

PHOENICIAN INTERNATIONAL LIMITED
(Formerly known as Phoenician Group Limited)

(Incorporated in Cayman Islands with limited liability)

Reports and Consolidated Financial Statements
For the year ended 31 December 2021

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)**

COMPANY PROFILE

Phoenician International Limited (formerly known as Phoenician Group Limited) (“Phoenician” or the “Company”), incorporated and domiciled in the Cayman Islands since May 2012, is a global investment firm with offices in Hong Kong and Shanghai.

The Company’s primary business is to provide Wealth Management, Investment Management and Investment Banking services to a selected group of private, institutional and corporate clients, aiming to capitalize on the increasing cross border investment flows between China/ASEAN economies and the rest of the world.

Our key corporate strategies and objectives are:

- Providing international private and institutional investors with first class wealth management and investment management services with special focus on China/ASEAN capital markets;
- Providing China based private and institutional investors with investment management services and wealth management advice with special focus on cross border capital markets opportunities.
- Assisting high growth China/ASEAN corporates in raising capital by accessing private and public global capital markets; and
- Enabling international corporates to invest in high-growth China/ASEAN markets to realise high growth market entry/market build-out strategies.

Phoenician works with innovators, entrepreneurs, industry leaders and their families to help them achieve their financial goals while playing a critical part in the facilitation of capital flows between China/ASEAN economies and the rest of the world.

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chan Kwan
Mr. Lo Yiu Man (appointed on 22 April 2022)

COMPANY ADDRESS

Registered Office
Harbour Place, 2nd Floor
103 South Church Street
George Town
Grand Cayman, KY1-1106
Cayman Islands

REGISTERED OFFICE PROVIDER

International Corporation Services Ltd
Harbour Place, 2nd Floor
103 South Church Street
George Town
Grand Cayman, KY1-1106
Cayman Islands

Principal Place of Business in Hong Kong

8 Queen's Road Central, 6th Floor
Central
Hong Kong

Representative Office in China

Unit 1212-14, Shanghai Two ICC
No. 288 South Shan'xi Road
Xuhui District, Shanghai, China

AUDITOR

RSM Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)**

LETTER FROM THE BOARD

Dear Shareholders,

After decades of high economic growth, China is expected to continue on its robust economic development trajectory as a result of superior COVID containment strategies and clear advantages over other major economies in terms of technology and infrastructure development and major governmental support policies such as the Belt and Road Initiative. Therefore, the East Asia region, led by China and other ASEAN economies, will remain the key growth engine for the world economy and will continue to offer the most significant cross-border investment opportunities in the near to mid-term for our international client base, at a time of global asset dislocation in the rest of the world.

At Phoenician, we have been actively leveraging on the rapid growth of China and other ASEAN economies by offering unique investment opportunities to our international private and institutional clients, which have rewarded us with a substantial increase in our asset base. In addition, we have been very effective in deploying our investment capital, generating substantial investment gains over the past few years.

During 2021, we have also been extremely successful in assisting our ASEAN and China based corporate clients to raise capital across global private and public equity markets, establishing ourselves as a trusted advisor to industry leaders in the region, with special focus on the mining sector.

I would like to thank the entire Phoenician team for a strong performance in 2021. We will continue to strive to provide best-in-class professional advice to our corporate clients and achieve outstanding investment performance for our private/institutional clients and our Shareholders.

Yours faithfully,



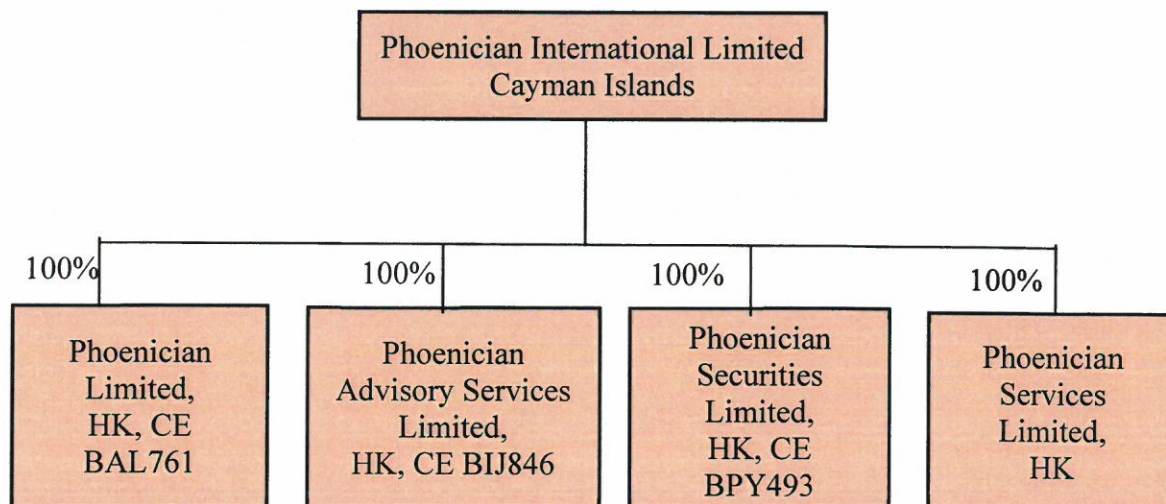
Phoenician International Limited
Board of Directors

28 April 2022

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)**

BUSINESS OVERVIEW

The group structure of the Company is set out below:



Phoenician International Limited is the group holding company incorporated in the Cayman Islands in May 2012.

