DIRECTORS

Mr. Ng was appointed as the chairman (the “**Chairman**”) of the Board on 14 December 2021.

As at the date of this report, the Board comprised four Directors, including one executive Director, namely Mr. Ng, and three independent non-executive Directors, namely Mr. Chan, Mr. Wan and Mr. Lau.

RELATIONSHIP BETWEEN THE BOARD MEMBERS

To the best knowledge of the Board, there is no financial, business, family relationship among the Directors. All of them are free to exercise their independent judgments.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1. of the CG Code, the roles of the Chairman and the chief executive officer of the Company (the “**Chief Executive Officer**”) should be separated and should not be performed by the same individual. The roles of Chairman and Chief Executive Officer should be separated to ensure a clear division between the Chairman’s responsibility to manage the Board and the Chief Executive Officer’s responsibility to manage the Company’s business. The separation ensures a balance of power and authority so that power is not concentrated.

As at 31 December 2021, Mr. Ng was the Chief Executive Officer. The Chairman’s main role is to lead the Board in discharging its powers and duties, while the Chief Executive Officer’s main role is to lead the management of the Company for undertaking all the responsibilities delegated by the Board and managing the overall operation of the Group. Since 14 December 2021, Mr. Ng assumed the role of both Chairman and Chief Executive Officer. The Board considered that this structure could enhance efficiency in formulation and implementation of the Company’s strategies.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code during the year ended 31 December 2021.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES OF THE BOARD

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company and its shareholders as a whole. The Board has full support from the executive Directors and the senior management of the Company to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions being entered into by the executive Director(s) and senior management. The Board also assumes the responsibilities of maintaining a high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent non-executive Directors are invited to serve on the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") of the Company.

The biographical details of the Directors and other senior management are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

The Company has arranged for appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against its directors arising out of corporate activities.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") for the year ended 31 December 2021 and up to the date of this corporate governance report. A summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including gender, age, ethnicity, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board believes that such merit-based appointments will best enable the Company to serve its shareholders and other stakeholders going forward. The Board will give adequate consideration to the Board Diversity Policy when it identifies suitably qualified candidates to become members of the Board.

CORPORATE GOVERNANCE REPORT

Implementation and Monitorings

The Nomination Committee reviews the Board’s composition from diversified perspectives, and monitors the implementation of the Board Diversity Policy at least annually. The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy during the year ended 31 December 2021. The Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels. While we recognise that gender diversity at the Board level can be improved given its current composition of all-male Directors, the Company will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole.

Up to the date of this report, the composition of the Board is disclosed as below:



CORPORATE GOVERNANCE REPORT

BOARD MEETING, GENERAL MEETING AND PROCEDURES

During the year ended 31 December 2021, eight Board meetings were held. The attendance record of each Director at the Board meetings is set out in the table below:

Name of Directors	Number of Board meetings attended/number of Board meetings which required attendance
Executive Directors:	
Mr. Ng Kin Siu	8/8
Ms. Feng Xuelian	2/8 (Note 1)
Ms. Chang Liang	1/4 (Note 2)
Non-executive Director:	
Mr. Gao Yunhong	2/8 (Note 3)
Independent non-executive Directors:	
Mr. Chan Yuk Sang	7/8
Mr. Wan Chi Wai Anthony	5/8
Mr. Lau Kwok Fai Patrick	7/8
Mr. Wong Chi Shing	1/4 (Note 4)

Note 1: Ms. Feng Xuelian resigned as executive Director on 14 December 2021.

Note 2: Ms. Chang Liang was appointed as executive Director on 1 June 2021 and resigned on 14 December 2021.

Note 3: Mr. Gao Yunhong resigned as non-executive Director on 14 December 2021.

Note 4: Mr. Wong Chi Shing was appointed as independent non-executive Director on 1 June 2021 and resigned on 14 December 2021.

During the year ended 31 December 2021, no general meetings of the Company were held.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements. The Board is also responsible for developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors and reviewing the Company's compliance with the code of conduct and disclosure in the corporate governance report. The Board holds meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

CORPORATE GOVERNANCE REPORT

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up for that purpose.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the “**Articles**”) provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Independent non-executive Directors are appointed for a term of three years subject to retirement by rotation and re-election in accordance with the Articles. Each Independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers these independent non-executive Directors to be independent.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Newly appointed Directors will be arranged a comprehensive, formal and tailored induction which includes the provision of key guidelines, documents and publications relevant to their roles, responsibilities and ongoing obligations; a briefing on the Company’s structure, businesses, risk management and other governance practices and meetings with other fellow Directors so as to help the newly appointed Directors familiarize themselves with the management, business and governance policies and practices of the Company, and ensure that they have a proper understanding of the operations and businesses of the Company.

To assist the Directors’ continuing professional development, the Company recommends the Directors attend relevant seminars to develop and refresh their knowledge and skills. The Directors also participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. All the Directors also understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

CORPORATE GOVERNANCE REPORT

According to the training record maintained by the Company, during the year ended 31 December 2021, all the Directors had participated in continuous professional development in the following manner:

Name of Directors	Type of training
Executive Directors:	
Mr. Ng Kin Siu	(i, ii)
Ms. Feng Xuelian	N/A (Note 1)
Ms. Chang Liang	N/A (Note 2)
Non-executive Director:	
Mr. Gao Yunhong	N/A (Note 3)
Independent non-executive Directors:	
Mr. Chan Yuk Sang	(i, ii)
Mr. Wan Chi Wai Anthony	(i, ii)
Mr. Lau Kwok Fai Patrick	(i, ii)
Mr. Wong Chi shing	N/A (Note 4)

i. reading journals and newspaper updates on corporate governance and directors' duties and responsibility.

ii. attending training/seminars/conferences arranged by the professional firms/organisations.

Note 1: Ms. Feng Xuelian resigned as executive Director on 14 December 2021.

Note 2: Ms. Chang Liang was appointed as executive Director on 1 June 2021 and resigned on 14 December 2021.

Note 3: Mr. Gao Yunhong resigned as non-executive Director on 14 December 2021.

Note 4: Mr. Wong Chi Shing was appointed as independent non-executive Director on 1 June 2021 and resigned on 14 December 2021.

BOARD COMMITTEES

The Board has established three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, with written terms of reference which are available on the websites of the Stock Exchange and the Company.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules, in accordance with provisions set out in the CG Code, which are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Chan Yuk Sang, Mr. Wan Chi Wai Anthony and Mr. Lau Kwok Fai Patrick. The chairman of the Audit Committee is Mr. Lau Kwok Fai Patrick, who has appropriate professional qualifications and experience in accounting matters.

CORPORATE GOVERNANCE REPORT

The Audit Committee is mainly responsible for the following:

- (a) to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions regarding its resignation or dismissal;
- (b) to review and to monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences and ensure coordination where more than one audit firm is involved;
- (c) to monitor the integrity of the Company's annual report, interim financial reports and quarterly reports, if any, before submission to the Board, and to focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting.
- (d) to oversee the Company's financial reporting system, risk management and internal control systems, including:
 - (i) reviewing the Company's financial controls, accounting policies and the risk management and internal control systems;
 - (ii) discussing the risk management and internal control systems with management to ensure that management has performed its duty to maintain effective systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
 - (iii) where an internal audit function exists, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
 - (iv) reviewing the external auditors' management letter and management's response; and
 - (v) ensuring that the Board will provide a timely response to the issues raised in the external auditors' management letter.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2021, the Audit Committee held two meetings to, among others, consider and approve the following:

- (a) to review the Group's consolidated financial results for the year ended 31 December 2021 and the six months ended 30 June 2022 before submission to the Board, with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting of the Audit Committee;
- (b) to discuss the effectiveness of the internal control system throughout the Group, including financial, operational and compliance controls, and risk management;
- (c) to review the accounting principles and practices adopted by the Group and other financial reporting matters; and
- (d) to review and recommend the appointment of the auditors and approve the remuneration and terms of engagement.

The individual attendance record of each member of the Audit Committee is as follows:

Name of Directors	Number of meetings attended/number of meetings which required attendance
Mr. Lau Kwok Fai Patrick (<i>Chairman</i>)	2/2
Mr. Chan Yuk Sang	2/2
Mr. Wan Chi Wai Anthony	2/2

The Group's audited annual results in respect of the year ended 31 December 2021 have been reviewed by existing members of the Audit Committee.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors during the year ended 31 December 2021.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee currently consists of one executive Director, namely, Mr. Ng Kin Siu, and two independent non-executive Directors, namely, Mr. Chan Yuk Sang and Mr. Wan Chi Wai Anthony, with Mr. Ng Kin Siu as the chairman. The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The main roles and functions of the Remuneration Committee include the following:

- (a) to establish a formal and transparent procedure for developing remuneration policy;
- (b) to recommend to the Board the policy and structure for the remuneration of Directors and senior management whilst ensuring no Director or any of his/her associates is involved in deciding his/her own remuneration;
- (c) to determine the remuneration of Directors and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc.). The chairman and/or the managing Director shall be consulted respectively about their proposals relating to the remuneration of the managing Director and/or senior management, as the case may be;
- (d) to review and to approve the compensation arrangements in connection with any loss or termination of office or appointment, or dismissal or removal for misconduct to executive Directors and senior management which shall be consistent with contractual terms and fair and not excessive;
- (e) to determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets; and
- (f) to consider the annual performance bonus for executive Directors, senior management, and the general staff, having regard to the achievements against the performance criteria by reference to corporate goals and objectives resolved by the Board, and make recommendations to the Board.

During the year ended 31 December 2021, no meeting of the remuneration committee was held.

The emolument payable to Directors depends on their respective contractual terms under the service contracts and the appointment letters, and the recommendations of the Remuneration Committee.

Details of the Directors' emolument are set out in note 11 to the consolidated financial statements.

Details of the annual remuneration of members of the senior management by band for the year ended 31 December 2021 are as follows:

	Number of employees
HK\$1,000,001 to HK\$2,000,000	4
HK\$2,000,001 to HK\$3,000,000	—
HK\$3,000,001 to HK\$4,000,000	1

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company has established the Nomination Committee with written terms of reference which are in compliance with the code provision B.3 of the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of the independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors.

During the Year, the Nomination Committee consisted of two executive Directors, namely, Mr. Ng Kin Siu and Ms. Feng Xuelian, and three independent non-executive Directors, namely, Mr. Chan Yuk Sang, Mr. Wan Chi Wai Anthony and Mr. Lau Kwok Fai Patrick, with Mr. Ng Kin Siu as the chairman. The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company. Ms. Feng Xueliang resigned as member of the Nomination Committee on 14 December 2021. As of the date of this report, the Nomination Committee consists of one executive Director, namely, Mr. Ng Kin Siu, and three independent non-executive Directors, namely, Mr. Chan Yuk Sang, Mr. Wan Chi Wai Anthony and Mr. Lau Kwok Fai Patrick.

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation to the following and assessing their suitability:

- Reputation for integrity;
- Board diversity, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Merits and contribution that the proposed candidate will bring to the Board;
- In the case of the appointment of independent non-executive Directors, compliance with the independence requirement as prescribed under the Listing Rules; and
- Ability to devote sufficient time and attention to the Company's business.

During the year ended 31 December 2021, no meeting of the Nomination Committee was held.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. As at 31 December 2021, as disclosed in note 3 to the consolidated financial statements from pages 92 to 93 of this report, the Board has assessed the validity of the going concern assumption.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders of the Company. The statements by the external auditor, HLB Hodgson Impey Cheng Limited, about their reporting responsibility on the financial statements of the Group are set out in the independent auditor's report on page 81 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard shareholders' investments and the assets of the Group. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board has through the Audit Committee conducted a review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management system for the year ended 31 December 2021. The Board keeps monitoring the risk management system on an ongoing basis, ensuring a review of the effectiveness of the Group's risk management system is conducted at least annually. The Directors consider that the Group has implemented appropriate procedures safeguarding the Group's assets against unauthorised use or misappropriation, the maintenance of proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations.

The Group recognises that good risk management is essential for the long-term development of the Group's business. Management is responsible for establishing, implementing, reviewing and evaluating the soundness and effectiveness of the internal control system underpinning the risk management framework. The management has formulated the risk management and control framework. All employees are committed to implementing the risk management framework into daily operation.

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for the internal control of the Group and for reviewing its effectiveness.

During the Year, the Board has engaged an external independent internal control expert to conduct a review on the internal control systems of the Group which has covered major and material controls in areas of financial, operations, compliance and risk management of the Company. Review reports of the deficiencies and recommendations on internal control systems have been submitted to the Audit Committee and the Board during the Year.

CORPORATE GOVERNANCE REPORT

OBJECTIVES OF RISK MANAGEMENT AND INTERNAL CONTROL

The objectives of the risk management and internal control framework of the Group are to identify and manage the risk of the Group in accordance with acceptable safety levels and to achieve the Group's strategic objectives. The Group has adopted a three line risk management approach to identify, analyse, evaluate, mitigate and handle risks. At the first line of defence, department staff/frontline employees who must understand their roles and responsibilities are responsible for identifying, assessing and monitoring risks associated with transactions. The second line of defence is the Group's management that provides independent oversight of the risk management activities of the first line of defence. It ensures that risks are within the Group's risk capacity and that the control of the first line of defence is effective. As the final line of defence, the Audit Committee with the advice and opinions from an external professional party (such as the external auditor) and the internal audit function, would conduct a review of the Company's risk management and internal control systems on an annual basis and ensure that the first and second lines of defence are performed effectively. The Board has conducted a review, and is satisfied with the effectiveness and adequacy, of the risk management and internal control systems for the year ended 31 December 2021.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purposes of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the Company has in place a policy on handling and dissemination of inside information (the "Policy") which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way so as not to place any person in a privileged dealing position and to allow time for the market to price the listed securities of the Company with the latest available information. This Policy also provides guidelines to staff of the Company to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

AUDITOR'S REMUNERATION

The amount of fees charged by the external auditor generally depends on the scope and volume of the external auditor's work performed.

For the year ended 31 December 2021, the remuneration paid or payable to the external auditor of the Company in respect of the statutory audit services and non-audit services for the Group is as follows:

	2021 HK\$'000	2020 HK\$'000
Audit services	1,730	2,280
Others	80	479
	1,810	2,759

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Yu Tsz Ngo (“**Mr. Yu**”) was appointed as the company secretary of the Company on 14 December 2021. Mr. Lee Chi Yung resigned as the company secretary of the Company on 1 June 2021. Mr. Yu has taken no less than 15 hours of relevant professional training for the year ended 31 December 2021. The biographical details of Mr. Yu are set out under the section headed “Biographical Details of Directors and Senior Management” of this annual report.

SHAREHOLDERS’ RIGHTS

As one of the measures to safeguard shareholders’ interest and rights, separate resolutions can be proposed at shareholders’ meetings on each substantial issue, including the election of individual directors, for the shareholders’ consideration and voting. All resolutions put forward at a shareholders’ meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange and the Company after the relevant shareholders’ meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE EXTRAORDINARY GENERAL MEETING

The following procedures for shareholders to convene an extraordinary general meeting (“**EGM**”) are subject to the Articles (as amended from time to time), and the applicable legislations and regulation, in particular the Listing Rules (as amended from time to time):

- (a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the “**Eligible Shareholder(s)**”) carrying the right to vote at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the “**Company Secretary**”), to require an EGM to be called by the Board for the transaction of any business specified in such requisition;
- (b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at Rooms 602–603, 6/F, The Sun’s Group Centre, 200 Gloucester Road, Wanchai, Hong Kong or the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for the attention of the Board and/or the Company Secretary;
- (c) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding(s), the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted at the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonably sufficient to meet the Company’s expenses in serving the notice of the resolution and circulating the statements submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;
- (d) the Requisition will be verified with the Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company’s expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM;

CORPORATE GOVERNANCE REPORT

- (e) if within 21 days of the deposit of the verified Requisition and sufficient money to meet the Company's expenses for the said purposes, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/ themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board to convene such EGM shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Act (2021 Revision) of the Cayman Islands. However, pursuant to the Articles, shareholders who wish to move a resolution may by means of Requisition request to convene an EGM following the procedures set out above.

PROCEDURES FOR RAISING ENQUIRIES

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this annual report).

Should there be any enquiries and concerns from shareholders, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong at Rooms 602–603, 6th Floor, The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong by post for the attention of the Board and/or the Company Secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and its shareholders and investors. These include answering questions through the annual general meeting, the publication of annual and interim reports, notices, announcements and circulars, the Company's website and meetings with investors and shareholders.

News updates of the Group's business development and operation are also available on the Company's website at www.fdbhk.com. During the year ended 31 December 2021, there had been no significant change in the Company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE AND REPORTING PERIOD

This is the Environmental, Social and Governance (“**ESG**”) report prepared by FDB Holdings Limited (formerly known as Steering Holdings Limited, the “**Company**”), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules for the year ended 31 December 2021 (the “**Reporting Period**”).

The Company and its subsidiaries (collectively the “**Group**”) adhere to environmental, social and governance values and are committed to creating sustainable values while conducting the business. This ESG report aims to provide an annual update on our sustainability performance in compliance with regulations, policies and guidelines over the past year on various sustainable development issues.

This ESG report covers the Group’s overall environmental and social performances in its principal business operations of the construction segment. The services involved in the construction segment include contracting services for alteration and addition works, maintenance, specialist works and new development in Hong Kong.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group values input and feedback from its stakeholders as the Group aims to create long-term value for them. To begin the value creation process, the Group identifies different stakeholders, such as employees, customers, investors, suppliers and contractors, and the community. They have been involved in various communication channels, including the Company’s website, annual general meetings, annual reports and interim reports, staff meetings, customers and suppliers meetings to share their views regarding the Group’s operations and behavior.

As a result, these communication channels not only can help the Group search for opportunities for its future business direction, but also fulfill its responsibilities and commitment to the community. By gauging the mutual opinion of the stakeholders, the Group can receive important feedback and input for the materiality assessment.

MATERIALITY ASSESSMENT

A materiality assessment was conducted by evaluating ESG related topics internally and we have selected our material ESG topics in view of our stakeholders’ opinions, industry report, market condition and ESG related risks. To perform the internal materiality assessment, our management and the board of the Group assessed the relationship between the degree of impact and degree of control for ESG related topics. The Group then further selected material ESG related topics based on continuous discussions with the stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has considered the importance of ESG related topics in arriving at our material ESG related topics. The result of the materiality assessment is listed below:

Environmental	Social
Air and greenhouse gas emission	Employment and Training
Resources consumption	Employee welfare
Waste Management	Occupational health and safety
	Anti-corruption
	Labor laws and standard
	Supply chain management

STAKEHOLDERS' FEEDBACK

The Company welcomes stakeholders' feedback on our ESG approach and performance. Please give your suggestions or share your views with us via telephone (+852 3188 5595) or by email info@fdbhk.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

The Board of the Group understands that it has a responsibility to manage ESG-related risks through the Group's ESG policies and guidelines. The Board continues to develop, formulate, monitor and assess the Group's ESG policies, leading relevant staff to participate in ESG initiatives in order to ensure ESG objectives can be achieved. With a clear direction and culture for the continuous development of ESG, the Group strives to implement the ESG policies into different aspects of the business practices, integrate initiatives into strategic plans, deliver ESG sustainability initiatives, contribute to community events and connect the stakeholders.

At FDB Holdings Limited, ESG is viewed as an essential principle that creates sustainable value for all our stakeholders. By embracing opportunities and managing risks derived from environmental, social, and economic developments, the Group's ESG policies can be enhanced and developed for the long-term value for all stakeholders. To further enhance value for the stakeholders, ESG data will be analyzed annually with key performance indicators. The Board and top management may revise and update certain ESG related policies based on the ESG result. With the improvement of the ESG related policies, the Group can better align with its goals, objectives and stakeholders' expectations in the long-run.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

A. Environmental

As a construction specialist, we are aware of how our business activities would affect the environment. On the other hand, we understand how to minimise our impact on the environment with our construction knowledge and skills. We believe that environmental protection would bring significant impact to the environment. As such the Group is committed to continually improving its environmental performance by implementing the following initiatives on environmental protection for the well-being of communities:

- To use ultra-low sulphur diesel for plants and generators;
- To adopt non-road mobile machinery approved with Environmental Protection Department's labels;
- To use air compressors and hand-held percussive breakers with noise emission labels;
- To utilize trip-ticket systems to record disposal of construction waste to disposal facilities; and
- To prohibit open burning in all sites.