Phoenician Securities Limited (“Phoenician Securities” or “PS”) is a licensed corporation accredited by the Securities & Futures Commission of Hong Kong (“SFC”) to conduct Type 1 - Dealing in Securities activities with Central Entity Number (“CE No.”) BPY493 since May 2021.

Phoenician Advisory Services Limited (“Phoenician Advisory Services” or “PAS”) is licensed corporation accredited by the SFC to conduct Type 1 - Dealing in Securities and Type 6 - Advising on Corporate Finance activities with CE No. BIJ846 since May 2017.

Phoenician Limited (“Phoenician Limited” or “PI”) is a licensed corporation accredited by the SFC to conduct Type 4 - Advising on Securities and Type 9 - Asset Management activities with CE No. BAL761 since September 2015 and March 2013 respectively.

Phoenician Services Limited (“Phoenician Services”) is an entity incorporated in Hong Kong in December 2021.

Our platform offering includes 3 business units: Wealth Management, Investment Management and Investment Banking, each with distinctive capabilities but managed in an integrated and client-centric fashion.

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)**

BUSINESS OVERVIEW (CONT'D)

Wealth Management

Phoenician's wealth management unit is specialised in advising a select group of private and institutional clients including high net worth individuals and family offices to preserve and manage their wealth and achieve their financial goals.

Through its comprehensive suite of bespoke portfolio management solutions, Phoenician provides non-discretionary investment advisory services and discretionary portfolio management services.

Investment Management

Our investment management unit manages discretionary accounts on behalf of our institutional and private clients to capture global investment opportunities across asset classes, leveraging on both our investment professionals and external best-of-breed investment managers.

The investment management unit also deploys our own funds by investing in outstanding niche companies with the potential to be transformed into global leaders, through selected investments in private equity and public markets transactions. Phoenician's multi-national investment team works across multiple industries with key focus on companies/issuers operating across China and ASEAN economies.

Investment Banking

Our Investment Banking unit advises first-tier corporate clients on complex international transactions and global private and public fundraisings and provides sales, trading, brokerage and research services to our institutional and private clients.

Specifically, the Phoenician advisory team offers financial advisory services to corporate clients on acquisitions, divestitures and corporate restructuring and executes capital raising transactions, either through public offerings or through private placements.

In addition, through its broker/dealer and research platforms, Phoenician broking team offers its institutional and private clients the ability to execute transactions in cash equity and other selected investment products by providing global access to financial markets and trade facilitation services, supported by in-depth research coverages and reports on key investment topics.

PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)

FINANCIAL HIGHLIGHTS

The following table summarises our consolidated results of our three units for the years indicated. Our financial information was prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The consolidated financial data summary set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the corresponding notes.

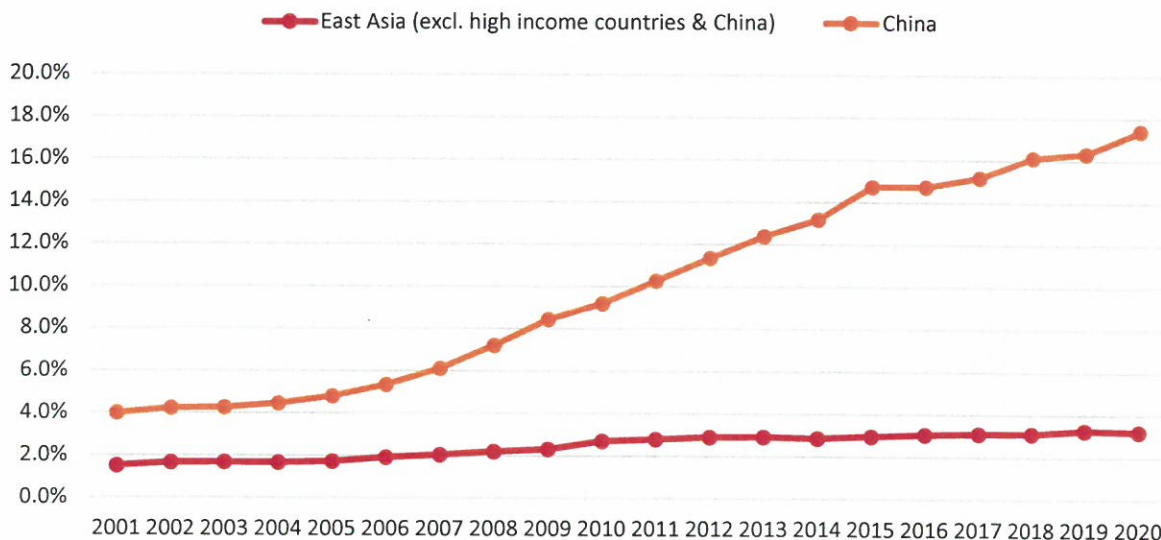
	For the Year Ended December 31,	
	2021	2020
	HK\$'000	HK\$'000
Total Revenue	14,536	2,661
Total Net Investment Gains	408,831	6,724
Total Operating Costs	(14,735)	(7,477)
Total Operating Profit	408,632	1,908
	For the Year Ended December 31,	
	2021	2020
	HK\$'000	HK\$'000
Operating Profit by Segment		
Business Segments		
Wealth Management	27,755	4,371
Investment Management	390,622	(2,343)
Investment Banking	(9,745)	(120)
Total Operating Profit	408,632	1,908
	For the Year Ended December 31,	
	2021	2020
	HK\$'000	HK\$'000
Key Drivers by Segment		
- Wealth Management (AuM)	-	-
- Investment Management (AuM)	15,500	15,500
- Investment Banking (AuC)	784,000	-
	For the Year Ended December 31,	
	2021	2020
	HK\$'000	HK\$'000
Financial Assets by Segment		
- <i>Held-for-trading investments (Total)</i>	458,908	36,613
- Wealth Management	80,642	36,613
- Investment Management	268,387	-
- Investment Banking	109,879	-