Our construction works are subject to certain environmental requirements pursuant to the laws in Hong Kong. Certain laws and regulations that have a significant impact on the Group are as follows:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong);
- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong);
- Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong);
- Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong);
- Dumping at Sea Ordinance (Cap. 466 of the Laws of Hong Kong); and
- Environmental Impact Assessment Ordinance (Cap. 499 of the Laws of Hong Kong).

During the year ended 31 December 2021, the Group exercised stringent controls to ensure the construction sites and engaged parties have fully complied with the relevant environmental laws and regulations. As a result, the Group did not identify any material non-compliance related to emission that resulted in prosecution, conviction or penalty being brought against us in environment aspects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A1 Emissions

Environmental protection has always been one of the fundamental values of the Group. In the course of achieving the Group's business objectives and creating sustainable value for its stakeholders, the Group wants to achieve a balance between its operation needs and the protection of the environment by using efficient resources and minimizing pollutants in business operation.

Air Emission

The Group recognizes its responsibility to contribute towards environmentally sustainable development through complying with the Air Pollution Control Ordinance. Air Pollution Control Ordinance gives the Group a principal guideline in Hong Kong in terms of air quality, required license control area, responsible entity and consequence. Air Pollution Control Ordinance states that the owner of any premises used for construction shall use the best practicable means for preventing the emission of noxious or offensive emission from the premises, whether directly or indirectly. Following the Air Pollution Control Ordinance, the Group is able to identify, evaluate and minimize the environment impact of construction activities. The Group also assigns employees to carry out inspection on the construction sites as air pollutants may be difficult to observe and require stringent monitoring.

Furthermore, the Group promotes environmentally friendly practices with employees by implementing the following initiatives:

- Complying with environmental legislation and other applicable regulations;
- Using environmentally clean energy efficiently; and
- Reducing waste by reusing the materials.

The KPIs for air emission and air pollutants emission for the year ended 31 December 2021 are set out below.

Air Emission Data

Air Pollutants	Unit	2021	2020
Nitrogen Oxides (NO _x)	Kg	0	11.49
Sulphur Oxides (SO _x)	Kg	0	0.21
Particular Matter (PM)	Kg	0	0.85

The emissions were significantly decreased due to the Group reduced the use of vehicles during the reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Greenhouse Gas Emissions

The Group reduces its greenhouse gas emission by lowering its energy consumption. During the Reporting Period, our greenhouse gas emission mainly came from purchased electricity, consumption and disposal of paper. The details of our greenhouse gas emission during the Reporting Period are as follows:

Air Pollutants	Unit	Construction and Consultancy		Financial Information and Technology Services		Total Emission	
		2021	2020	2021	2020	2021	2020
Scope 1							
Direct Emission ¹	tCO ₂ e	9	38	-	-	9	38
Scope 2							
Indirect Emission ²	tCO ₂ e	226	104	-	10	226	114
Scope 3							
Other Indirect Emission ³	tCO ₂ e	29	24	-	5	29	29
Total GHG Emission	tCO ₂ e	264	166	-	15	264	181

Note: Scope 1 — Direct emissions from operations that are owned or controlled by the Group;

Scope 2 — “Energy indirect” emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group; and

Scope 3 — All other indirect emissions that occur outside the Group, including both upstream and downstream emissions.

Fuel consumption is directly related to carbon emissions and we continuously monitor the use of vehicles. During the Reporting Period, employees often require travelling between site offices and construction sites. As a result, relevant emissions generated from vehicles are largely dependent on the distance between the two locations.

There were 264 tonnes of carbon dioxide equivalent (“tCO₂e”) greenhouse gases (mainly comprising of carbon dioxide, methane and nitrous oxide) emitted from the Group’s business operation in the Reporting Period. The annual emission has increased around 59% and dropped 100% in the construction segment and financial information and technology services segment respectively when compared to the last Reporting Period.

Waste Management

The Group has complied with the Waste Disposal Ordinance, which is a principal legislation controlling the production, storage, collection, treatment, reprocessing, recycling and disposal of wastes in Hong Kong. The Waste Disposal Ordinance provides a clear message on illegal behavior of the depositing of waste, responsible entity, restriction of waste disposal, license requirement and penalties. The Group is aware of the impact of inadequate waste handling which could cause inconvenience, hygiene problems and danger to the community. As such, the Group is committed to dispose waste from construction sites legally and properly.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to reduce the negative impact of waste, the Group has formulated several waste management measures and recognized the importance of waste reduction. For non-hazardous waste, the Group has implemented its waste management plans to ensure that all waste generated during the construction phase is managed on site, transported and disposed of in environment-friendly ways. Besides, the Group has adopted a trip-ticket system for the disposal of construction waste to disposal facilities. It facilitates the recording of waste as it arrives at the landfill or public filling area in order to minimize the potential of cross-contamination with other waste. To facilitate proper disposal management, waste sorting is carried out on site to separate re-usable and recyclable materials, hazardous waste and non-hazardous waste.

In the offices, the Group encourages the staff to consider environmentally friendly practices in paper waste management:

- Using double-sided printing and copying;
- Recycling bins placed next to the copiers to facilitate collection and reuse of paper; and
- Using electronics documents and files for storage.

During the Reporting Period, the Group did not generate any hazardous waste.

Waste Disposal	Unit	2021	2020
Hazardous Wastes Produced			
N/A	tonnes	–	–
Non-hazardous Wastes Produced			
Construction Sites:			
Inert Material			
Construction and Demolition (C&D) Waste			
C&D Waste (Fill Bank)	tonnes	2,859	4,351
C&D Waste (Sorting Facility)	tonnes	2,638	2,482
C&D Waste (Landfill)	tonnes	1,128	1,292
Office:			
Paper	tonnes	5	5
Total	tonnes	6,630	8,130

The Group believes that building a more sustainable environment is a main business direction. To remind staff to “save paper, energy and other resources”, the Group sent out this message through notices and email. Having implemented the initiatives and actions, the Group continues to strive the best environment for the communities. As a result, during the Reporting Period, only the non-hazardous waste of C&D Waste (Sorting Facility) has slightly increased while the non-hazardous waste of C&D Waste (Fill Bank) and C&D Waste (Landfill) have decreased.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A2 Use of Resources

With the challenges of environmental protection, the Group strives to minimize the energy consumed in its operations by identifying and imposing measures to increase energy and resource efficiency.

The resources used by the Group are principally attributed to electricity and water consumed in its daily operation. With the aim to better manage its use of resources, the Group makes great effort to improve and develop the way to build in a resource efficient manner. Before the start of each project, the use of resources is projected within a specified range. During each project, regular assessments of the use of resources are performed so the use of resources is controlled within the limit.

The Group motivates the following resources saving initiatives to offset the negative impact on climate change and environment:

- Encouraging employees to switch off the lights and electronic appliances before they leave the office;
- Encouraging employees to set the temperature of the offices' air conditioners to 25.5 Degree Celsius;
- Encouraging employees to use double-sided printing and reuse paper whenever possible;
- Encouraging and arranging the surplus materials on the construction sites to be re-used in other construction sites instead of dumping; and
- Encouraging employees to recycle the usage of water.

In the year ended 31 December 2021, there was no water fetching problem in our daily business.

Use of packaging materials is not relevant to the Group's businesses. Below sets out the KPIs for electricity and water consumption.

Types of Resources	Unit	2021	2020
Electricity			
Total Electricity Consumption	(kWh)	318,753	157,846
Electricity Intensity	(kWh/Staff/Day)	7.66	2.177
Water			
Total Water Consumption	(m ³)	4,158	144.2
Water Consumption Intensity	(m ³ /Staff/Day)	0.1	0.060

The consumption of electricity and water increased significantly in the reporting period due to the peak operation period of two construction sites occurred.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We must identify and record site environmental aspects in operation, storage, waste management, distribution and disposal, etc. in the Group's register of environmental aspects for monitoring and mitigating our environmental impact.

A3 The Environment and Natural Resources

The business activities of the Group have no significant impact on environment and natural resources. Being one of the stakeholders of the environment, the Group still takes environmental issues into due consideration when making business decisions and actively minimizing the impact of our business operations on the environment. The Group has developed the Environmental Management System which has been certified to comply with ISO 14001. All employees are reminded to adhere to the use of natural resources in environmentally friendly ways.

A4 Climate Change

During the Reporting Period, the Group has not been significantly impacted by climate-related issues while the Group understands climate-related issues are harmful to the environment and have been rigorously regulated by the United Nations' Framework Convention. As a result, the Group minimized its greenhouse gases to mitigate climate change. Greenhouse gas emissions from the Group were primarily due to the consumption of electricity and water in its business operations. The Group continues to reduce its greenhouse gas emission by lowering its energy consumption and regularly reviews the possible threats from climate-related impact on the Group's business.

B. Social

We consider our staff as valuable wealth of the Group and the foundation for the development of the Group. We also believe in giving back to the communities in which we operate. The following is our policy on social aspects:

- To provide a supportive and peaceful working environment by upholding employment practices that treat our staff fairly and equally;
- To maintain the rights and interests of our staff through strict compliance with the applicable laws and regulations;
- To offer our staff opportunities for training and development;
- To ensure a healthy and safe workplace and promote efficient interaction within the Group;
- To safeguard a high standard of integrity, transparency and accountability in our operations; and
- To support local initiatives that create sustainable and lasting benefits to the community through corporate philanthropy and mobilizing our staff to participate in volunteer work.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B1 Employment and Labor Practices

The Group puts significant emphasis on people who are regarded as the Group's most valuable assets and the key element of its business development. Hence, the Group has established clear policies to attract and retain talents through treating the staff fairly and equally, aiming at reinforcing satisfaction, commitment and motivation of human capital. The Group recognizes the role of human resources policies in enhancing the quality and stability of our workforce. Human resources policies and procedures established in the Group are applicable to all staff.

To ensure a fair reward system, the Group offers competitive remuneration and welfare packages for the right talents and their salary and opportunities are adjusted on the basis of performance, qualification, relevant working experience, attitude, job knowledge, job responsibilities, punctuality, position and the Group's operation. In the recruitment process, the Group holds the beliefs in equality and anti-discrimination to deliver equal opportunity for the candidates.

The Group firmly upholds the principle of treating each employee fairly and consistently in all matters and enforces its employment policies in accordance with the regulations of the Employment Ordinance in Hong Kong, the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China in the PRC. The Group has complied with all relevant laws and regulation for the year ended 31 December 2021.

Employee Benefits and Welfare

Throughout the Group's operation, the Group strives to provide a fair and safe working environment in which the staff can build up their career and foster their personal development. In accordance with a reward and performance approach, high performers are rewarded with a higher bonus and salary increment. Meanwhile, their performance reviews are conducted regularly by department heads. Further discussion with the top management and human resources department regarding the performance may be required.

The Group sets appropriate and regular working hours and rest breaks for all staff members in their respective employment environment. The standard working hours are around 8 to 10 hours per day and 40 to 50 hours per week. The Group also provides paid annual leave and public holidays in addition to statutory holidays set by the government. With regard to the legal requirements for retirement funds, the Mandatory Provident Fund ("**MPF**") scheme is adopted for all the employees in Hong Kong. The Group is obligated to contribute 5% of all salary levels as the retirement fund of the employees in the MPF scheme.

Promotion and Dismissal

In accordance with the Group's policies and procedures, setting internal promotions can boost the motivation of the employees. Whenever possible, talented employees will first be considered before posting job vacancies in public. Employees are also welcome to discuss their career development with their respective department head or the Human Resources Department.

An employee who wishes to resign should tender notice in writing to the Group as stipulated in his or her letter of appointment. Under the resignation process, the Group will carefully settle the remaining salary and holidays to make sure a fair treatment is enacted. The Group will always respect an employee's resignation decision.

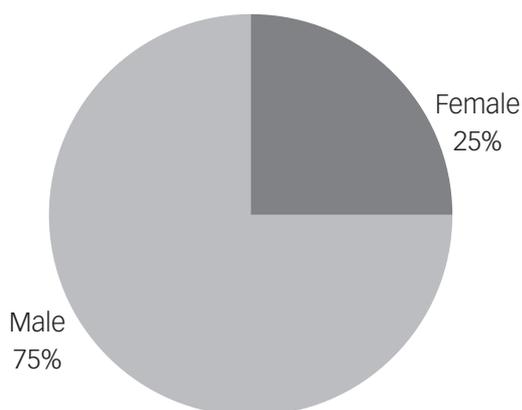
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Total Employees and Turnover

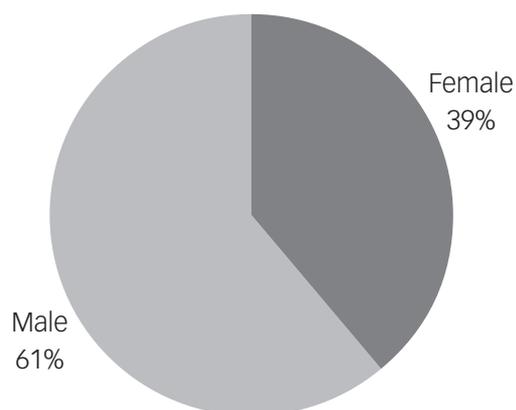
As of 31 December 2021, the Group employed 114 staff in total. As an illustration, the workforce statistic by employment category, gender, are illustrated in pie graphs while the workforce statistic by age group and geographical region are disclosed as bar charts:

Gender

EMPLOYEE BREAKDOWN BY GENDER IN 2021

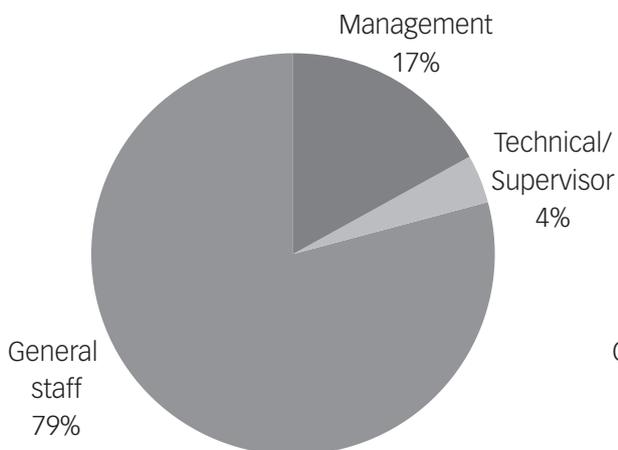


EMPLOYEE BREAKDOWN BY GENDER IN 2020

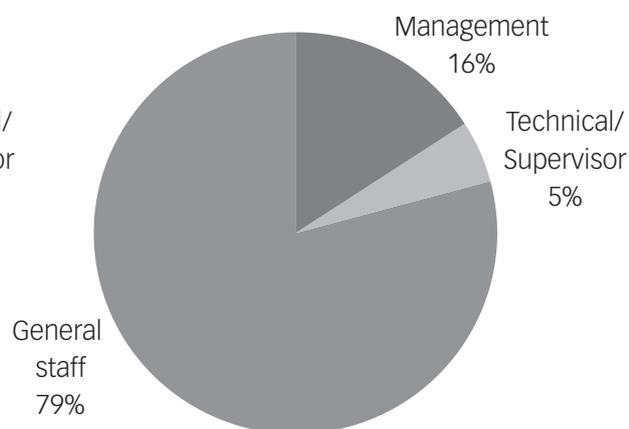


Employment Category

EMPLOYEE BREAKDOWN BY EMPLOYMENT CATEGORY IN 2021

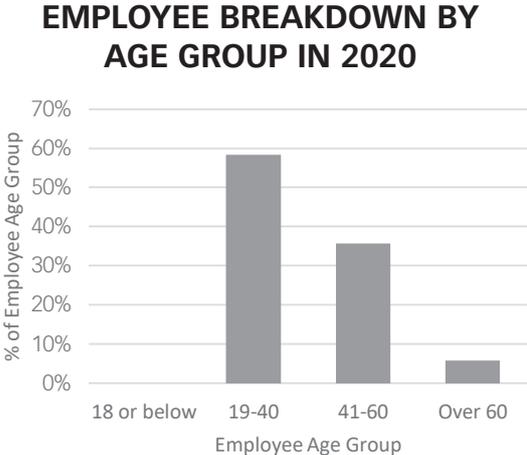
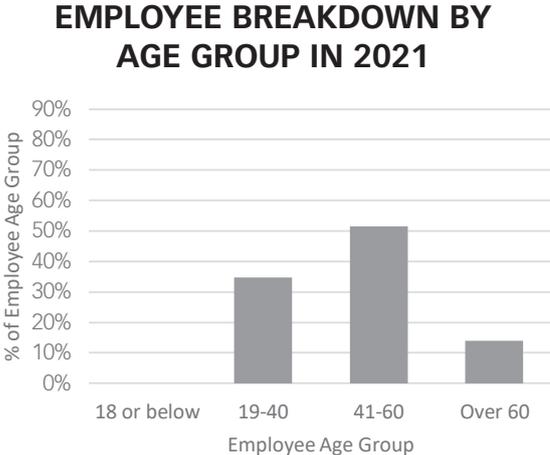


EMPLOYEE BREAKDOWN BY EMPLOYMENT CATEGORY IN 2020

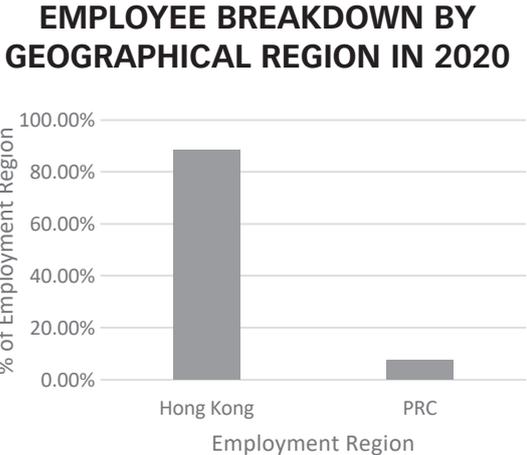
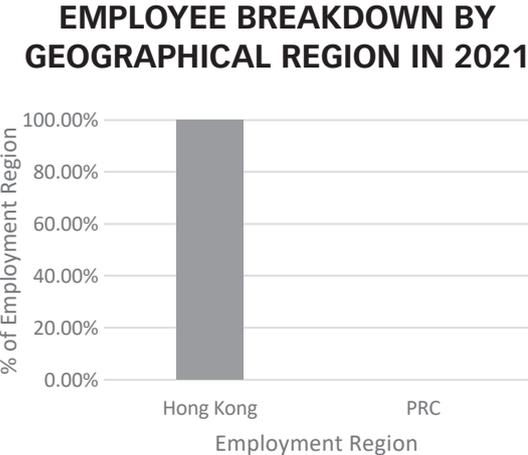


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Age Distribution



Geographical Distribution



More than half of the Group’s workforce are male and over 79% of its staff is general staff. Over 50% of the Group’s staff is aged between 41 to 60. All employees are remunerated fairly, regardless of gender, age or nationality.

The overall turnover rate is 2%. The turnover rate has dropped significantly due to the Group has discontinued the operations of the Financial Segment. The annual turnover rates categorized by different gender, age group and geographical region in the Reporting Period are as follows:

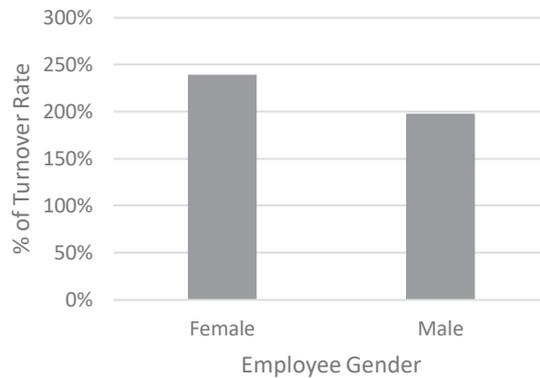
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Gender

EMPLOYEE TURNOVER RATE BY GENDER IN 2021

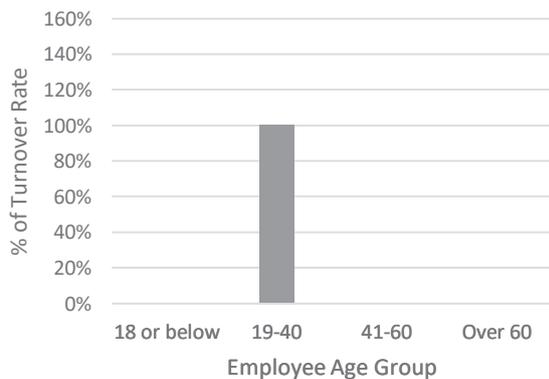


EMPLOYEE TURNOVER RATE BY GENDER IN 2020

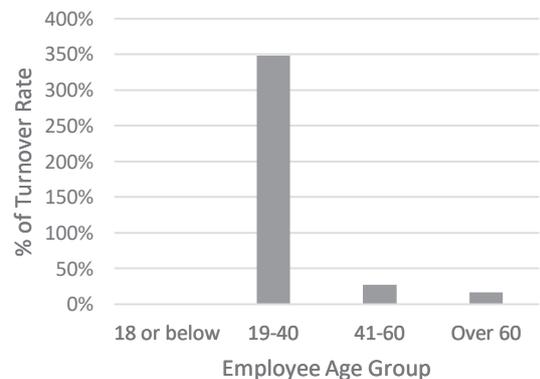


Age Distribution

EMPLOYEE TURNOVER RATE BY AGE GROUP IN 2021



EMPLOYEE TURNOVER RATE BY AGE GROUP IN 2020



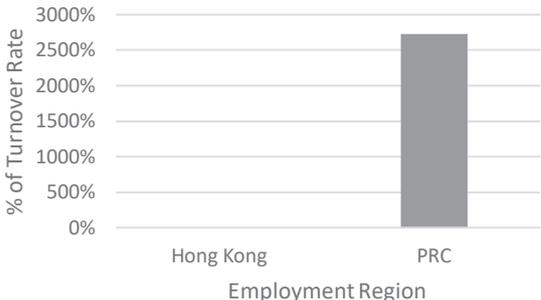
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Geographical Distribution

EMPLOYEE TURNOVER RATE BY GEOGRAPHICAL REGION IN 2021



EMPLOYEE TURNOVER RATE BY GEOGRAPHICAL REGION IN 2020



B2 Health and Safety

Due to the business nature of the Group, the Group places the highest priority on securing occupational safety and health of all the employees by maintaining a healthy, safe and quality workplace. To achieve a healthy and safe workplace, the Group strives to promote employees’ awareness of occupational threats. By understanding the potential hazards in workplace, employees can take preventive measures to ensure a healthy and safe environment.

During the COVID-19 pandemic, the health and safety measures on our workplace environment and wellness have been implemented harder than ever before. The Group have taken the following precautionary measures at our offices to minimize the risk of approaching and spreading the coronavirus:

- Encouraging employees to take the vaccine;
- Wearing a surgical mask in the office;
- Social distancing is encouraged;
- More frequent cleaning and disinfecting;
- Measuring body temperature for employees; and
- Minimizing face to face meetings.

Safety Audit

Safety audits were conducted periodically in the office (corporate level) and on site (project) according to the statutory requirements of the Factories and Industrial Undertakings (Safety Management) Regulation (Cap. 59AF of the Laws of Hong Kong), to check the efficiency, effectiveness and reliability of the safety management and to set up a plan for further improvement actions.

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OHSAS 18001

The Occupational Safety Management System was developed. The system not only complies with the statutory requirements, it has also been certified to comply with an international standard of OHSAS 18001 since 2016. This standard is implemented to all projects and is continuously undergoing improvement with latest international trends.

Summary of Health and Safety Performance Indicators

	2021	2020
Work-related fatalities (Case)	–	–
Lost days due to work injury (Day)	898	842

During the year ended 31 December 2021, the Group did not identify any material non-compliance cases relating to health and safety.

The Group has complied with relevant occupational safety and health legislation, and regulations including the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), the Occupational Safety and Health Ordinance (Cap.509 of the Laws of Hong Kong).

B3 Development and Training

Talent Management

The Group believes that people development plays the most pivotal role in laying a solid ground for business growth. Meanwhile, employees can gain long-term growth and career development in the Group. By allocating sufficient resources to people development, employees are given different types of opportunities based on their position, required skills and working levels. Besides on-the-job training, employees are encouraged to participate in internal and external training to strengthen their capacity, work skills, knowledge and professionalism with newly updated guidelines and latest information on market and industry development. To assess the effectiveness of the training program, the Group regularly reviews it and applies necessary modifications to the program to meet the Group's development goal.

Job Orientation

To assimilate into our culture and get familiar with the new working environment, all new staff undergo an orientation which relates to the Group's background, professional ethics, knowledge and skills for the appointed position, duties and operational procedures and safety etc.

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Summary of Development and Training Performance Indicators

During the year ended 31 December 2021, the total and average training hours completed per employee by gender and employee category are as follows:

By Employee Category and Gender	Total Training Hours		Total Percentage	
	Female	Male	Female %	Male %
Management	21	–	2.3%	0%
Technical/Supervisor	1	14	0.1%	1.5%
General Staff	14	870	1.5%	94.6%

By Employee Category and Gender	Average Training Hours		Average Percentage	
	Female	Male	Female %	Male %
Management	7	–	26.3%	0%
Technical/Supervisor	1	5	3.8%	17.5%
General Staff	1	13	2.1%	50.3%

B4 Labor Standards

The Group strictly complies with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and fully understands that employing child labor and forced labor is prohibited. The Group reviews the job applicant's identity information during the recruitment process and the applicant is also required to provide document proof of academic qualifications and working experience for verification. The employment policies of the Group also protect the right of free choice of employment by any person and ensure that all employment relationships are established on a voluntary basis. Moreover, the human resources department ensures that sufficient rest days are available to employees. When child labor or forced labor is discovered, the Group would launch investigations and suspend all the job duties of the respective employees. Once the case of child labor or forced labor is verified, the employment contract would be terminated.

During the year ended 31 December 2021, the Group did not identify any non-compliance cases involving child labor and forced labor and complied with all relevant laws and regulations relating to employment and labor practices.

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B5 Supply Chain Management

To ensure the Group's service quality, the Group's policy in relation to subcontractors and suppliers is to select only those subcontractors and suppliers who have passed the Group's quality control tests and have a satisfactory record of quality and on-time delivery. Our subcontractors and suppliers are required to follow Hong Kong and their local applicable laws and regulations in relation to occupational health and safety and environmental protection.

The Group aims to maintain partnerships with suppliers and work together in order to promote sustainable development of the industry. The Group performs the evaluation of subcontractors and suppliers on an annual basis to make sure the performance of the subcontractors and suppliers are up to standard. The assessment mainly includes but is not limited to professional qualification, services/products quality, financial status, operation in good integrity, social responsibility, etc.

Summary of Suppliers

As at 31 December 2021, the following table sets out breakdowns of the Group's suppliers/subcontractors by geographic region.

	2021	2020
Number of Key Suppliers/Subcontractors	143	261
By Region		
Hong Kong	141	173
PRC	–	87
USA	1	1
European Union	–	–

B6 Product Responsibility

The Group recognizes the importance of the quality of the services provided by the Group. The Group has established relevant policies which cover service quality and safety in order to ensure relevant measures comply with the laws and regulations of Hong Kong.

The Group communicates and confirms the work plan with customers before the commencement of projects and actively monitors, processes and coordinates with the customers. For the year ended 31 December 2021, the Group did not receive any material complaints or requests to terminate projects due to poor quality and safety. If a complaint should arise, the Company will immediately assess the complaint and conduct an internal investigation into the matter to identify the source of the issues. If the complaint is valid, the Group will immediately provide the relevant solution to solve the issues as soon as practicable.

The Group also recognizes the importance of intellectual property rights and exercises reasonable effort in protecting intellectual property. The management and relevant departments review the contracts entered into with customers and suppliers to ensure the intellectual property rights are properly accounted for. The Group also complies with the Copyright Ordinance (Cap. 528 of the Laws of Hong Kong). All confidential data of customers can only be assessed by the staff who are responsible for the projects for relevant clients.

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For the year ended 31 December 2021, the Group did not identify any non-compliance cases relating to product responsibility.

The Group will keep a close eye on the updates of relevant regulations and codes and revise its policies and operations accordingly, so as to prevent any malpractice.

B7 Anti-corruption

The Group realizes the importance of the integrity of our employees and has established the Code of Conduct ("**CoC**") for all employees. With reference to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), advice from the Independent Commission Against Corruption (ICAC), industry practice and internal consideration, CoC is made for the purpose of providing employees with the guidance for allowable acceptance of gifts or entertainment, conflict of interest, handling of confidential information, and whistle-blowing procedure. In line with the CoC, the Group has also partnered with ICAC to organize talks on fighting corruption in the construction industry in particular, as refresher training for its staff.

Employees are also required to comply strictly with applicable laws relating to the above acts. The Group emphatically affirms its zero-tolerance attitude regarding corruption, fraud, and all other behaviors that seriously violate professionalism and work ethics. Upholdings a high standard of integrity, transparency and accountability in its operations, the Group has adopted and circulated clear internal guidelines for employees. During the year ended 31 December 2021, the Group did not receive any complaint or notification from governmental authorities regarding non-compliance of the Group or its employees with anti-corruption laws referred to above.

B8 Community Investment

The Group encourages staff to take part in community welfare and giving back to the society. Community welfare offers a great opportunity for the Group to interact with various stakeholders, leading to a better understanding of their needs and expectations. During the Reporting Period, the Company also take part on contributing to the workplace equality , we have devoted sufficient time resources by our senior management to promote the gender and race equality in the workplace environment.

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INDEX FOR ESG REPORTING GUIDE

Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous waste.	Environmental Air Emissions Greenhouse Gas Emissions Waste Management
KPI A1.1	The types of emissions and respective emissions data.	Emission — Air Emissions Data
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions in total (in tonnes) and intensity.	Emissions — GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management (Not applicable)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions — Air Emissions Emissions — GHG Emissions Emissions — Waste Management
KPI A1.6	Description of how hazardous and non- hazardous wastes are handled, reduction target(s) set and steps taken to achieve them.	Emissions — Waste Management

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Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources
KPI A2.2	Water consumption in total and intensity.	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	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.	The Environment and Natural Resources

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Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
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.	Climate Change
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.	Climate Change
Aspect B1: Employment		
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Practise
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Total Employees and Turnover
KPI B1.2	Employee turnover by gender, age group and geographical region	Total Employees and Turnover

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Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety		
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 providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Summary of Health and Safety Performance Indicators
KPI B2.2	Lost days due to work injury	Summary of Health and Safety Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Summary of Health and Safety Performance Indicators
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Summary of Development and Training Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Summary of Development and Training Performance Indicators

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Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect B4: Labour Standards		
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 preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Summary of Suppliers
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.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

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Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility

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Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
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.	Anti-corruption
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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
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.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. NG Kin Siu, (吳建韶), aged 55, is an executive Director and the chief executive officer of the Company and is responsible for the overall business development and strategic planning of the Group. He was appointed as an executive Director on 19 March 2015 and appointed as the Chairman of the Board on 14 December 2021. He is also a director of Win Lee, FDB Development Limited, Harvest Building Consultancy Limited and Marvo Architecture Limited, all being subsidiaries of the Company. Mr. Ng is the sole shareholder of Masterveyor Holdings Limited, who became the controlling shareholder of the Company since April 2021.

He graduated from The Robert Gordon University in the United Kingdom in June 1993 with a degree of Bachelor of Science in building surveying. He has been a member of The Hong Kong Institute of Surveyors since March 1997, a member of The Royal Institution of Chartered Surveyors since December 1996 and was registered as a registered professional surveyor with the Surveyors Registration Board in July 1999. He has been an Authorized Person since December 2007 and a Registered Inspector in Hong Kong since 3 October 2012. He has also been the technical director for Win Lee Building's registration of registered general building contractor and registered specialist contractor (demolition) since June 2009 and May 2009, respectively.

He has extensive experience in building surveying and is familiar with the Buildings Ordinance in Hong Kong. Prior to founding the Group, he worked in the Buildings Department from April 1997 to March 2008, with last position held being that of building surveyor.

Other than the experience in the building and construction industry, Mr. Ng is also experienced in real estate development, property project management and financial services sectors.

Mr. Ng was not a director in any listed companies for the last three preceding years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Yuk Sang (陳玉生), aged 76, was appointed as an independent non-executive Director on 12 January 2018. He has more than 30 years of experience in the banking and finance industry. Mr. Chan has been an independent non-executive director of Four Seas Mercantile Holdings Limited (stock code: 374) since July 2000, the shares of which are listed on the Main Board of the Stock Exchange. He was also a senior general manager of a local bank and an executive director of a joint Chinese foreign bank in Shenzhen, the PRC.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Over the years, Mr. Chan also served the following positions in various listed issuers in Hong Kong set out below:

Company	Position	Tenure
The Hong Kong Building and Loan Agency Limited (stock code: 145)	Director	1993 to 1995
Century Legend (Holdings Limited (stock code: 79)	Chairman	September 1999 to July 2002
GOME Retail Holdings Limited (stock code: 493)	Independent non-executive director	May 2004 to June 2015
Imagi International Holdings Limited (stock code: 585)	Independent non-executive director	May 2010 to January 2016
China Internet Investment Finance Holdings Limited (stock code: 810)	Independent non-executive director	April 2011 to July 2012
Asia Resources Holdings Limited (stock code: 899)	Executive director	April 2017 to December 2018

Save as disclosed above, Mr. Chan was not a director in any other listed companies for the last three preceding years.

Mr. WAN Chi Wai Anthony (尹智偉), aged 46, was appointed as an independent non-executive Director on 12 January 2018. He possesses professional experience in both the accounting and legal fields. He is currently a partner in the corporate, private equity, M&A and commercial practice of King & Wood Mallesons, Hong Kong. Mr. Wan was an associate in the assurance and business advisory services department of PricewaterhouseCoopers Ltd. from August 1997 to May 2001 with his last position held there being senior associate. Mr. Wan has been an associate of the Hong Kong Institute of Certified Public Accountants since January 2002 and was admitted as a fellow of The Association of Chartered Certified Accountants in May 2006. He was admitted as a solicitor in Hong Kong in September 2006.

Mr. Wan graduated from The Hong Kong University of Science and Technology with a Bachelor of Business Administration in Accounting degree in November 1997. He subsequently obtained a Bachelor of Laws degree in August 2003 from the University of London, the United Kingdom through distance learning and obtained a Postgraduate Certificate in Laws from The University of Hong Kong in June 2004.

Mr. Wan has been an independent non-executive director of Charmacy Pharmaceutical Co., Ltd. (formerly known as Chuangmei Pharmaceutical Co., Ltd.) (stock code: 2289), the shares of which have been listed on the Main Board of the Stock Exchange, since December 2015, and an independent non-executive director of HM International Holdings Limited (stock code: 8416), the shares of which have been listed on GEM of the Stock Exchange, since January 2017.

Save as disclosed above, Mr. Wan was not a director in any other listed companies for the last three preceding years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. LAU Kwok Fai Patrick (劉國輝), aged 49, was appointed as an independent non-executive Director on 12 January 2018. He has more than 20 years of experience in the fields of accounting, auditing, financial advisory and corporate governance. From September 1996 to November 1997, Mr. Lau served as an auditor in Baker Tilly Hong Kong (formerly known as Glass Radcliffe Chan & Wee Certified Public Accountants), mainly responsible for statutory audit. From December 1997 to April 1999, Mr. Lau served as an associate in PricewaterhouseCoopers Ltd, mainly responsible for statutory audit, internal control review and enterprise listing audit. From October 1999 to June 2011, Mr. Lau worked at KPMG at which his last position was manager, and was mainly responsible for financial due diligence, corporate reorganisation and liquidation, distressed assets acquisitions analysis, financial modelling and various financial advisory services. From July 2011 to June 2016, Mr. Lau served in various positions, including deputy general manager, financial controller and company secretary, in China City Railway Transportation Technology Holdings Company Limited (now known as BII Railway Transportation Technology Holdings Company Limited), the shares of which were listed on GEM of the Stock Exchange from May 2012 to December 2013 (stock code: 8240) and were transferred to the Main Board of the Stock Exchange in December 2013 (stock code: 1522). From July 2016 to October 2019, Mr. Lau served in various positions, including chief financial officer and company secretary, in International Alliance Financial Leasing Co., Ltd., the shares of which were listed on the Main Board of the Stock Exchange in March 2019 (stock code: 1563).

Mr. Lau obtained an honours diploma in Accounting from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in July 1996. He later obtained a Master of Science in Corporate Governance and Directorship (Distinction) from Hong Kong Baptist University in November 2014. He also obtained the HKICPA Diploma in Insolvency awarded by the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) degree in June 2004. Mr. Lau has been a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants since July 2003 and December 2007, respectively. He has also been a member of Beta Gamma Sigma Hong Kong Baptist University Chapter since April 2014.

Mr. Lau has been an independent non-executive director of (i) Jinhai International Group Holdings Limited (formerly known as Kakiko Group Limited), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2225), for the period from September 2017 to July 2020; (ii) Ximei Resources Holding Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9936), since February 2020; and (iii) Sundry Services Group Co. Ltd, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9608), since December 2020.

Save as disclosed above, Mr. Lau was not a director in any other listed companies for the last three preceding years.

Disclosure required under Rule 13.51 of the Listing Rules

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there is no information in relation to the Directors that is required to be disclosed pursuant to Rules 13.51 of the Listing Rules as at the date of this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. YU Tsz Ngo (余子敖), aged 36, was the company secretary during the period between 15 May 2015 and 18 May 2020 and was re-appointed as a company secretary and authorised representative of the Company on 14 December 2021. Mr. Yu has over 14 years of experience in the related fields of finance, auditing, accounting, corporate governance practices, and company secretarial matters and possesses the requisition qualification and experience as required under the Listing Rules. Mr. Yu obtained a bachelor's degree of commerce (accounting and finance) and a master's degree of applied finance from Monash University of Australia in December 2005 and December 2006, respectively. He is a member of the Certified Public Accountants Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is currently the executive director of Marksman Corporate Services Limited, a firm principally engaged in the provision of corporate secretarial services and a partner of IPA CPA Limited. Mr. Yu has also been the company secretary of Hing Ming Holdings Limited, the shares of which are listed on GEM of the Stock Exchange (stock code: 8425) since September 2021 and is currently the company secretary of Palace Banquet Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1703).

Mr. Yu was not a director in any listed companies in the last three preceding years.

REPORT OF DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 December 2021.

CORPORATE INFORMATION

The Company was incorporated with limited liability in the Cayman Islands on 19 March 2015.

The shares of the Company were listed on GEM of the Stock Exchange with effect from 30 September 2015 and have been transferred to the Main Board of the Stock Exchange since 10 July 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements.

BUSINESS REVIEW

Detailed business review is set out in the section of "Management Discussion and Analysis" ("MD&A") in this annual report from pages 5 to 22. Future development of the company's business is set out in the section of "Chairman's Statement" and "MD&A" in this annual report on page 3 and page 7 respectively. As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries.

Key Risks and Uncertainties

The Group believes that the risk management practices are important and uses its best effort to ensure they are sufficient to mitigate the risks present in its operations and financial position as efficiently and effectively as possible.

An analysis of the Group's financial risk management (including market risk, credit risk, and liquidity risk) objectives and policies are provided in note 34 to the consolidated financial statements.

Environmental Protection

The Group is committed to contributing to the sustainability of the environment through its business activities. The Group established measures and created an environmental framework to minimise and monitor the environmental impact attributable to its operations. The Group implemented green office practices such as redeploying office furniture as far as practicable, encouraging use of recycled paper for printing and copying and reducing energy consumption by switching off idling lightings and electrical appliances. Moreover, the Group also established air pollution, noise and waste disposal control such as watering when necessary for any dusty materials before loading and unloading on site; carrying out work that creates loud noise during day-time or non noise sensitive hours only; and providing labelled bins to allow segregation of recyclable materials from other waste for transportation to landfills or public fill whenever possible.

REPORT OF DIRECTORS

Workplace Quality

The Group believes that employees are valuable assets and regards human resources as its corporate wealth. The Group intends to use its best effort to attract and retain appropriate and suitable personnel to serve the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing an attractive remuneration package. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts an annual review on salary raises, bonuses and promotions based on the performance of each employee. The Group has employee handbooks outlining the terms and conditions of employment, expectations for employees' conduct, employees' rights and benefits.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 82 to 83 of this annual report.

The Company has adopted a policy on payment of dividends in compliance with code provision E.1.5 of the CG Code, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company. The Company will declare and/or recommend a payment of dividends to the Shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to the Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends. The Company shall review and reassess the dividend policy and its effectiveness on a regular basis or as required.

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting is scheduled for Wednesday, 1 June 2022. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 27 May 2022 to Wednesday, 1 June 2022, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 26 May 2022.

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 182 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 15A to the consolidated financial statements of this annual report.

REPORT OF DIRECTORS

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 28 to the consolidated financial statements.

SHARE OPTION SCHEME

The share option scheme (the “**Scheme**”) is a share incentive scheme in compliance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contribution of the Directors and other employees who have made valuable contributions to the Group. The Scheme of the Company was adopted on 16 September 2015 (the “**Adoption**”). There was no share option granted or agreed to be granted under the Scheme from the date of the Adoption to 31 December 2021.

The following is a summary of the principal terms of the Scheme but it does not form part of, nor was it intended to be part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

(a) Purpose

The Scheme is a share incentive scheme in compliance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with a view to achieving the following objectives: (i) to motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) to attract and to retain or otherwise to maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) The participants of the Scheme

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisers, consultants and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

(c) Maximum number of shares

The maximum number of shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue, being 133,200,000 shares, unless the Company obtains a fresh approval.

REPORT OF DIRECTORS

(d) Maximum number of shares to any one individual

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the issued shares of the Company as at the date of grant.

(e) Price of shares

The subscription price of a share in respect of any particular option granted under the Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a share.

(f) Time of exercise of options and duration of the Scheme

An option may be exercised in accordance with the terms of the Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

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

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2021, the Company did not have any distributable reserve available for distribution to its shareholders, calculated in accordance with the Companies Act, Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.

REPORT OF DIRECTORS

MAJOR CLIENTS AND SUPPLIERS

For the year ended 31 December 2021, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue

— The largest customer	22.3%
— The total of the five largest customers	76.3%

For the year ended 31 December 2021, the percentage of cost of services attributable to the Group's major suppliers is set out below:

Cost of services

— The largest supplier	8.9%
— The total of the five largest suppliers	32.9%

None of the Directors, their close associates (as defined in the Listing Rules) or shareholders (who to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in the major customers and major suppliers noted above.

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors:

Mr. Ng Kin Siu (*Chairman and chief executive officer*)

Ms. Feng Xuelian (resigned on 14 December 2021)

Ms. Chang Liang (appointed on 1 June 2021 and resigned on 14 December 2021)

Non-executive Director:

Mr. Gao Yunhong (resigned on 14 December 2021)

Independent non-executive Directors:

Mr. Chan Yuk Sang

Mr. Wan Chi Wai Anthony

Mr. Lau Kwok Fai Patrick

Mr. Wong Chi Shing (appointed on 1 June 2021 and resigned on 14 December 2021)

Pursuant to Article 83 of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 84 of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years. Mr. Ng Kin Siu and Mr. Wan Chi Wai Anthony will retire as Directors. Mr. Ng Kin Siu and Mr. Wan Chi Wai Anthony, being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting.

REPORT OF DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages from 61 to 64 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Director has entered into a service contract with the Company for an initial term of three years commencing from the month of Listing or the date of appointment and will continue thereafter until terminated in accordance with the terms of the service contract. Independent non-executive Directors are appointed for a term of three years initially and will continue thereafter unless terminated by either party giving at least three months' notice in writing.

Save as disclosed above, none of the Directors has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation other than the statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance, to which the Company, its holding company or subsidiaries was a party and in which a Director or a connected entity of a Director of the Company had a material interest, whether directly or indirectly, subsisted at any time during or at the end of the year ended 31 December 2021.

PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provide that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 11 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors and other employees who have made valuable contributions to the Group may also receive options to be granted under the Share Option Scheme.

COMPETING AND CONFLICT OF INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder of the Company or any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 December 2021.

REPORT OF DIRECTORS

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2021, interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (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 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 as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) *Long position in the ordinary shares of the Company*

Name of Director	Capacity/Nature	Number of shares held/ interested in	Percentage of shareholding
Mr. Ng Kin Siu (Note)	Interest in controlled corporation	746,930,000	56.08%

Note:

Mr. Ng Kin Siu beneficially owns the entire issued share capital of Masterveyor Holdings Limited ("**Masterveyor**") and is deemed, or taken to be, interested in all the shares of the Company held by Masterveyor for the purposes of the SFO. Mr. Ng Kin Siu is the Chairman of the Board and chief executive officer of the Company.

(ii) *Long position in the ordinary shares of associated corporations*

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares held/ interested in	Percentage of shareholding
Mr. Ng Kin Siu	Masterveyor	Beneficial owner	2	100%

Save as disclosed above, as at 31 December 2021, none of the Directors nor chief executive of the Company has registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

REPORT OF DIRECTORS

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2021, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of shares held/ interested in	Long/ short position	Percentage of total issued share capital of the Company
Gentle Soar Limited	Beneficial owner	209,720,000	Long	15.74%
Gao Yunhong	Interest in a controlled corporation (Note 1)	209,720,000	Long	15.74%
Pop Reach Limited	Beneficial owner	89,480,000	Long	6.72%
Ms. Yeung So Lai	Interest in a controlled corporation (Note 2)	89,480,000	Long	6.72%

Notes:

- (1) Mr. Gao Yunhong is beneficially interested in the entire issued shares of Gentle Soar Limited and is therefore deemed to be interested in the Shares held by Gentle Soar Limited by virtue of the SFO.
- (2) Ms. Yeung So Lai is beneficially interested in the entire issued shares of Pop Reach Limited and is therefore deemed to be interested in the Shares held by Pop Reach Limited by virtue of the SFO.

Save as disclosed above, as at 31 December 2021 and so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register and kept by the Company pursuant to Section 336 of the SFO.

REPORT OF DIRECTORS

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

(1) Continuing Connected Transaction

Reference is made to the announcement of the Company dated 31 May 2019, 8 July 2019 and 24 July 2019 in relation to, among other things, the entering into of a series of agreements comprising the exclusive business cooperation agreement (the “**Exclusive Business Cooperation Agreement**”), the exclusive purchase right agreement (the “**Exclusive Purchase Right Agreement**”), the equity pledge agreement (the “**Equity Pledge Agreement**”) and two powers of attorneys all dated 31 May 2019 (collectively, the “**VIE Agreements**”) among Shangrao Hongmiao Information Technology Co., Ltd.* (上饒市紅淼信息科技有限公可) (“**Shangrao Hongmiao**”) ((formerly known as Shangrao Dafy Financial Data Service Co., Ltd. (上饒市達飛金融信息服務有限公可)), a non-wholly-owned subsidiary of the Company, Shenzhen Qianhai Weiyuan Zhicheng Operation Management Technology Co., Ltd* 深圳前海微遠至誠運營管理科技有限公可 (the “**OPCO**”), Mr. Gao and Shangrao Yaxin Technology Co., Ltd.* (上饒市亞鑫科技有限公可). Through the VIE Agreements, Shangrao Hongmiao would have effective control over the finance, operation and assets of the OPCO and would enjoy the entire economic interests and benefits generated by the OPCO. After entering into the VIE Agreements, the OPCO has become a non-wholly-owned subsidiary of the Company and the financial results of the OPCO has been consolidated into the consolidated financial statements of the Group.

The Company has applied for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from (i) fixing the term of the VIE Agreements pursuant to Rule 14A.52 of the Listing Rules; and (ii) setting a maximum aggregate annual cap pursuant to Rule 14A.53 of the Listing Rules for the service fees payable by OPCO to Shangrao Hongmiao.

Following the completion of the disposal of the entire issued share capital of Shanghai Faye Yu Technology Company Limited and its subsidiaries (which include, among others, Shangrao Hongmiao) on 30 March 2021, Shangrao Hongmiao ceased to be a subsidiary of the Company. Accordingly, the VIE Agreements ceased to subsist as at 31 December 2021.

For the year ended 31 December 2021, as the OPCO had no net profit from operation, the amount of service fee payable by OPCO to Shangrao Hongmiao under the Exclusive Business Cooperation Agreement was nil (2020: Nil) and each of the VIE Agreements are fully exempt under Chapter 14A of the Listing Rules.

(2) Connected Transaction

As set out in the section of “Material Acquisitions and Disposals of Subsidiaries” of the MD&A in this annual report from pages 14 to 16, the Company has disposed of the entire issued share capital of Fruit Design and Build Limited (“**Fruit Design**”), an indirect wholly-owned subsidiary of the Company to Mr. Ip Kong Ling (“**Mr. Ip**”), a director of Fruit Design (the “**Fruit Design Disposal**”). As Mr. Ip was a director of Fruit Design, Mr. Ip is a connected person of the Company at the subsidiary level under the Listing Rules. As the Stock Exchange had accepted the Company’s application to use the alternative size tests in relation to the Fruit Design Disposal, all the applicable percentage ratios for the Disposal were less than 25% and the aggregate consideration for the Fruit Design Disposal is less than HK\$10,000,000, the Fruit Design Disposal is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders’ approval requirement pursuant to Chapter 14A of the Listing Rules.

REPORT OF DIRECTORS

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business of the Group are provided under note 32 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed, except for those disclosed in the paragraph headed “Connected Transactions and Continuing Connected Transactions” above, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum public float as required under the Listing Rules.

AUDITOR

HLB Hodgson Impey Cheng Limited will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The consolidated financial statements for the year ended 31 December 2021 have been audited by HLB Hodgson Impey Cheng Limited.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the Company’s listed securities.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, no equity-linked agreements were entered into during the year ended 31 December 2021.

PRE-EMPTIVE RIGHTS

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

REPORT OF DIRECTORS

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the sub-section headed “Discontinued Operations” of MD&A in this annual report, the assets and liabilities of the Growth Profit Group have been classified as assets and liabilities classified as held for sale. Growth Profit held 80% of the equity interest in Shenzhen Heshilao Intelligence Technology Company Limited* (深圳和事佬智能科技有限公司), a company incorporated in the PRC.

As further disclosed under the sub-section headed “Additional Information Regarding the Disclaimer of Opinion” of the MD&A in this annual report, the auditors of the Company has issued a disclaimer of opinion on the assets and liabilities classified as held for sale of the Company for the year ended 31 December 2021.

On 24 March 2022, Taize Investment Holdings Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to dispose of the entire issued share capital in Growth Profit at the consideration of HK\$1 (the “**Growth Profit Disposal**”). Prior to the Growth Profit Disposal, the Growth Profit Group was principally engaged in the debt restructuring and debt collection services of the Financial Segment in the PRC. The consideration of the Growth Profit Disposal was determined after arm’s length negotiations with reference to various factors, including but not limited to net liabilities of the Growth Profit Group as at 30 June 2021 and the appraised fair value of the Growth Profit Group as assessed by an independent valuer as at 30 June 2021.

Completion of the Growth Profit Disposal took place on 24 March 2022.

Given that all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Growth Profit Disposal are less than 5%, the Growth Profit Disposal does not constitute a discloseable transaction of the Company.

By Order of the Board

Ng Kin Siu

Chairman of the Board and chief executive officer

Hong Kong, 31 March 2022

* for identification purpose only

INDEPENDENT AUDITORS' REPORT



31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF FDB HOLDINGS LIMITED (FORMERLY KNOWN AS STEERING HOLDINGS LIMITED)

(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of FDB Holdings Limited (formerly known as Steering Holdings Limited, the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 82 to 181, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Other receivables, deposits and prepayments

As disclosed in Note 20 to the consolidated financial statements, included in the gross carrying amounts of other receivables, deposits and prepayments of the Group as at 31 December 2020 were the following deposits, prepayments and other receivables (the “**Receivables**”):

- deposits of approximately RMB35,735,000 and RMB8,804,000 paid by the Group to a credit service provider and a financial institution respectively, equivalent to approximately HK\$52,472,000 in aggregate as at 31 December 2020. According to management, the deposits were calculated based on a fixed percentage of the amounts of the loans distributed to borrowers through the credit service provider or the financial institution and the deposits would be released upon the maturity of the relevant loans, which ranged from 3 months to 1 year from the respective loan origination date;
- other receivables from a credit service provider of approximately HK\$126,727,000 as at 31 December 2020, which relate to payments amounting to approximately RMB158,929,000 (equivalent to approximately HK\$177,689,000) made by the Group to the credit service provider as part of the business cooperation between the Group and the credit service provider; and
- other receivable of approximately HK\$79,528,000 as at 31 December 2020 which arose from payments made by the Group to agents which amounted to approximately RMB67,504,000.

INDEPENDENT AUDITORS' REPORT

BASIS FOR DISCLAIMER OF OPINION (Continued)

1. Other receivables, deposits and prepayments (Continued)

The Receivables had been long outstanding as at 31 December 2020 and based on the impairment assessment performed under the expected credit loss model, impairment loss on the deposits to a credit service provider and a financial institution of approximately HK\$36,537,000, impairment loss on other receivables from a credit service provider of approximately HK\$77,544,000 and impairment loss on other receivable arising from payments to agents of approximately HK\$79,216,000 were recognised in consolidated profit or loss of the Group for the year ended 31 December 2020 to impair the carrying amounts of the Receivables to their estimated recoverable amounts of approximately HK\$10,274,000, HK\$29,190,000 and HK\$Nil respectively as at 31 December 2020.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about the net carrying amounts of the Receivables as at 31 December 2020 because we were not provided with (i) reasonable explanation and supporting documentation to substantiate the commercial substance, validity and nature of the relevant transactions that gave rise to the Receivables; and (ii) reasonable explanation and supporting documentation to substantiate the recoverable amounts of the Receivables as at 31 December 2020. There were no alternative satisfactory audit procedures that we could adopt to determine whether the net carrying amounts of the Receivables as at 31 December 2020 and the impairment losses on the Receivables recognised in consolidated profit or loss for the year then ended contained material misstatements.

During the year ended 31 December 2021, the Receivables were derecognised upon the disposal by the Group on 30 March 2021 of the entire issued share capital of Shanghai Faye Yu Technology Company Limited and its subsidiaries (the "**Faye Yu Group**"), details of which are disclosed in Note 37 to the consolidated financial statements. In the consolidated financial statements of the Group for the year ended 31 December 2021, the financial performance of the Faye Yu Group are presented as results of discontinued operations. Since opening balances of the Receivables enter into the determination of the financial performance and cash flows for the current period and have carry forward effects, as a result of the scope limitations described above, we were also unable to satisfy ourselves about the net carrying amounts of the Receivables as at the date of disposal of the Faye Yu Group and the impairment losses or reversal of impairment losses to be recognised thereon for the period from 1 January 2021 to the date of disposal of the Faye Yu Group.

Any adjustments that might have been found necessary in respect of the Receivables and the impairment losses recognised or to be recognised thereon, including the related tax impact and other related elements in the consolidated financial statements, might have consequential significant effects on the consolidated financial position of the Group as at 31 December 2020, the balance of accumulated losses of the Group as at 1 January 2021 and the consolidated profit or loss and other comprehensive income and consolidated cash flows of the Group for the years ended 31 December 2021 and 2020, and the elements making up and related disclosures in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

BASIS FOR DISCLAIMER OF OPINION (Continued)

2. Income tax payable

Included in the tax payable of the Group were tax payable of approximately HK\$119,285,000 as at 31 December 2020 of the financial information and technology services segment of the Group, for which the related income tax expense recognised in consolidated profit or loss amounted to approximately HK\$54,638,000 for the year ended 31 December 2020. The Group paid only approximately HK\$10,280,000 of income tax in the year ended 31 December 2020 in respect of the income tax liabilities of the financial information and technology services segment. The Group has engaged an independent tax expert to review the tax position and tax exposure of the Group in relation to the financial information and technology services business. As at 30 March 2021, being the date of disposal of Faye Yu Group, the tax expert was still in the process of determining the income tax related to the financial information and technology services business of the Group but suggested that the Group might be subject to significant late penalty or surcharge in relation to the financial information and technology services business. No provision was recognised in the consolidated financial statements as at 31 December 2020 in respect of any late penalty or surcharge that might be imposed by the tax authorities.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about the provision for late penalty or surcharge that should be recorded by the Group as at 31 December 2020 and the carrying amount of the tax payable as at 31 December 2020 because the independent tax expert's review of the tax position and tax exposure of the Group in relation to the financial information and technology services business was still not yet completed as at 30 March 2021. There were no alternative satisfactory audit procedures that we could adopt to determine whether the carrying amounts of the tax payable and related provision of the Group as at 31 December 2020 and the tax and related expenses recognised in consolidated profit or loss for the year then ended contained material misstatements.

During the year ended 31 December 2021, the tax payable of the financial information and technology services segment of the Group were derecognised upon the disposal by the Group on 30 March 2021 of the Faye Yu Group. Since opening balances of these tax payables and related provision enter into the determination of the financial performance and cash flows for the current period and may have carry forward effects, as a result of the scope limitations described above, we were also unable to satisfy ourselves about the carrying amounts of the tax payables and related provision as at the date of disposal of the Faye Yu Group and the tax and related expenses to be recognised thereon for the period from 1 January 2021 to the date of disposal of the Faye Yu Group.

Any adjustments that might have been found necessary in respect of the tax payable and related provision of the financial information and technology services segment of the Group and the tax and related expenses recognised or to be recognised thereon, including the other related elements in the consolidated financial statements, might have consequential significant effects on the consolidated financial position of the Group as at 31 December 2020, the balance of accumulated losses of the Group as at 1 January 2021 and the consolidated profit or loss and other comprehensive income and consolidated cash flows of the Group for the years ended 31 December 2021 and 2020, and the elements making up and related disclosures in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

BASIS FOR DISCLAIMER OF OPINION (Continued)

3. Gain on disposal of subsidiaries

As disclosed in Note 37 to the consolidated financial statements, included in arriving at profit from discontinued operations of the Group for the year ended 31 December 2021 recognised in the consolidated statement of profit or loss and other comprehensive income is a gain on disposal of subsidiaries of approximately HK\$96,844,000 in relation to the disposal of the Faye Yu Group on 30 March 2021. The carrying amounts of the assets and liabilities of the Faye Yu Group disposed of as at 30 March 2021 included in the determination of the gain on disposal of the Faye Yu Group included those related to the Receivables and income tax payable and related provision of the financial information and technology services segment of the Group described in paragraphs 1 and 2 above. Since opening balances of the Receivables and income tax payable and related provision may have carry forward effects on their balances as at the date of disposal of the Faye Yu Group, as a result of the scope limitations in relation to the carrying amounts of the Receivables and income tax payable and related provision as described in paragraphs 1 and 2 above, we were also unable to satisfy ourselves about the carrying amounts as at 30 March 2021 of these account balances of the Faye Yu Group disposed of, and hence whether the gain on disposal of the Faye Yu Group was appropriately stated and free from material misstatement. Any adjustments that might have been found to be necessary might have consequential significant effects on the Group's financial performance and cash flows from its discontinued operations for the year ended 31 December 2021 and the elements making up and related disclosures in the consolidated financial statements.

4. Assets, liabilities, results and cash flows of disposal group classified as Held for Sale

As disclosed in Note 37 to the consolidated financial statements, the Company has resolved on 14 December 2021 that the Group shall cease the business of the financial information and technology services segment. The Group had already disposed of the Faye Yu Group and Tianjin Turing Group on 30 March 2021 and 28 May 2021 respectively, details of which are set out in Note 37 to the consolidated financial statements. Faye Yu Group and Tianjin Turing Group were principally engaged in the provision of financial information and technology services. The remaining subsidiaries of the Group in the financial information and technology services segment of the Group not yet disposed of as at 14 December 2021 were Growth Profit International Limited and its subsidiary Shenzhen Heshilao Intelligence (collectively, the "**Held for Sale Subsidiaries**"), which as described in Note 38 to the consolidated financial statements represented a disposal group classified as held for sale as at 31 December 2021. The Held for Sale Subsidiaries were disposed of subsequently on 24 March 2022, as disclosed in Note 38 to the consolidated financial statements. The assets and liabilities of the Held for Sale Subsidiaries were presented in the consolidated statement of financial position of the Group as at 31 December 2021 as assets and liabilities of disposal group classified as held for sale in current assets and current liabilities respectively.

INDEPENDENT AUDITORS' REPORT

BASIS FOR DISCLAIMER OF OPINION (Continued)

4. Assets, liabilities, results and cash flows of disposal group classified as Held for Sale (Continued)

However, for the reasons explained in Note 38 to the consolidated financial statements, the Group has consolidated the financial performance and cashflows of the Held for Sale Subsidiaries for the period from 1 January 2021 to 30 June 2021, instead of the period from 1 January 2021 to 31 December 2021, in the consolidated financial performance and cash flows of the Group from its discontinued operations for the year ended 31 December 2021. For the same reasons as above, the Group has measured the assets and liabilities of the Held for Sale Subsidiaries classified as assets and liabilities of disposal group held for sale in the consolidated statement of financial position at 31 December 2021 based on their carrying amounts of the assets and liabilities of the Held for Sale Subsidiaries at 30 June 2021, instead of their carrying amounts at 31 December 2021. The directors of the Company believe that the results and cash flows from discontinued operations of the Group for the year ended 31 December 2021 and the financial position of the Group at 31 December 2021 presented in the consolidated financial statements would not be materially affected.

Due to the lack of access to the relevant management personnel and accounting books and records of the Held for Sale Subsidiaries, we were also unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether (i) the financial performance and cash flows of the Held for Sale Subsidiaries for the period from 1 January 2021 to 31 December 2021 that should be included in the results and cash flows of the discontinued operations of the financial information and technology services segment of the Group for the year ended 31 December 2021 were materially different from those for the period from 1 January 2021 to 30 June 2021 included in the profit and cash flows from discontinued operations of the Group for the year ended 31 December 2021 presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows disclosed in Note 38 to the consolidated financial statements; and (ii) the carrying amounts of the assets and liabilities of the Held for Sale Subsidiaries as at 31 December 2021 that should be the carrying amounts of the assets of disposal group classified as held for sale and liabilities associated with disposal group classified as held for sale in the consolidated statements of financial position of the Group as at 31 December 2021 were materially different from those as at 30 June 2021 disclosed in Note 38 to the consolidated financial statements, which were used by the Group as the measurement basis for the carrying amounts of the assets and liabilities of the disposal group classified as held for sale in the consolidated statement of financial position of the Group as at 31 December 2021. Any adjustments that might have been found to be necessary might have consequential significant effects on the Group's financial performance and cash flows from its discontinued operations for the year ended 31 December 2021 and the elements making up and related disclosures in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BASIS

We draw attention to Note 3 to the consolidated financial statements, which describes the conditions that i) the Group incurred net loss of approximately HK\$64,830,000 from continuing operations and has recorded negative operating cashflow of HK\$29,670,000 from its continuing operations for the year ended 31 December 2021; and ii) a winding up petition has been filed against Jet Speed Asia Pacific Limited, an indirect wholly-owned subsidiary of the Group, in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region for the sum of approximately HK\$14,149,000. As stated in Note 3, these conditions, along with other matters as set forth in Note 3, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. This matter did not contribute to our issuance of disclaimer of opinion.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA and to issue an auditors' report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide basis for our audit opinion on these consolidated financial statements.

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.

The engagement director on the audit resulting in this independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practising Certificate Number: P05895

Hong Kong, 31 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations			
Revenue	5	382,273	411,860
Cost of services		(412,189)	(420,910)
Gross loss		(29,916)	(9,050)
Other income	6	673	6,593
Other gains and losses, net	7	(395)	(6,786)
Impairment losses under expected credit loss ("ECL") model, net of reversal	8	(2,919)	(20,150)
Administrative expenses		(31,988)	(28,160)
Finance costs	9	(285)	(1,886)
Loss before tax from continuing operations	10	(64,830)	(59,439)
Income tax expense	13	–	(671)
Loss for the year from continuing operations		(64,830)	(60,110)
Discontinued operations			
Profit/(loss) for the year from discontinued operations, net of tax	37	106,259	(369,418)
Profit/(loss) for the year		41,429	(429,528)
Other comprehensive (loss)/income			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		(4,826)	(1,240)
Exchange differences on translation from functional currency to presentation currency		(49)	2,873
		(4,875)	1,633
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Reclassification of cumulative translation of foreign operations		(11,953)	–
Exchange differences arising on translation of foreign operations		(1,929)	13,770
		(13,882)	13,770
Other comprehensive (loss)/income for the year		(18,757)	15,403
Total comprehensive income/(loss) for the year		22,672	(414,125)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000 (Restated)
Profit/(loss) for the year attributable to:			
Owners of the Company			
From continuing operations		(64,830)	(60,110)
From discontinued operations		104,930	(184,920)
Non-controlling interests			
From discontinued operations		1,329	(184,498)
		41,429	(429,528)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company			
From continuing operations		(69,705)	(58,477)
From discontinued operations		92,115	(172,400)
Non-controlling interests			
From discontinued operations		262	(183,248)
		22,672	(414,125)
Earnings/(loss) per share, basic and diluted (<i>HK cents</i>)			
	14		
— For continuing operations		(4.9)	(4.5)
— For discontinued operations		7.9	(13.9)
For continuing and discontinued operations		3.0	(18.4)

The accompanying note form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment	15A	185	1,908
Intangible assets	15B	–	–
Right-of-use assets	16	3,161	337
Equity instruments at FVTOCI	17	–	18,457
Deferred tax assets	27	–	3
		3,346	20,705
Current assets			
Contract assets	19	87,918	95,193
Trade and other receivables	20	123,967	226,309
Financial assets at fair value through profit or loss (“FVTPL”)	18	–	13,902
Tax recoverable		180	1,346
Pledged deposits	21	9,883	25,583
Bank balances and cash	21	9,551	24,023
		231,499	386,356
Assets classified as held for sale	38	6,038	–
		237,537	386,356
Current liabilities			
Trade and other payables	22	165,836	229,259
Contract liabilities	23	–	31,731
Amounts due to a shareholder	24	14,149	12,406
Tax payable		–	119,285
Lease liabilities	25	3,752	3,994
Bank borrowings	26	–	6,500
		183,737	403,175
Liabilities associated with assets classified as held for sale	38	6,553	–
		190,290	403,175
Net current assets/(liabilities)		47,247	(16,819)
Total assets less current liabilities		50,593	3,886

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current liabilities			
Deferred tax liabilities	27	56	56
Lease liabilities	25	632	1,514
		688	1,570
Net assets			
		49,905	2,316
Capital and reserves			
Share capital	28	13,320	13,320
Reserves		36,464	14,054
Equity attributable to owners of the Company		49,784	27,374
Non-controlling interests		121	(25,058)
Total equity			
		49,905	2,316

The consolidated financial statements on pages 82 to 181 were approved and authorised for issued by the board of directors on 31 March 2022 and are signed on its behalf by:

MR. NG KIN SIU
Chairman and Executive Director

MR. CHAN YUK SANG
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note 1)	Translation reserve HK\$'000 (Note 2)	Revaluation reserve HK\$'000 (Note 3)	(Accumulated losses)/ retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
As at 1 January 2020	13,320	145,939	1,000	242	(30,303)	128,053	258,251	169,938	428,189
Loss for the year	-	-	-	-	-	(245,030)	(245,030)	(184,498)	(429,528)
Other comprehensive income/(loss) for the year	-	-	-	15,393	(1,240)	-	14,153	1,250	15,403
Total comprehensive income/(loss) for the year	-	-	-	15,393	(1,240)	(245,030)	(230,877)	(183,248)	(414,125)
Capital contribution by a non-controlling shareholder of a subsidiary (Note 39)	-	-	-	-	-	-	-	274	274
Dividend payable to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	(11,397)	(11,397)
Disposal of subsidiaries (Note 31)	-	-	-	-	-	-	-	(625)	(625)
As at 31 December 2020 and 1 January 2021	13,320	145,939	1,000	15,635	(31,543)	(116,977)	27,374	(25,058)	2,316
Profit for the year	-	-	-	-	-	40,100	40,100	1,329	41,429
Other comprehensive loss for the year	-	-	-	(911)	(4,826)	-	(5,737)	(1,067)	(6,804)
Reclassification of cumulative translation of foreign operations	-	-	-	(11,953)	-	-	(11,953)	-	(11,953)
Total comprehensive income/(loss) for the year	-	-	-	(12,864)	(4,826)	40,100	22,410	262	22,672
Transfer of reserve upon disposal of financial asset at fair value through other comprehensive income	-	-	-	-	36,369	(36,369)	-	-	-
Disposal of subsidiaries (Note 37)	-	-	-	-	-	-	-	24,917	24,917
As at 31 December 2021	13,320	145,939	1,000	2,771	-	(113,246)	49,784	121	49,905

Notes:

1. OTHER RESERVE

As part of the group reorganisation for the listing of the shares of FDB Holdings Limited (the "Company") on GEM of The Stock Exchange of Hong Kong Limited ("Stock Exchange"), there are series of restructuring within the Company and its subsidiaries (collectively referred to as the "Group") mainly involved interspersing investment holding entities between the operating subsidiaries and Mr. Ng Kin Siu. The difference between the Company's share capital and the combined share capital of Fruit Design & Build Limited ("Fruit Design"), Harvest Building Consultancy Limited, Win Lee Building Engineering Limited ("Win Lee"), Marvo Architecture Limited, FDB Innovations Limited, FDB Facade Limited ("FDB Facade") and FDB Development Limited was credited to other reserve.

2. TRANSLATION RESERVE

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations and presentation currency.

3. REVALUATION RESERVE

Revaluation reserve comprises the cumulative net charge in the fair value of equity instruments at FVTOCI at the end of the reporting period.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
OPERATING ACTIVITIES			
Profit/(Loss) before tax			
— continuing operations		(64,830)	(59,439)
— discontinued operations		106,274	(331,819)
		41,444	(391,258)
Adjustments for:			
Depreciation of property, plant and equipment	15A	91	1,959
Amortisation of intangible assets	15B	—	821
Depreciation of right-of-use assets	16	2,007	9,079
Finance costs	9	285	1,933
Impairment losses under ECL model, net of reversal	8	2,919	311,099
Impairment losses on property, plant and equipment	15A	—	1,012
Impairment losses on right-of-use assets	16	—	5,018
Impairment losses on intangible assets	15B	—	5,225
Realised gain on financial assets at FVTPL		—	(47)
(Gain)/Loss from change in fair value of financial assets at FVTPL		(2,765)	11,918
Bank interest income	6	(10)	(319)
Dividend income	6	—	(455)
(Gain)/loss on disposal of property, plant and equipment	7	—	138
Gain on modification of lease		(434)	—
Gain on disposal on subsidiaries		(103,433)	(1,943)
Operating cash flows before movements in working capital		(59,896)	(45,820)
Decrease/(increase) in trade and other receivables		27,736	(13,555)
Decrease in contract assets		5,305	42,492
Increase/(decrease) in trade and other payables		28,831	(69,115)
Decrease in contract liabilities		(31,646)	(5,020)
Cash used in from operations		(29,670)	(91,018)
Income tax paid		—	(8,414)
NET CASH USED IN OPERATING ACTIVITIES		(29,670)	(99,432)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(214)	(948)
Initial payment of acquiring right-of-use asset		(32)	(69)
Proceed from disposal of financial assets at FVTPL		–	177
Proceed from disposal of financial assets at FVTOCI		13,631	–
Proceeds from disposal of property, plant and equipment		–	22
Net cash outflow on disposal of subsidiaries	37	(1,455)	(1,684)
Placement of pledged bank deposits		–	(5,317)
Withdrawal of pledged bank deposits		15,700	16,050
Interest received		10	319
Dividend received		–	455
NET CASH GENERATED FROM INVESTING ACTIVITIES		27,640	9,005
FINANCING ACTIVITIES			
Interest paid		(16)	(1,668)
Proceeds from bank borrowings		–	44,811
Repayment of bank borrowings		(6,500)	(90,911)
Repayment of lease liabilities		(5,758)	(9,144)
Capital contribution by a non-controlling shareholder of a subsidiary	39.1	–	274
Advance from shareholders		47,932	–
Repayments to shareholders		(46,189)	(3,616)
NET CASH USED IN FINANCING ACTIVITIES		(10,531)	(60,254)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(12,561)	(150,681)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		24,023	171,039
Effect of foreign exchange rate changes		(518)	3,665
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		10,944	24,023
Bank balances and cash		9,551	24,023
Bank balance and cash included in disposal group classified as held for sale		1,393	–
		10,944	24,023

The accompanying note form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

FDB Holdings Limited (formerly known as Steering Holdings Limited, the “**Company**”) was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 March 2015. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Its immediate holding company is Masterveyor Holdings Limited (“**Masterveyor**”), a company incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Ng Kin Siu (“**Mr. Ng**”), who is an executive director and chief executive officer of the Company and was subsequently appointed as Chairman of the Board on 14 December 2021.

The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of contracting business and project management.

The consolidated financial statements are presented in Hong Kong Dollar (“**HK\$**”) to suit the needs of the shareholders and investors. All values are rounded to the nearest thousand except when otherwise stated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

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

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ²

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 Effective for annual periods beginning on or after a date to be determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance. The consolidated financial statements are presented in HK\$, which is different from the Company's functional currency of Renminbi ("**RMB**"). The directors of the Company adopted HK\$ as presentation currency. For the convenience of the financial statements users, the consolidated financial statements are presented in HK\$, as the Company's shares are listed on the Stock Exchange.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of consolidated financial statements (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The Group incurred net loss of approximately HK\$64,830,000 from continuing operations and has recorded negative operating cashflow of approximately HK\$29,670,000 from its continuing operations for the year ended 31 December 2021. In addition a winding up petition has been filed against Jet Speed Asia Pacific Limited ("**Jet Speed**"), an indirect wholly-owned subsidiary of the Group, in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region for the sum of approximately HK\$14,149,000. These conditions, along with other matters, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of consolidated financial statements (Continued)

Going concern (Continued)

In view of the above circumstances, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to, the followings:

- (i) The Company has actively negotiated with stakeholders for the purpose of obtaining further financing when necessary, including but not limited to shareholder's loan, equity financing, bank borrowing and issuance of new convertible bonds to improve the liquidity of the Group;
- (ii) The Group has taken measures to tighten cost control over expenses, manage and expedite receivables and negotiate a compromise with creditors with a view to achieving positive cash flow from operations; and
- (iii) The Group will look into business and investment opportunities for business expansion and capital injection in order to enhance the long-term growth potential of the Group.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, since the execution of the above plans and measures are in progress, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the consolidated statement of financial position. The effect of these adjustments has not been reflected in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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 item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets, and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Segment reporting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Discontinued operation

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable considerations.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance obligation for contracts with customers

Contracting service

The Group provides contracting services for alteration and addition works, maintenance, specialist works and new development to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls. Revenue is recognised for these contracting services based on the stage of completion of the contract using the input method.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits ranging from 10% to 30% of the total contract sum. When the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the contracting services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables within 12 months from the end of the reporting period.

Retention receivables, prior to the expiration of the defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the contracting services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

Consultancy service

The Group provides consulting services for alteration and addition works, new development, licensing, building services and architectural design for buildings in Hong Kong. Revenue is recognised over the contract period when the relevant services are provided by the Group and the customers simultaneously receive and consume the benefits provided by the Group's performance.

The Group bills and collects payments from its customers based on the payment schedules stipulated in the consultancy service contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance obligation for contracts with customers (Continued)

Financial information and technology service

Pre-loan services and post-loan services

The Group provides financial information and technology services which link up the individual users in the PRC with various financial institutions or credit service providers. The Group also provides post loan management services to the borrowers over the loan period.

The pre-loan service and post-loan service are considered as the two distinct performance obligations to be provided by the Group. The Group does not provide these services separately, and there is no available observable price from providing either of these services. As a result, the Group uses its best estimate of selling prices of these service obligations as the basis for allocating the transaction price.

The transaction price allocated to the pre-loan service is recognised as revenue at a point in time upon execution of loan agreements between lenders and borrowers. When the Group provides post-loan service, the borrowers or lenders simultaneously receive and consume the benefits provided by the Group's performance and the transaction price allocated to the post-loan service is recognised over the term of the loan on a straight-line basis, which approximates the timing of when the underlying services are performed.

For both pre-loan service and post-loan service, the Group generally collects the service fees by installments over the period of the loan after the loan is distributed to the borrowers' bank accounts. Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to provide financial information and technology services to the borrowers. The Group's rights to the consideration for the pre-loan service performed are conditioned on the Group's future performance of the post-loan service and therefore, contract assets are recognised. The contract assets are transferred to trade receivables when the rights become unconditional, i.e. by the end of the loan period.

In some cases, the Group is required to pay a deposit to financial institutions or credit service providers, which is based on a fixed percentage of the amounts of loans distributed to borrowers through the relevant financial institution or credit service provider. The deposit will be released upon the maturity of the relevant loans. In addition, the Group may make a payment to financial institutions or credit service providers as part of the business cooperation between the Group and the financial institution or credit service provider, as appropriate. Terms of such amounts are negotiated on a case-by-case basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance obligation for contracts with customers (Continued)

Financial information and technology service (Continued)

Pre-loan services and post-loan services (Continued)

The amount of the services fees is the gross amount of the services fee under a service contract before taking into account the impacts of variable considerations resulting from expected amounts of service fees settled by installments from borrowers due to default in partial payments. The estimated amounts of variable considerations, which are calculated using the expected value method, are deducted from the total transaction price for each service contract.

The Group estimates the variable considerations separately, for each financial institution and credit service provider. The estimate of variable consideration amounts is reassessed at each reporting date. Any subsequent changes in the transaction price are allocated to the performance obligations in the contract on the same basis as at the contract inception. Amounts allocated to a satisfied performance obligation shall be recognised as revenue in the period in which the transaction price changes.

The Group made the assessment of whether any portion of the cumulative consideration is constrained because the promised consideration for the service fee is highly susceptible to factors outside its own influence. The Group determined that the full amount of the service fee of certain financial institutions and credit service providers is constrained and therefore excluded from the transaction price. Although the Group has experience from similar contracts, that experience is not predictive of the outcome of the current contract because the amount of consideration is highly susceptible to volatility in the current market based on the nature of the credit service industry in the region. Therefore, service fees are recognised only upon the Group received the related service fees from individual users. This determination is made each reporting date and could change towards the end of the contract period.

Consumer debt management

Due to the China Banking and Insurance Regulatory Commission officially announced the end of China's internet financial peer-to-peer lending (P2P) sector, leading to the cessation of business of all operating platforms, the financial information and technology services segment of the Group has also been affected by the above factor. In addition, in response to the impact of COVID-19 on the Group's operations, the Group has repositioned its business models by expanding its services to consumer debt management in the second half of 2020.

The Group provides consumer debt management services by setting up a one-stop consumer debt management service platform and acts as a financial intermediary to provide consultancy services to borrowers and credit service providers.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a client and excludes amounts collected on behalf of third parties.

Revenue is recognised at a point in time when the service has been performed and the Group has a right to invoice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for Covid-19-related rent concession in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Company's net assets in RMB to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants are presented under "other income".

Employee benefits

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingent liabilities (Continued)

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income and dividend income are recognised in profit or loss and are included in the "other income" line item.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in profit or loss.

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including contract assets, trade and other receivables, pledged bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognised lifetime ECL for trade receivables, retention receivables and contract assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 (Continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and retention receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration on the following characteristic when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit rating where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and retention receivables, deposits to a credit services provider and a financial institution, other receivables from a credit service provider and other receivables where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Non-substantial modifications of financial assets

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to a shareholder, bank borrowings and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Related parties

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

- (i) A person or a close member of that person's family is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions apply:
 - (a) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);
 - (b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);
 - (c) both entities are joint ventures of the same third party;
 - (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(ii) (Continued)

- (e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (f) the entity is controlled or jointly controlled by a person identified in (i);
- (g) a person identified in (i)(a) 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); or
- (h) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Group and a related party, regardless of whether a price is charged.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

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

Revenue and profit recognition of contracting service and contract assets

The Group provides contracting service for alteration and addition works, maintenance, specialist works and new development.

The Group recognises contract revenue and profit of contracting service and contract assets according to the Group's management's estimation of the total outcome of the contracting service contracts as well as the stage of completion of contracting service which is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. Estimated construction revenue is determined with reference to the terms of the relevant contract.

Construction cost which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management.

The management is also required to exercise significant judgement in their assessment of the completeness and accuracy of forecasted costs to complete and the ability to deliver contracts within forecasted timescales.

Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will have significant impact on the revenue and profit recognised and the contract assets.

As at 31 December 2021, the carrying amount of contract assets in relation to contracting service was approximately HK\$87,918,000 (2020: HK\$95,193,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment assessment of ECL for trade and retention receivables and contract assets

The Group estimates the amount of lifetime ECL of trade and retention receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade and retention receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade and retention receivables and contract assets that are credit-impaired are assessed for ECL individually. The loss allowance amount of the credit impaired trade and retention receivables and contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

The provision of ECL is sensitive to changes in estimates. Due to financial uncertainty triggered by the Covid-19 pandemic, the Group has assessed the expected loss rates in the current year as there is a prolonged pandemic could led to increased credit default rates. The information about the ECL and the Group's trade and retention receivables and contract assets are disclosed in Notes 19, 20 and 34b respectively.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2021, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were approximately HK\$185,000 and HK\$3,161,000 (2020: HK\$1,908,000 and HK\$337,000) respectively, after taking into account the impairment losses of approximately HK\$Nil and HK\$Nil (2020: HK\$1,012,000 and HK\$5,018,000) in respect of property, plant and equipment, intangible assets and right-of-use assets that have been recognised respectively. Details of the impairment of, property, plant and equipment, and right-of-use assets are disclosed in Notes 15A and 16 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. REVENUE AND SEGMENT INFORMATION

The Group recognises revenue from continuing operations was contracting business and project management (the “contracting service”).

The consultancy service and financial information and technology service were presented discontinued operations during the year ended 31 December 2021. The segment results below do not include any amounts from the discontinued operations which are separately disclosed in Note 37.

(i) Disaggregation of revenue from contracts with customers *Continuing operations*

	2021 HK\$'000	2020 HK\$'000 (Restated)
Types of service		
Contracting service	382,273	411,860
Geographical markets		
Hong Kong	382,273	411,860
Timing of revenue recognition		
Over time	382,273	411,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers *Continuing operations*

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 and 2020 and the expected timing of recognising revenue are as follows:

	2021 HK\$'000	2020 HK\$'000 (Restated)
Within one year	339,118	341,024
More than one year but not more than two years	83,708	121,292
More than two years	142,288	–
	565,114	462,316

Segment information

The chief operating decision maker (“**CODM**”) has been identified as the executive directors who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

Subsequent to the discontinued segments of consultancy service and financial information and technology service, the CODM assesses the performance based on a measure of loss for the year and considers all businesses to be included in a single operating segment which is the contracting service. The comparative information has been restated accordingly.

Information reported to CODM for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group’s activities are carried out in Hong Kong and all of the Group’s assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

Continuing operations

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2021 HK\$'000	2020 HK\$'000
Customer A	N/A ¹	66,458
Customer B	85,144	N/A ¹
Customer C	71,121	N/A ¹
Customer D	61,646	N/A ¹
Customer E	43,100	N/A ¹

¹ The corresponding revenue did not contribute over 10% of total revenue of the Group in the respective year.

No other revenue from transaction with a single external customer amounted to 10% or more of the total revenue of the Group for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. OTHER INCOME

	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations		
Bank interest income	10	252
Dividend income	–	455
Gain on modification of lease	434	–
Government grant (note)	–	5,613
Others	229	273
	673	6,593

Note: The Group recognised government grants relates to Employment Support Scheme provided by the Hong Kong government in respect of Covid-19-related subsidies and relates to grants from government of China for the year ended 31 December 2020.

7. OTHER GAINS AND LOSSES, NET

	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations		
Net foreign exchange losses	(395)	(2,679)
Gain on disposal on subsidiaries	–	1,943
Loss on disposal of property, plant and equipment	–	(138)
Impairment losses recognised on:		
— Property, plant and equipment	–	(894)
— Right-of-use assets	–	(5,018)
	(395)	(6,786)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations		
Impairment losses/(reversal of impairment losses) recognised on:		
— Trade receivables	1,737	9,733
— Retention receivables	(226)	2,990
— Other receivables and deposits	(161)	5,827
— Contract assets	1,569	1,600
	2,919	20,150

Details of impairment assessment are set out in Note 34b.

9. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations		
Interest on:		
— Bank borrowings	16	1,362
— Bank overdrafts	–	19
— Loan interest on advance payment	–	287
— Lease liabilities	269	218
	285	1,886

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. LOSS BEFORE TAX

	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations		
Loss before tax has been arrived at after charging:		
Directors' emoluments (Note 11)	5,207	5,175
Salaries and other allowances	47,571	40,564
Retirement benefit scheme contributions, excluding those of directors	1,953	3,455
Total staff costs	54,731	49,194
Auditor's remuneration	1,810	2,759
Sub-contracting cost in cost of services	300,141	312,172
Depreciation of property, plant and equipment (Note 15A)	18	780
Depreciation of right-of-use assets (Note 16)	1,996	7,134

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

For the year ended 31 December 2021

	Directors' fees HK\$'000	Salaries and other allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors:				
Ng Kin Siu (chief executive officer)	–	3,465	18	3,483
Feng Xuelian (Note a)	–	1,061	17	1,078
Chang Liang (Note c)	–	–	–	–
Non-executive director:				
Gao Yunhong (Note b)	–	5	–	5
Independent non-executive directors:				
Wong Chi Shing (Note c)	137	–	–	137
Chan Yuk Sang	168	–	–	168
Wan Chi Wai Anthony	168	–	–	168
Lau Kwok Fai Patrick	168	–	–	168
	641	4,531	35	5,207

For the year ended 31 December 2020

	Directors' fees HK\$'000	Salaries and other allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors:				
Ng Kin Siu (chief executive officer)	–	3,465	18	3,483
Feng Xuelian (Note a)	10	1,152	8	1,170
Wang Jing (Note d)	8	–	–	8
Non-executive director:				
Gao Yunhong (Note b)	10	–	–	10
Independent non-executive directors:				
Chan Yuk Sang	168	–	–	168
Wan Chi Wai Anthony	168	–	–	168
Lau Kwok Fai Patrick	168	–	–	168
	532	4,617	26	5,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors (Continued)

Notes:

- (a) Ms. Feng Xuelian has resigned on 14 December 2021.
- (b) Mr. Gao Yunhong has resigned on 14 December 2021.
- (c) Mr. Wong Chi Shing and Ms. Chang Liang were appointed on 1 June 2021 and resigned on 14 December 2021.
- (d) Mr. Wang Jing was appointed as the executive director and the chairman of the board of directors of the Company (the "Board") on 20 February 2020 and has resigned on 26 November 2020.

No emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office during the current and prior years. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the current and prior years.

The Group has been providing accommodation, which is leased from third party, to Mr. Ng Kin Siu for use by him and his family members. The estimated monetary value of the benefit in kind is approximately HK\$732,000 (2020: HK\$859,000) during the year ended 31 December 2021. The gross amount of the right-of-use assets of approximately HK\$1,405,000 (2020: HK\$1,405,000) for the above lease. Depreciation and impairment of approximately HK\$Nil (2020: HK\$731,000) and HK\$Nil (2020: HK\$1,229,000) was charged to profit or loss for the years respectively. The carrying amount of the related right-of-use assets as at 31 December 2021 amounted to approximately HK\$Nil (2020: HK\$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Employees

The five highest paid employees of the Group for the year ended 31 December 2021 included two director (2020: two director), details of whose remuneration are set out in Note 11 above.

For the year ended 31 December 2021, the remuneration of the remaining three (2020: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and other allowances	3,252	4,002
Discretionary bonus	110	750
Retirement benefit scheme contributions	54	54
	3,416	4,806

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

	2021 No. of employees	2020 No. of employees
HK\$1,000,001 to HK\$1,500,000	3	2
HK\$2,000,001 to HK\$2,500,000	–	1
	3	3

No emoluments were paid by the Group to the top five highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office during the current and prior years.

12. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

13. INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations		
Current tax:		
Hong Kong	–	27
PRC Enterprise Income Tax	–	600
	–	627
Under-provision in respect of prior years:		
Hong Kong	–	41
	–	668
Deferred tax (Note 27)	–	3
Income tax expense	–	671

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group’s subsidiaries operating in the PRC are eligible for certain tax holidays and concessions and were exempted from PRC income taxes for the year.

The Company’s subsidiaries that are tax residents in the PRC are subject to the PRC dividend withholding tax at 10% when and if undistributed earnings out of profits that arose on or after 1 January 2008 are declared to be paid as dividends to its immediate holding company which is a non-PRC tax resident.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

13. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 HK\$'000	2020 HK\$'000 (Restated)
Continuing operations		
Loss before tax	(64,830)	(59,439)
Tax at the applicable income tax rate of 25% (2020: 25%)	(16,208)	(14,860)
Tax effect of income not taxable for tax purpose	(106)	(2,832)
Tax effect of expenses not deductible for tax purpose	2,614	11,546
Effect of different tax rate of subsidiaries operating in other jurisdiction	5,511	5,052
Withholding tax on distributable profits of PRC subsidiaries	–	601
Tax effect of tax losses not recognised	8,189	1,123
Under-provision in respect of prior years	–	41
Income tax expense for the year	–	671

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

14. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	2021 HK\$'000	2020 HK\$'000 (Restated)
Earnings		
Loss for the year from continuing operations attributable to owners of the Company	(64,830)	(60,110)
Earnings/(loss) for the year from discontinued operations attributable to owner of the Company	104,930	(184,920)
Earnings/(loss) for the purpose of basic earnings/(loss) per share from continuing and discontinued operations	40,100	(245,030)
	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	1,332,000	1,332,000

For the years ended 31 December 2021 and 2020, the computation of diluted earnings/(loss) per share from continuing and discontinued operations were the same as the basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

15A.PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Office equipment HK\$'000	Total HK\$'000
Cost					
As at 1 January 2020	4,287	802	2,973	3,869	11,931
Additions	515	36	–	397	948
Disposal/written-off	–	(193)	–	(93)	(286)
Exchange difference	–	6	–	20	26
As at 31 December 2020 and 1 January 2021	4,802	651	2,973	4,193	12,619
Additions	74	5	–	135	214
Disposal/written-off	–	(10)	–	(1)	(11)
Reclassified as held for sale	–	–	–	(12)	(12)
Disposal of subsidiaries	(1,784)	(446)	(2,973)	(2,687)	(7,890)
As at 31 December 2021	3,092	200	–	1,628	4,920
Accumulated depreciation and impairment					
As at 1 January 2020	3,325	425	1,319	2,783	7,852
Charged for the year	792	89	523	555	1,959
Impairment loss for the year	362	133	–	517	1,012
Eliminated on disposals/written off	–	(57)	–	(69)	(126)
Exchange difference	–	1	–	13	14
As at 31 December 2020 and 1 January 2021	4,479	591	1,842	3,799	10,711
Charged for the year	25	2	42	22	91
Eliminated on disposals/written off	–	(10)	–	(1)	(11)
Reclassified as held for sales	–	–	–	(1)	(1)
Disposal of subsidiaries	(1,476)	(388)	(1,884)	(2,307)	(6,055)
As at 31 December 2021	3,028	195	–	1,512	4,735
Carrying amount					
As at 31 December 2021	64	5	–	116	185
As at 31 December 2020	323	60	1,131	394	1,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

15A. PROPERTY, PLANT AND EQUIPMENT (Continued)

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Leasehold improvements	20% or over the lease term, whichever is shorter
Furniture and fixtures	20%
Motor vehicles	30%
Office equipment	20%

The management has assessed that there is no impairment loss for the year ended 31 December 2021.

Due to the significant loss in the segment of contracting service and financial information and technology services for the year ended 31 December 2020, the management determined that the recoverable amount of property, plant and equipment based on value in use assessment is minimal, an impairment loss of approximately HK\$1,012,000 is recognised.

15B. INTANGIBLE ASSETS

	Risk management and operations management system HK\$'000
Cost	
As at 1 January 2020	5,875
Exchange difference	312
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As at 31 December 2020 and 1 January 2021	6,187
Disposal of subsidiaries	(6,187)
<hr/>	
As at 31 December 2021	–
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Accumulated amortisation and impairment	
As at 1 January 2020	112
Charged for the year	821
Impairment loss for the year	5,225
Exchange difference	29
<hr/>	
As at 31 December 2020 and 1 January 2021	6,187
Disposal of subsidiaries	(6,187)
<hr/>	
As at 31 December 2021	–
<hr/>	
Carrying amount	
As at 31 December 2021	–
<hr/>	
As at 31 December 2020	–
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

15B. INTANGIBLE ASSETS (Continued)

The above intangible assets are amortised on a straight-line basis over 10 years.

Due to the significant loss in the segment of financial information and technology services for the year ended 31 December 2020, the management determined that the recoverable amount of intangible assets based on value in use assessment is minimal, an impairment loss of approximately HK\$5,225,000 (equivalent to RMB4,453,000) is recognised for risk management and operations management system.

16. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000
As at 31 December 2021	
Carrying amount	3,161
As at 31 December 2020	
Carrying amount	337
For the year ended 31 December 2021	
Depreciation charge for the year	2,007
For the year ended 31 December 2020	
Depreciation charge for the year	9,079
Impairment loss for the year (Note)	5,018
	14,097

The management has assessed that there is no impairment loss for the year ended 31 December 2021.

Due to the significant loss in the segment of contracting service and financial information and technology services for the year ended 31 December 2020, the management determined that the recoverable amount of right-of-use assets based on value in use assessment is minimal, an impairment loss of approximately HK\$5,018,000 is recognised.

	Year ended 31 December 2021 HK\$'000	Year ended 31 December 2020 HK\$'000
Expense relating to short-term leases	–	3,411
Total cash outflow for leases	5,758	12,555
Additions to right-of-use assets (Note)	5,157	7,365
Termination to right-of-use assets	–	88
Disposal of a subsidiary	326	216

Note: Amount includes right-of-use assets resulting from new leases entered and lease modification during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

16. RIGHT-OF-USE ASSETS (Continued)

For both years, the Group leases various offices and car parks for its operations. Lease contracts are entered into for fixed term of 3 months to 2 years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for car parks and office. As at 31 December 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense as disclosed above.

17. EQUITY INSTRUMENTS AT FVTOCI

	2021 HK\$'000	2020 HK\$'000
Listed investments		
— Equity securities listed in Hong Kong (Note)	—	18,457

Note: The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading; instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the period between 27 May 2021 and 1 June 2021, the Company, through its indirect wholly-owned subsidiary, Jet Speed, conducted a series of on-market transactions to dispose of the whole sums of equity instruments at FVTOCI (137,740,000 number of shares), at the selling price between HK\$0.098 and HK\$0.101, with an aggregate consideration of approximately HK\$13,674,000 (exclusive of transaction costs).

As at 31 December 2020, the cumulative amount of loss classified as financial assets at FVTOCI was approximately HK\$31,543,000. During the year, the unrealised loss on fair value change of approximately HK\$4,826,000 was recorded measured at investment revaluation reserve. Upon the disposal, the cumulative fair value loss and the transaction costs measured at investment revaluation reserve that related to the disposal amounted to approximately HK\$36,369,000 was transferred to accumulated losses.

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For the year ended 31 December 2021

18. FINANCIAL ASSETS AT FVTPL

	2021 HK\$'000	2020 HK\$'000
Equity securities listed in the PRC (Note)	–	13,902

Note: The equity securities were issued by a listed company in the PRC and suspended from trading on 2 July 2020. The fair value of the equity securities as at 31 December 2020 are determined based on the valuation under market approach performed by Vincorn Consulting and Appraisal Limited, a firm of independent qualified valuers.

Detailed information about the valuation techniques and inputs used in the determination of the fair value of listed equity securities is disclosed in Note 34c.

The financial assets at FVTPL was disposed along with the disposal of the Shanghai Faye Yu Technology Company Limited (“**Shanghai Faye**”) and its subsidiary (the “**Faye Yu Group**”) on 30 March 2021.

19. CONTRACT ASSETS

	2021 HK\$'000	2020 HK\$'000
Contracting service (Note)	87,918	95,193

Note: As at 31 December 2021, included in contract assets was retention held by customers for contract works amounting to approximately HK\$39,362,000 (2020: HK\$37,295,000), in which approximately HK\$Nil (2020: HK\$4,475,000) was retention held by Land Ease Limited (“**Land Ease**”), a company wholly-owned by Mr. Ng Kin Siu. The retention money was expected to be recovered or settled in within twelve months from the end of the reporting period.

As at 31 December 2020, contract assets of approximately HK\$4,475,000 were due from a related party, Land Ease.

The contract assets primarily relate to the Group’s right to consideration for work completed and not billed because the rights are conditioned on the Group’s future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Typical payment terms which impact on the amount of contract assets recognised are set out in Note 3.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Details of the impairment assessment are set out in Note 34b.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

20. TRADE AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables (Note a)	93,306	361,885
Less: allowance for ECL	(4,367)	(292,513)
	88,939	69,372
Retention receivables (Note b)	6,661	16,086
Less: allowance for ECL	(2,155)	(2,381)
	4,506	13,705
Other receivables, deposits and prepayments		
— Deposits to a credit service provider and a financial institution (Note c)	—	52,472
Less: allowance for ECL	—	(42,198)
	—	10,274
— Other receivables from a credit service provider (Note d)	—	126,727
Less: allowance for ECL	—	(97,537)
	—	29,190
— Other receivables	8,074	122,901
Less: allowance for ECL (Note e)	(163)	(80,097)
	7,911	42,804
— Prepayment	19,559	56,349
— Sundry deposits	3,052	3,790
— Accounts receivables in custodian (Note f)	—	825
	22,611	60,964
	123,967	226,309

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

20. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (a) Of the trade receivables as at 31 December 2021, approximately HK\$Nil (2020: HK\$1,612,000) were due from Land Ease. The trade receivables due from Land Ease as at 31 December 2020 was all aged within 30 days, based on certificate/invoice dates. As at 31 December 2021, an aggregate gross amount of approximately HK\$301,635,000 were derecognised due to disposal of subsidiaries.
- (b) Retention money in relation to completed projects of approximately HK\$1,934,000 (2020: HK\$13,470,000) was unbilled as at 31 December 2021. The Group has an unconditional right to the payment of the unbilled retention receivables which is expected to be billed within 12 months from the end of the reporting period. Of the retention receivables as at 31 December 2021, approximately HK\$Nil (2020: HK\$4,475,000) were due from Land Ease.
- (c) The Group paid deposits of approximately RMB35,735,000 (equivalent to approximately HK\$39,946,000) and RMB8,804,000 (equivalent to approximately HK\$9,848,000) to a credit service provider and a financial institution, respectively. Both parties are independent to the Group. The deposits were calculated based on a fixed percentage of the amounts of loans distributed to the borrowers through the credit service provider or the financial institution. The deposits will be released upon the maturity of the relevant loans. The loans periods are within 3 months to 1 year. Amount were derecognised due to disposal of subsidiaries for the year ended 31 December 2021.
- (d) The Group provided an amount of approximately RMB158,929,000 (equivalent to approximately HK\$177,689,000) to a credit service provider, which is independent to the Group, as part of the business cooperation between the Group and the credit service provider. The amount is unsecured, interest-free and repayable on demand. As at 31 December 2020, the carrying amount of the other receivables was approximately HK\$29,190,000, net of allowance of ECL of approximately HK\$97,537,000. Amount were derecognised due to disposal of subsidiaries for the year ended 31 December 2021.
- (e) Included in other receivables as at 31 December 2020, gross carrying amount of approximately HK\$79,528,000 arose from payments amounting to approximately RMB67,504,000 made by the Group to agents in relation to the financial information and technology services business of the Group. Full impairments loss under ECL model of approximately HK\$79,528,000 was provided during the year ended 31 December 2020. As at 31 December 2021, an aggregate gross amount of approximately HK\$79,528,000 were derecognised due to disposal of subsidiaries.
- (f) Balance represents revenue collected by the custodian on behalf of the Group for service fees earned from individual borrowers in the financial information and technology service business. The balance will be transferred back to the bank accounts of the Group upon the Group's instructions. Amount were derecognised due to disposal of subsidiaries for the year ended 31 December 2021.

The Group allows a credit period ranging from 0 to 90 days to its customers. The following is an aged analysis of the Group's trade receivables net of allowance for ECL presented based on certificate/invoice dates:

	2021 HK\$'000	2020 HK\$'000
Trade receivables:		
1–30 days	59,138	28,489
31–60 days	20,217	15,133
61–90 days	–	2,568
91–180 days	–	14,101
Over 180 days	9,584	9,081
	88,939	69,372

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

20. TRADE AND OTHER RECEIVABLES (Continued)

	2021 HK\$'000	2020 HK\$'000
Receivables in relation to billed retention money:		
1–30 days	–	–
31–60 days	–	34
61–90 days	–	–
91–180 days	53	33
Over 180 days	2,519	168
	2,572	235

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

As at 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$30,492,000 (2020: HK\$29,549,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$9,584,000 (2020: HK\$12,765,000) have been past due 90 days or more and are not considered as in default due to the long-term/on-going relationship with and good repayment record of these customers. The Group does not hold any collateral over these balances.

Details of the impairment assessment are set out in Note 34b.

21. PLEDGED DEPOSITS/BANK BALANCES AND CASH

As at 31 December 2021, deposits amounting to approximately HK\$9,883,000 (2020: HK\$25,583,000) have been pledged to banks or insurance company to secure banking facilities granted to the Group and guarantee line for issuing surety bonds (see Note 30). The bank balances and cash comprise cash held by the Group, bank balances and short-term bank deposits with an original maturity of three months or less. The pledged deposit/bank balances carry interest at market rates which are as follows:

	2021	2020
Range of interest rates per annum:		
Pledged deposits	–	0.300% to 2.970%
Bank balances	0.001% to 0.010%	0.001% to 0.010%

Included in the cash and bank balances at the end of the reporting period were amounts in RMB of approximately HK\$Nil (2020: HK\$7,696,000) which are not freely convertible into other currencies.

Details of impairment assessment of pledged deposits and bank balances are set out in Note 34b.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

22. TRADE AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Trade payables	66,299	36,405
Retention payables (Note a)	36,777	45,303
Accrued subcontracting charges	60,590	80,745
Accrued operating expenses (Note b)	2,170	54,876
Withholding tax payable related to divided payable to non-controlling shareholder of a subsidiary	–	2,386
Dividend payable to non-controlling shareholder of a subsidiary (Note c)	–	9,544
	165,836	229,259

Notes:

(a) In accordance with the normal practice of the industry, a certain percentage of contract sums is usually withheld by the Group as retention money for a period of one to two years after the work of subcontractors has been completed.

(b) Included in the balance as at 31 December 2020, is an amount due to 達飛雲貸科技(北京)有限公司 (Dafy Yundai Technology (Beijing) Co., Ltd.) (“**Dafy Yundai**”) of approximately HK\$6,524,000. This related company is controlled by Mr. Gao Yunhong, a former director of the Company for license fee payable and rental deposit refund received by the Group on behalf of Dafy Yundai to this related company.

Included in the balance as at 31 December 2020, is an amount due to 深圳達飛科技控股有限公司 (Shenzhen Dafy Technology Holding Co., Ltd.) (“**Shenzhen Dafy**”) of approximately HK\$7,106,000 for the purchase of a risk management and operations management system from Shenzhen Dafy and other operating expenses paid by Shenzhen Dafy on behalf of the Group.

Amounts were derecognised due to disposal of subsidiaries for the year ended 31 December 2021.

(c) Included in the balance as at 31 December 2020, is a dividend payable to non-controlling shareholder of a subsidiary, 上饒市紅森信息科技有限公司 of approximately HK\$9,544,000 (equivalents to RMB8,101,000) for declared dividends for the years ended 31 December 2018 and 2019.

The credit period on trade payables is 0 to 30 days.

An aged analysis of the Group’s trade payables based on invoice dates at the end of the reporting period is as follows:

	2021 HK\$'000	2020 HK\$'000
Trade payables:		
1–30 days	57,802	24,202
31–60 days	48	574
61–90 days	–	132
Over 90 days	8,449	11,497
	66,299	36,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

23. CONTRACT LIABILITIES

	2021 HK\$'000	2020 HK\$'000
Deposits from customers	–	31,731

The following table shows how much of the revenue recognised in the current and prior years relates to carried-forward contract liabilities:

	2021 HK\$'000	2020 HK\$'000
Revenue recognised in contracting service that was included in the contract liabilities balance at the beginning of the respective years	31,731	1,977

Typical payment terms which impact the amount of contract liabilities recognised are as set out in Note 3.

24. AMOUNTS DUE TO A SHAREHOLDER

The amounts are unsecured, interest-free and repayable within one year from the end of the reporting period. On 24 December 2021, a winding-up petition was presented by Gentle Soar Limited, a shareholder of the Company against Jet Speed, an indirect wholly-owned subsidiary of the Company for the sum of approximately HK\$14,149,000, allegedly being the monies paid, injected and/or credited to Jet Speed by Gentle Soar during the period from around 15 August 2018 to 21 May 2021. As of the date of this report, the case is still ongoing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

25. LEASE LIABILITIES

	2021 HK\$'000	2020 HK\$'000
Lease liabilities payable:		
Within one year	3,752	3,994
Within a period of more than one year but not more than two years	632	1,462
Within a period of more than two years but not exceeding five years	–	52
	4,384	5,508
Less: Amount due for settlement with 12 months shown under current liabilities	(3,752)	(3,994)
Amount due for settlement after 12 months shown under non-current liabilities	632	1,514

The weighted average incremental borrowing rate applied is 4.5% per annum (2020: 4.5% per annum).

26. BANK BORROWINGS

The variable-rate secured bank borrowings are repayable as follows:

	2021 HK\$'000	2020 HK\$'000
Carrying amount of bank borrowings that are repayable on demand or within one year	–	6,500

As at 31 December 2020, the Group entered into borrowings to finance its business operations. Such borrowings had been secured by the pledged deposits (see Note 21).

As at 31 December 2020, the Group's variable-rate bank borrowings are all denominated in HK\$ and carried at interest rates of Hong Kong Interbank Offered Rate ("HIBOR") plus 2.75% per annum.

The effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follow:

	2021	2020
Variable-rate per annum:		
Bank borrowings	–	2.97%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

27. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021 HK\$'000	2020 HK\$'000
Deferred tax assets	–	3
Deferred tax liabilities	(56)	(56)
	(56)	(53)

The following is the major deferred tax liabilities and assets recognised by the Group and movements thereon:

	PRC withholding tax on distributable profits HK\$'000	Accelerated tax depreciation HK\$'000	ECL provision HK\$'000	Total HK\$'000
As at 1 January 2020	(16,121)	(157)	51,780	35,502
(Charged)/credited to profit or loss (Note 13)	16,912	104	(54,316)	(37,300)
Exchange difference	(791)	–	2,536	1,745
As at 31 December 2020 and 1 January 2021	–	(53)	–	(53)
Disposal of subsidiary	–	(3)	–	(3)
As at 31 December 2021	–	(56)	–	(56)

At the end of the reporting period, the Group has unused tax losses of approximately HK\$(125,428,000) (2020: HK\$81,127,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

28. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	4,000,000,000	40,000
Issued and fully paid:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	1,332,000,000	13,320

29. RETIREMENT BENEFIT PLANS

The Group participates a Mandatory Provident Fund Scheme (“MPF Scheme”) for its qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes monthly to the MPF Scheme at the lower of 5% of relevant payroll costs, or HK\$1,500 per month for each employee, which contribution is matched by employees.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payable in future years.

As at 31 December 2021 and 2020, the Group had no forfeited contributions available to reduce the existing level of contributions.

30. SURETY BONDS

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for performance of contract works in the form of surety bonds and secured by pledged deposits (see Note 21). In addition, the Group provided a counter-indemnity to the financial institutions that issue such surety bonds.

As at 31 December 2021, the outstanding amount of surety bonds of the Group was approximately HK\$30,664,000 (2020: HK\$33,178,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

31. DISPOSAL OF SUBSIDIARIES

FDB Facade

On 20 August 2020, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of FDB Facade, a direct wholly-owned subsidiary of the Company, which is principally engaged in the provision of design, supply and installation services for facade works and curtain wall work solutions at a consideration of approximately HK\$5,654,000. The disposal was completed on 30 December 2020.

Consideration received:	HK\$'000
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Cash received	520
Deferred cash consideration (Note)	5,134

Total consideration received	5,654
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Analysis of assets and liabilities over which control was lost:	HK\$'000
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Right-of-use assets	216
Contract assets	9,390
Trade and other receivables	3,805
Tax recoverable	315
Bank balances and cash	207
Trade and other payables	(8,359)
Lease liabilities	(212)

Net assets disposed of	5,362
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Gain on disposal of a subsidiary:

Consideration received and receivable	5,654
Net assets disposed of	(5,362)

Gain on disposal	292
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Net cash inflow arising on disposal:

Cash consideration received	520
Less: bank balances and cash disposed of	(207)

	313
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Note: The deferred consideration was fully settled in cash by the purchaser on 18 February 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

31. DISPOSAL OF SUBSIDIARIES (Continued)

Unicon Asia Limited

On 20 August 2020, the Group entered into a sale and purchase agreement to dispose fifty-one (51) ordinary shares of par value HK\$1.00 in the share capital of Unicon Asia Limited, an indirect non-wholly-owned subsidiary of the Company, which is principally engaged in the provision of supply and install services of piling connectors on steel casting and the supply of drilling tools at a consideration of approximately HK\$1,001,000. The disposal was completed on 30 November 2020.

Consideration received:	HK\$'000
Cash received	93
Deferred cash consideration (Note)	908
Total consideration received	1,001

Analysis of assets and liabilities over which control was lost:	HK\$'000
Contract Assets	427
Trade and other receivables	1,120
Bank balances and cash	2,090
Contract liabilities	(876)
Trade and other payables	(3,996)
Tax payable	(40)
Net liabilities disposed of	(1,275)

Gain on disposal of a subsidiary:

Consideration received and receivable	1,001
Net liabilities disposed of	1,275
Non-controlling interest	(625)
Gain on disposal	1,651

Net cash outflow arising on disposal:

Cash consideration received	93
Less: bank balances and cash disposed of	(2,090)
Net cash outflow arising on disposal	(1,997)

Note: The deferred consideration was fully settled in cash by the purchaser on 25 February 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

32. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group entered into the following material transactions with related parties:

	2021 HK\$'000	2020 HK\$'000
Dafy Yundai (Note a)		
License fee in respect of hardware and software system	–	2,159
Land Ease (Note b)		
Contracting service income	–	19,889

Notes:

- (a) The company is controlled by Gao Yuhong.
(b) The company is controlled by Mr. Ng Kin Siu.

(b) Compensation of key management personnel

The directors are identified as key management members of the Company, and their compensation during the years ended 31 December 2021 and 2020 were set out in Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged from prior years.

The capital structure of the Group consists of net debts, which includes bank borrowings disclosed in Note 26 and amounts due to a shareholder disclosed in Note 24, net of cash and cash equivalents and equity, comprising paid in capital and reserves.

Gearing ratio

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at the end of the reporting period was as follows:

	2021 HK\$'000	2020 HK\$'000
Debts (note (a))	14,149	18,906
Equity (note (b))	49,784	27,374
Debt to equity ratio	28.4%	69.07%

Notes:

- (a) Debts comprises including bank borrowings and amounts due to shareholders.
- (b) Equity includes all capital and reserves attributable to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS

34a. Categories of financial instruments

	2021 HK\$'000	2020 HK\$'000
Financial assets		
Financial assets at amortised cost	130,377	219,391
Equity instruments at FVTOCI	–	18,457
Financial assets at FVTPL	–	13,902
	130,377	251,750
Financial liabilities		
Financial liabilities at amortised cost	184,369	251,287

34b. Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, financial assets at FVTPL, trade and other receivables, pledged deposits, bank balances, trade and other payables, amounts due to a shareholder, bank borrowings, and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate lease liabilities (see Note 25 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, pledged deposits and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and pledged deposits and HIBOR arising from bank borrowings.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

The directors of the Company consider that the overall interest rate risk is not significant as the fluctuation of the interest rates on bank balances and pledged deposits and HIBOR on bank borrowings is minimal. Accordingly, no sensitivity analysis is prepared and presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign exchange risk

The functional currency of the Company and its subsidiaries is HKD and RMB in which most of their transactions are denominated. The Group currently does not hedge transactions undertaken in foreign currencies but manages its exposure through constant monitoring to limited as much as possible the amount of its foreign currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. In addition, the Group's foreign exchange position is monitored on an ongoing basis in order to minimise the impact from the fluctuation of foreign currency rate. The Group currently does not maintain a foreign currency hedging policy. However, management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The management considers the foreign exchange exposure does not have a significant risk to the Group, no sensitivity analysis is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, contract assets, pledged deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and contract assets.

Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade and retention receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount trade debt at the end of the reporting period to ensure that adequate impairment loss is recognised for irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 December 2021 on the trade and retention receivables from the Group's five major customers amounting to approximately HK\$72,179,000 (2020: HK\$30,779,000) and accounted for 75% (2020: 37%) of the Group's total trade and retention receivables. In the opinion of the directors of the Company, the major customers of the Group are reputable organisation in the market. The directors of the Company consider that the credit risk is limited in this regard.

In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Credit-impaired debtors are assessed for impairment individually, the remaining trade and retention receivables and contract assets are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. During the year ended 31 December 2021, net impairment losses of approximately HK\$1,511,000 and HK\$1,569,000 (2020: HK\$123,246,000 and reversal of HK\$6,079,000) are recognised for trade and retention receivables and contract assets, respectively. Details of the quantitative disclosures are set out below in this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and deposits

The directors of the Company estimate the loss rates of deposits to a credit service provider and a financial institution and other receivables from a credit service provider based on historical credit loss experience of these counterparties as well as other factors, including the operation scale and business performance of these counterparties. For the remaining other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of these receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group provided impairment based on 12m ECL for these other receivable and deposits that the directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and based on lifetime ECL for these other receivable and deposits which had significant increase in credit risk or credit-impaired during the year.

For the year ended 31 December 2020, impairment losses of approximately HK\$36,537,000 and HK\$77,544,000 are recognised for deposits to a credit service provider and a financial institution and other receivables from a credit service provider, respectively.

For the year ended 31 December 2021, reversal of impairment losses of approximately HK\$161,000 are recognised for the remaining other receivables and deposits. (2020: impairment loss of approximately HK\$79,851,000).

Pledged deposits and bank balances

Credit risk on pledged deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for pledged deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged deposits and bank balances is considered to be insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — 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	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
				2021 HK\$'000	2020 HK\$'000
Financial assets at amortised costs					
Trade and retention receivables	N/A	Note 1	Lifetime ECL (not credit-impaired) (provision matrix)	96,788	85,245
	N/A	Loss	Credit-impaired	3,179	292,726
				99,967	377,971
Other receivables and deposits	N/A	Low risk	12m ECL	11,126	48,056
	N/A	Doubtful	Lifetime ECL (not credit-impaired)	–	173,599
	N/A	Loss	Credit-impaired	–	85,128
				11,126	306,783
Bank balances	Baa2 to A1	N/A	12m ECL	9,401	23,848
Pledged deposit	Baa2 to A1	N/A	12m ECL	9,883	25,583
Other item					
Contract assets	N/A	Note 1	Lifetime ECL (not credit-impaired) (provision matrix)	90,729	96,446

Note 1:

For trade and retention receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by internal credit rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Provision matrix — internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade and retention receivables and contract assets which are assessed based on provision matrix within lifetime ECL (not credit-impaired). Credit-impaired debtors with gross carrying amount of approximately HK\$3,179,000 (2020: HK\$292,726,000) were assessed individually based on the recoverability with reference to time overdue and repeated attempts made by the Group including but not limited to issuance of demand letters and legal actions taken by the Group.

Gross carrying amount

Internal credit rating	2021			2020		
	Average loss rate	Trade and retention receivables HK\$'000	Contract assets HK\$'000	Average loss rate	Trade and retention receivables HK\$'000	Contract assets HK\$'000
Low risk	1.26%	81,951	90,729	1.30%	48,755	96,446
Watch list	3.7%	14,837	–	4.19%	36,490	–
		96,788	90,729		85,245	96,446

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade and retention receivables are a reasonable approximation of the loss rates for contract assets.

During the year ended 31 December 2021, the Group recognised impairment allowance of approximately HK\$2,579,000 and HK\$2,363,000 (2020: HK\$7,135,000 and HK\$1,867,000) and reversed approximately HK\$1,068,000 and HK\$794,000 impairment allowance (2020: HK\$896,000 and HK\$7,946,000) for trade and retention receivables and contract assets respectively, based on the provision matrix. Impairment allowance of approximately HK\$Nil (2020: HK\$117,007,000) were made on credit-impaired trade and retention receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade and retention receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
1 January 2020	18,702	160,272	178,974
Transfer to credit-impaired	(22,404)	22,404	–
Impairment loss recognised	7,135	117,007	124,142
Reversal of Impairment loss recognised	(896)	–	(896)
Write-offs	–	(15,956)	(15,956)
Exchange difference	(369)	8,999	8,630
At 31 December 2020 and 1 January 2021	2,168	292,726	294,894
Disposal of subsidiaries	(336)	(289,547)	(289,883)
Impairment loss recognised	2,579	–	2,579
Reversal of Impairment loss recognised	(1,068)	–	(1,068)
As at 31 December 2021	3,343	3,179	6,522

The following table shows the movement in lifetime ECL that has been recognised for contract assets under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000
As at 1 January 2020	7,854
Impairment loss recognised	1,867
Reversal of Impairment loss recognised	(7,946)
Write-offs	(878)
Exchange difference	356
As at 31 December 2020 and 1 January 2021	1,253
Disposal of subsidiaries	(11)
Impairment loss recognised	2,363
Reversal of Impairment loss recognised	(794)
As at 31 December 2021	2,811

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following tables show reconciliation of ECL that has been recognised for other receivables and deposits:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2020	23,812	–	–	23,812
Transfer to non credit-impaired	(24,020)	24,020	–	–
Transfer to credit-impaired	(1,086)	–	1,086	–
Impairment loss recognised	635	109,589	83,708	193,932
Exchange difference	1,296	527	334	2,157
As at 31 December 2020 and 1 January 2021	637	134,136	85,128	219,901
Disposal of subsidiaries	(280)	(134,136)	(85,128)	(219,544)
Reversal of Impairment loss recognised	(161)	–	–	(161)
Exchange difference	(1)	–	–	(1)
As at 31 December 2021	195	–	–	195

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels 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 utilization of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. 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 borrowings 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 financial liabilities are based on the agreed repayment dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	Repayable in 1 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying value HK\$'000
As at 31 December 2021					
Trade and other payables	–	165,836	–	165,836	165,836
Amounts due to a shareholder	–	14,149	–	14,149	14,149
Lease liabilities	4.5	3,859	642	4,501	4,384
		183,844	642	184,486	184,369
Financial guarantee contract (Note)	–	30,664	–	30,664	–

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	Repayable in 1 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying value HK\$'000
As at 31 December 2020					
Trade and other payables	–	226,873	–	226,873	226,873
Amounts due to a shareholder	–	12,406	–	12,406	12,406
Variable-rate bank borrowings	2.97	6,500	–	6,500	6,500
Lease liabilities	4.5	4,156	1,538	5,694	5,508
		249,935	1,538	251,473	251,287
Financial guarantee contract (Note)	–	33,178	–	33,178	–

Note: Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for performance of contract works in the form of surety bonds (see Note 30). The amount included above for financial guarantee contract represented the amount of counter-indemnity the Group provided to the financial institutions that issue such surety bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table (Continued)

Bank borrowings with a repayment on demand clause are included in the “repayable on demand or less than 3 months” time band in the below maturity analysis. As at 31 December 2020, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK\$6,514,000. Taking into account the Group’s consolidated financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid within one year after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. Aggregate principal and interest cash outflows are set out below:

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying value HK\$'000
As at 31 December 2020				
Bank borrowings — variable rate	2.97	6,514	6,514	6,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34c. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 2020 HK\$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs and sensitivity
Listed equity securities at FVTOCI	18,457	Level 1	Quoted bid price in active market	N/A
Listed equity securities at FVTPL	13,902	Level 3	Market approach	Adjusted price-to-book ratio: 0.693 times (Note 1) Discount rate for lack of marketability: 15.80% (Note 2)

Notes:

1. A 1% increase/decrease in the adjusted price-to-book ratio holding all other variables constant would decrease/increase the carrying amount of the financial assets at FVTPL by approximately HK\$1,183,000.
2. A 1% increase/decrease in the discount rate for lack of marketability holding all other variables constant would decrease/increase the carrying amount of the financial assets at FVTPL by approximately HK\$222,000.

There were no transfers between instruments in Level 1 and 2, or transfer into or out of level 3 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL INSTRUMENTS (Continued)

34c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values based on discounted cash flows analysis.

Reconciliation of Level 3 fair value measurements

	Listed equity securities at FVTPL HK\$'000
As at 1 January 2020	–
Transfers into level 3	25,867
Fair value loss in profit or loss	(11,918)
Exchange difference	(47)
As at 31 December 2020	13,902
Disposal of subsidiaries	(13,902)
As at 31 December 2021	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payable included in trade and other payable HK\$'000 (Note 26)	Bank borrowings HK\$'000 (Note 24)	Amounts due to a shareholder HK\$'000 (Note 25)	Lease liabilities HK\$'000 (Note 31)	Total HK\$'000
Aa at 1 January 2020	–	52,600	15,503	7,243	75,346
Financing cash flows	(1,668)	(46,100)	(3,616)	(9,144)	(60,528)
Disposal of a subsidiary	–	–	–	(212)	(212)
Exchange adjustment	–	–	519	148	667
Lease termination	–	–	–	(88)	(88)
Interest expenses (Note 9)	1,668	–	–	265	1,933
New leases entered/lease modification	–	–	–	7,296	7,296
As at 31 December 2020 and 1 January 2021	–	6,500	12,406	5,508	24,414
Financing cash flows	(16)	(6,500)	1,743	(5,758)	(10,531)
Disposal of a subsidiary	–	–	–	(328)	(328)
Interest expenses (Note 9)	16	–	–	269	285
New leases entered/lease modification	–	–	–	5,127	5,127
Leases modification	–	–	–	(434)	(434)
As at 31 December 2021	–	–	14,149	4,384	18,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

36. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the Company's share option scheme (the "**Scheme**") adopted for a period of 10 years on, and commenced from, 16 September 2015 for the primary purpose of providing incentives to directors, eligible employees, consultant or adviser of the Group, the directors, employees, consultant or adviser of the Group may, at the discretion of the directors, be granted options (the "**Options**") to subscribe for shares in the Company at a price determined by its directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares on the date of grant of the option.

Without prior approval from the Company's shareholders, the total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, and the number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time.

The Scheme will remain in force for a period of ten years from the date of its adoption. Options granted must be taken up not later than 7 days after the date of grant. A consideration of HK\$1 is payable on acceptance of the offer of grant of an option.

The exercisable period of an option, which shall not exceed 10 years from the date of grant, is determined by the Board of Directors of the Company at their discretion.

No options have been granted since its adoption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

37. DISCONTINUED OPERATIONS

Disposal of consultancy service segment

On 10 February 2021, the Group disposed of its entire equity interests in Fruit Design & Build Limited (“**Fruit Design**”) for cash consideration of approximately HK\$8,500,000, and thereafter the Group ceased the operation of provision of consultancy services.

Fruit Design carried out the Group’s consultancy service business, which was a separate reportable and operating segment of the Group, hence the consultancy service segment was a discontinued operation of the Group upon completion of the disposal.

The results of the consultancy service segment for the period from 1 January 2021 to 10 February 2021 have been presented as a part of the profit or loss for the year ended 31 December 2021 from discontinued operations of the Group in the consolidated statement of profit or loss and other comprehensive income. The comparative figures in the consolidated financial statements in respect of the preceding year have been restated to re-present the results and cash flows of the discontinued consultancy services segment as discontinued operations accordingly.

	Period from 1 January 2021 to 10 February 2021 (Completion date) HK\$'000	Year ended 31 December 2020 HK\$'000
Revenue	2,882	44,983
Cost of services	(2,131)	(41,287)
Gross profit	751	3,696
Other income	–	3,797
Impairment losses under ECL model, net of reversal	–	(52)
Administrative expenses	(1,040)	(15,020)
Finance costs	(1)	(10)
Loss before tax	(290)	(7,589)
Income tax credit	–	127
Loss for the period/year	(290)	(7,462)
Gain on disposal of a subsidiary	5,437	–
Profit/(loss) for the period/year from discontinued operations	5,147	(7,462)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

37. DISCONTINUED OPERATIONS (Continued)

Disposal of consultancy service segment (Continued)

Profit/(loss) for the period/year from the discontinued operation is arrived at after charging:

	Period from 1 January 2021 to 10 February 2021 (Completion date) HK\$'000	Year ended 31 December 2020 HK\$'000
Salaries and other allowances	2,037	23,165
Retirement benefit scheme contributions, excluding those of directors	70	759
Total staff costs	2,107	23,924
Depreciation of property, plant and equipment	73	761
Depreciation of right-of-use assets	11	88

Cash flows from discontinued operation for the period/year are as follows:

	Period from 1 January 2021 to 10 February 2021 (Completion date) HK\$'000	Year ended 31 December 2020 HK\$'000
Net cash generated from/(used in) operating activities	450	(10,051)
Net cash used in investing activities	—	(200)
Net cash used in financing activities	(13)	(76)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

37. DISCONTINUED OPERATIONS (Continued)

Disposal of consultancy service segment (Continued)

The analysis of assets and liabilities of Fruit Design at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment	1,835
Right-of-use assets	326
Deferred tax assets	3
Contract assets	401
Trade and other receivables	11,950
Tax recoverable	1,166
Bank balances and cash	2,473
Trade and other payable	(8,515)
Amount due to a fellow subsidiary	(6,248)
Lease liabilities	(328)
	3,063
Gain on disposal of a subsidiary	5,437
Total consideration	8,500
	HK\$'000
Net cash inflow arising on disposal:	
Cash consideration received	8,500
Less: bank balances and cash disposed of	(2,473)
	6,027

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

37. DISCONTINUED OPERATIONS (Continued)

Disposal of financial information and technology service segment

During the year ended 31 December 2021, the Group entered into sale and purchase agreement on 30 March 2021 to dispose Shanghai Faye Yu and on 28 May 2021 to dispose Tianjin Turing Technology Information Consultancy Limited (“**Tianjin Turing**”), both of which were principally engaged in provision of financial information and technology services in the PRC. The disposals were completed on the dates of the respective sale and purchase agreements.

Subsequent to the resignation of certain former directors of the Company (the “**Outgoing Directors**”) and senior management personnel of the Group who were responsible for the financial information and technology services segment on 14 December 2021, the Company has resolved that the Group shall cease the business of the financial information and technology services segment. On 24 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital in Growth Profit International Limited (“**Growth Profit**”) at the consideration of HK\$1. Prior to its disposal, Growth Profit and its subsidiaries (the “**Growth Profit Group**”) were principally engaged in the provision of debt restructuring and debt collection services in the PRC, which was part of the financial information and technology services segment of the Group. Completion of the Growth Profit Disposal took place on 24 March 2022. As disclosed in Note 38, the assets and liabilities of Growth Profit Group have been reclassified as assets of disposal group held for sale and liabilities directly associated with disposal group held for sale in the consolidated financial statements of the Group with effect from 14 December 2021.

As a result of the abovementioned disposals, the Group has completed the disposal of the entire financial information and technology services segment of the Group upon completion of the disposal of the Growth Profit Group on 24 March 2022. As the Growth Profit Group was a disposal group classified as held for sale as at 31 December 2021, the financial information and technology services segment was considered to be a discontinued operation in the consolidated financial statements for the year ended 31 December 2021. The results of the financial information and technology services segment for the periods from 1 January 2021 to the dates of disposal, or 31 December 2021 in the case of the disposal group held for sale, of the abovementioned subsidiaries have been presented as profit or loss from discontinued operation in the Group’s consolidated statement of profit or loss for the year ended 31 December 2021, and the comparative figures in the consolidated financial statements in respect of the preceding year have been restated to re-present the results and cash flows of the financial information and technology services segment as discontinued operations accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. DISCONTINUED OPERATIONS (Continued)

Disposal of financial information and technology service (Continued)

	Period from 1 January 2021 to derecognition dates or 31 December 2021 HK\$'000	Year ended 31 December 2020 HK\$'000
Revenue	8,209	17,017
Cost of services	(5,626)	(21,680)
Gross profit/(loss)	2,583	(4,663)
Other income	2,477	16,225
Other gains and losses	2,710	(17,214)
Impairment losses under ECL model, net of reversal	–	(290,897)
Administrative expenses	(4,639)	(27,644)
Finance costs	–	(37)
Profit/(loss) before tax	3,131	(324,230)
Income tax expense	(15)	(37,726)
Profit/(loss) for the period/year	3,116	(361,956)
Gain on disposal of subsidiaries	97,996	–
Profit/(loss) for the period/year from the discontinued operations	101,112	(361,956)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

37. DISCONTINUED OPERATIONS (Continued)

Disposal of financial information and technology service (Continued)

Profit/(loss) for the period/year from the discontinued operation is arrived at after charging:

	Period from 1 January 2021 to derecognition dates or 31 December 2021 HK\$'000	Year ended 31 December 2020 HK\$'000
Salaries and other allowances	2,024	29,749
Retirement benefit scheme contributions, excluding those of directors	207	1,242
Total staff costs	2,231	30,991
Impairment loss of intangible asset	–	5,225
Amortisation of intangible asset	–	821
Depreciation of property, plant and equipment	–*	418
Depreciation of right-of-use assets	–	1,907

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

Cash flows from discontinued operation for the period/year are as follows:

	Period from 1 January 2021 to derecognition dates or 31 December 2021 HK\$'000	Year ended 31 December 2020 HK\$'000
Net cash used in operating activities	(2,892)	(116,433)
Net cash generated from investing activities	–	250
Net cash used in financing activities	–	(8,870)

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37. DISCONTINUED OPERATIONS (Continued)

Disposal of financial information and technology service (Continued)

(a) Faye Yu Disposal

On 30 March 2021, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group agreed to sell and the independent third party agreed to acquire the entire issued share capital of Shanghai Faye Yu, and its subsidiaries which were engaged in provision of financial information and technology services, for an aggregate consideration of approximately RMB1 (the "Faye Yu Disposal").

Upon the completion of the disposal on 30 March 2021, Faye Yu Group ceased to be wholly-owned subsidiaries of the Group and the Group ceased to have any interests in Faye Yu Group, hence the results, cash flows, assets and liabilities of Faye Yu Group were no longer consolidated in the consolidated financial statements of the Group after that date.

The analysis of assets and liabilities of Faye Yu Group at the date of disposal were as follows:

	HK\$'000
Trade and other receivables	51,161
Amount due from fellow subsidiaries	4,849
Financial assets at FVTPL	16,833
Bank balances and cash	2,875
Trade and other payables	(64,404)
Contract liabilities	(86)
Tax payable	(120,786)
	(109,558)
Release of translation reserve	(11,959)
Non-controlling interests	24,673
Gain on disposal of subsidiaries	96,844
Total consideration	—*

	HK\$'000
Net cash inflow arising on disposal:	
Cash consideration received	—*
Less: bank balances and cash disposed of	(2,875)
	(2,875)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. DISCONTINUED OPERATIONS (Continued)

Disposal of financial information and technology service (Continued)

(b) *Tianjin Turing Disposal*

On 28 May 2021, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group agreed to sell, and the independent third party agreed to acquire, the entire issued share capital of Tianjin Turing, and its subsidiaries (the “**Tianjin Turing Group**”), which were engaged in provision of financial information and technology services, for an aggregate consideration of approximately RMB1 (the “**Tianjin Turing Disposal**”).

Upon the completion of the disposal on 28 May 2021, Tianjin Turing Group ceased to be wholly-owned subsidiaries of the Group and the Group ceased to have any interests in Tianjin Turing Group, hence the results, cash flows, assets and liabilities of Tianjin Turing Group no longer were consolidated in the consolidated financial statements of the Group after that date.

The analysis of assets and liabilities of Tianjin Turing Group at the date of disposal were as follows:

	HK\$'000
Trade and other receivables	1,339
Bank balances and cash	4,607
Trade and other payables	(7,348)
	(1,402)
Release of translation reserve	6
Non-controlling interests	244
Gain on disposal of subsidiaries	1,152
Total consideration	—*
	HK\$'000
Net cash inflow arising on disposal:	
Cash consideration received	—*
Less: bank balances and cash disposed of	(4,607)
	(4,607)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

38. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As disclosed in Note 37 to the consolidated financial statements, subsequent to the resignation of the Outgoing Directors and certain senior management personnel of the Group who were responsible for the financial information and technology services segment. On 14 December 2021, the Company has resolved that the Group shall cease the business of the financial information and technology services segment. As at 14 December 2021, the disposals of the Faye Yu Group and Tianjin Turing Group have been completed on 30 March 2021 and 28 May 2021 respectively and Growth Profit and its subsidiary Shenzhen Heshilao Intelligence Technology Company Limited* (深圳和事佬智能科技有限公司) (collectively, the “**Held for Sale Subsidiaries**”) were the remaining subsidiaries of the Group belonging to the financial information and technology services segment.

As at 14 December 2021, which was the date of discontinuance of the discontinued operations of the financial information and technology service segment, the Directors were committed to a plan to sell the Held for Sale Subsidiaries, which were available for immediate sale and the sale was considered highly probable. Accordingly, the carrying amounts of the assets and liabilities of the Held for Sale Subsidiaries would be recovered principally through a sale transaction rather than through continuing use. The Held for Sale Subsidiaries were therefore reclassified as a disposal group held for sale and measured at the lower of its carrying amount and fair value less costs to sell.

However, the Group was unable to have access to the full accounting books and records and management personnel of the Held for Sale Subsidiaries. The Group was therefore unable to consolidate the financial performance and cash flows of the Held for Sale Subsidiaries from 1 January 2021 to 31 December 2021 in its consolidated financial statements for the year ended 31 December 2021. For the same reasons, the Group was unable to measure the disposal group as at 31 December 2021 at the lower of the net carrying amount of the assets and liabilities of the disposal group and its fair value less costs to sell as the carrying amounts of the assets and liabilities of the Held for Sale Subsidiaries as at 31 December 2021 could not be established.

Under the circumstances of unavailability of full accounting books and records and management personnel of the Held for Sale Subsidiaries, the Directors have determined that as the management accounts of the Held for Sale Subsidiaries for the period 1 January 2021 to 30 June 2021 and as at 30 June 2021 were previously made available to the Company for the purposes of the preparation of the unaudited interim financial report of the Company for the six months ended 30 June 2021, and in view of the fact that the Directors believed that there were minimal transactions involving the Held for Sale Subsidiaries during the intervening period from 1 July 2021 to 31 December 2021, the Held for Sale Subsidiaries shall be consolidated in the consolidated financial statements of the Group in the manner described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

38. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

The Group has consolidated the financial performance and cash flows of the Held for Sale Subsidiaries for the period from 1 January 2021 to 30 June 2021, instead of the period from 1 January 2021 to 31 December 2021, in the consolidated financial performance and cash flows of the Group presented as results and cash flows of the Group from discontinued operations for the year ended 31 December 2021. For the same reasons as above, the Group has measured the carrying amount of the Held for Sale Subsidiaries as a disposed group held for sale in the consolidated statement of financial position as at 31 December 2021 based on the carrying amounts of the assets and liabilities of the Held for Sale Subsidiaries at 30 June 2021, instead of the carrying amounts at 31 December 2021. The directors believe that the results and cash flows from discontinued operations of the Group for the year ended 31 December 2021 and its consolidated financial position as at 31 December 2021 would not be materially affected by the adoption of the approach described above.

On 24 March 2022, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital in Growth Profit and its subsidiary at the consideration of HK\$1. Completion of the Growth Profit Disposal took place on 24 March 2022.

The assets and liabilities of Held for Sale Subsidiaries, which belonged to the financial information and technology services segment, have been classified as assets and liabilities classified as held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2021.

The major classes of assets and liabilities of the Held for Sale Subsidiaries classified as held for sale are as follows:

	HK\$'000
Property, plant and equipment	11
Trade and other receivables	4,634
Bank balances and cash	1,393
	<hr/>
Total assets classified as held for sale	6,038
	<hr/>
Trade and other payables	(6,553)
	<hr/>
Total liabilities classified as held for sale	(6,553)
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Cumulative amount of approximately HK\$53,000 relating to the Growth Profit Group classified as held for sale has been recognised in other comprehensive income and included in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

39.1 General information of subsidiaries

Details of the Company's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiary	Place and date of incorporation/operation	Equity interest attributable to the Company		Issued and fully paid share capital/registered capital	Principal activities
		2021	2020		
FDB & Associates Limited*	BVI/Hong Kong 25 February 2015	100%	100%	Ordinary share USD1	Investment holding
Fruit Design	Hong Kong 7 December 2006 (Note 6)	–	100%	Ordinary shares HK\$28,100,000	Contracting business and provision of building consultancy services
Win Lee Building	Hong Kong	100%	100%	Ordinary shares HK\$1,000,000	Contracting business and project management mainly for property refurbishment and renovation
上海飛毓科技有公司 (Shanghai Faye Yu Technology Company Limited) (“Shanghai Faye Yu”)	The PRC 13 April 2018 (Note 2 and 7)	–	100%	Registered RMB\$5,000,000	Provision of computer information network, electronic technology development consulting and advertising
上饒市紅焱信息科技有 限公司 (“上饒紅焱”) (formerly known as 上饒市達飛金融信息服 務有限公司)	The PRC 12 June 2018 (Note 1, 3 and 7)	–	51%	Registered RMB\$100,000,000	Financial information and technology service
深圳雲達飛科技有 限公司	The PRC 18 September 2018 (Note 4 and 7)	–	51%	Registered RMB\$10,000,000	Cost Centre
北京雲揚達飛科技 有限公司	The PRC 3 August 2018 (Note 7)	–	51%	Registered RMB\$10,000,000	Cost Centre
深圳和事佬智能科技 有限公司	The PRC 11 June 2020 (Note 5)	80%	80%	Registered RMB\$10,000,000	Financial information and technology service

* Directly held by the Company

Note 1: During the year ended 31 December 2020, the Group contributed capital injection of approximately HK\$730,000 to 上饒紅焱.

Note 2: Wholly foreign-owned enterprise registered in the PRC.

Note 3: Sino-foreign equity joint venture.

Note 4: Limited liability company.

Note 5: During the year ended 31 December 2020, the non-controlling shareholder contributed capital injection of approximately HK\$274,000 to 深圳和事佬智能科技有公司.

Note 6: The company has disposal on 10 February 2011.

Note 7: The company has disposal on 30 March 2021.

None of the subsidiaries had issued any debt securities at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

39.2 Details of a non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place and date of incorporation/ operation	Proportion of equity interest and voting rights held by the non-controlling interests At 31 December 2020	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
			2021	2020	2021	2020
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
上饒紅森	The PRC 12 June 2018	49%	1,173	(146,804)	-	5,797
Individually immaterial subsidiaries with non-controlling interests			156	(37,694)	121	(30,855)
			1,329	(184,498)	121	(25,058)

Summarised financial information in respect of 上饒紅森 that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	2020 HK\$'000
Current assets	174,882
Non-current assets	11,665
Current liabilities	(174,716)
Non-current liabilities	-
Equity attributable to owners of the Company	6,034
Non-controlling interests	5,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

39.2 Details of a non-wholly owned subsidiary that has material non-controlling interests (Continued)

	Year ended 31 December 2020 HK\$'000
Revenue	16,282
Expenses	(315,882)
Loss for the year	(299,600)
Loss attributable to owners of the Company	(152,796)
Loss attributable to the non-controlling interests	(146,804)
Loss for the year	(299,600)
Other comprehensive loss attributable to owners of the Company	(41,918)
Other comprehensive loss attributable to the non-controlling interests	(40,275)
Other comprehensive loss for the year	(82,193)
Total comprehensive loss attributable to owners of the Company	(194,714)
Total comprehensive loss attributable to the non-controlling interests	(187,079)
Total comprehensive loss for the year	(381,793)
Net cash used in operating activities	(126,210)
Net cash generated from investing activities	17
Net cash generated from financing activities	5,069
Net cash outflow	(121,124)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

40. EVENTS AFTER REPORTING PERIOD

On 24 March 2022, Taize Investment Holdings Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a purchaser to dispose of the entire issued share capital in Growth Profit at the consideration of HK\$1 (the “**Growth Profit Disposal**”). Completion of the Growth Profit Disposal took place on 24 March 2022.

41. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2021 HK\$'000	2020 HK\$'000
Non-current assets		
Investments in subsidiaries	2	2
Amounts due from subsidiaries	–	1,626
	2	1,628
Current assets		
Other receivables and prepayments	86	284
Amounts due from subsidiaries	15,468	13,587
Bank balances and cash	–	42
	15,554	13,913
Current liabilities		
Accrued charges	1,742	1,546
Amounts due to subsidiaries	–	2
	1,742	1,548
Net current assets	13,812	12,365
Net assets	13,814	13,993
Capital and reserves		
Share capital (Note 28)	13,320	13,320
Reserves	494	673
Total equity	13,814	13,993

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

Movement in the Company's reserve

	Share premium HK\$'000	Accumulated losses HK\$'000	Exchange reserve HK\$'000	Total HK\$'000
As at 1 January 2020	145,939	(64,079)	–	81,860
Loss and total comprehensive loss for the year	–	(84,060)	2,873	(81,187)
As at 31 December 2020 and 1 January 2021	145,939	(148,139)	2,873	673
Income and total comprehensive income for the year	–	(130)	(49)	(179)
At 31 December 2021	145,939	(148,269)	2,824	494

42. LITIGATION

Save as disclosed in the section of "Litigation" of the MD&A in this annual report from pages 17 to 19, as at 31 December 2021, so far as the Directors were aware, (i) the Group was not engaged in any litigation or claims of material importance, and (ii) no litigation or claims of material importance is pending or threatened against the Group.

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

FINANCIAL SUMMARY

For the five years ended 31 December 2017, 2018, 2019, 2020 and 2021

RESULTS

	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000 (restated)	2021 HK\$'000
Revenue (restated)	686,196	519,693	489,033	411,860	382,273
Profit/(loss) before tax	38,152	68,617	214,196	(59,439)	(64,830)
Income tax expense	(6,969)	(17,321)	(97,619)	(671)	–
Profit/(loss) and total comprehensive income for the year	31,183	46,096	91,590	(60,110)	(64,831)
Attributable to:					
Owners of the Company	31,183	26,786	(4,222)	124,387	(66,160)
Non-controlling interests	–	19,310	95,812	(184,497)	1,329

ASSETS AND LIABILITIES

	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000
Total assets	388,019	471,062	978,273	407,061	234,845
Total liabilities	(276,557)	(303,403)	(550,084)	(404,745)	(184,425)
Net assets	111,462	167,659	428,189	2,316	50,420