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)**

MARKET OUTLOOK

The emerging East Asia economies, represented by some of the most rapidly growing economies such as China, Indonesia and Vietnam, has grown significantly over the past decades. Statistically, Asia's growth rate is higher than any other regions in the world and it accounts for about half of global growth in 2020.

Exhibit 1. Size of East Asian Economies over World Economy over the past 20 years (GDP %)



Source: World Bank, Bloomberg

The importance of East Asian economies can be illustrated by the chart above. The total GDP of East Asia (excluding China and high-income countries) and China as a percentage of the world total GDP has continued to increase over the past 20 years. As of the end of 2020, East Asian GDP accounts for over 3.2% of global GDP, doubled its weight of only 1.5% 20 years ago, while China's GDP accounts for over 17% of the world total, more than 4 times of the same measurement 20 years ago.

In addition, Asia's equity, bond and foreign exchange markets have grown, notably in the emerging East Asia region. The Share of the region's equity markets has doubled over the last 20 years to close to 40 per cent of global market capitalisation today.

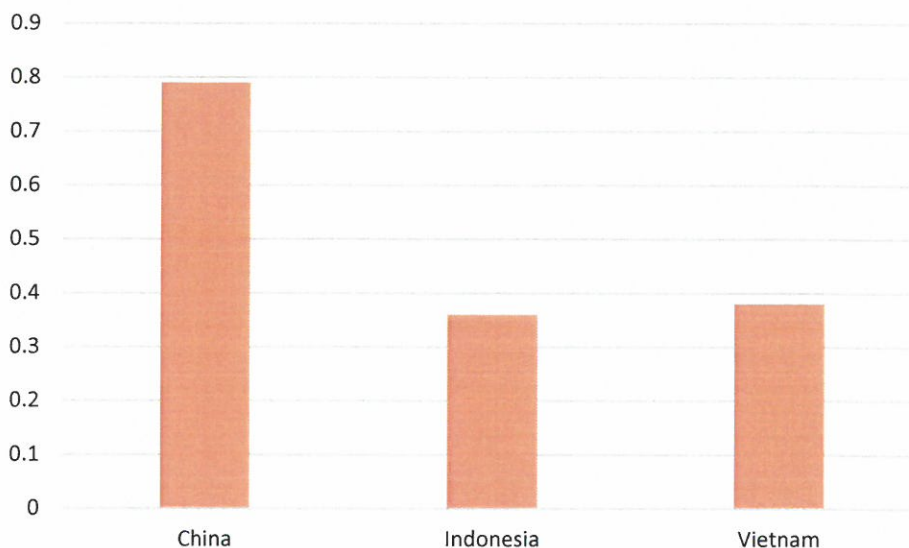
The impact of financial development on economic growth, inequality, and stability is significant and accordingly the IMF measures this key feature based on the Financial Development Index, which takes a multidimensional approach to capture the complex nature of financial development of each country.

**PHOENICIAN INTERNATIONAL LIMITED
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MARKET OUTLOOK (CONT'D)

Based on the latest data released by IMF in 2018, China ranked as high as the 10th place with a financial development index of 0.78 while other East Asia countries such as Indonesia (0.36) and Vietnam (0.37) are behind, although still higher than its peers and the regional average. As a benchmark, emerging market average is 0.32 and Asia Pacific average is 0.35.

Exhibit 2. Financial Development Index



Source: IMF

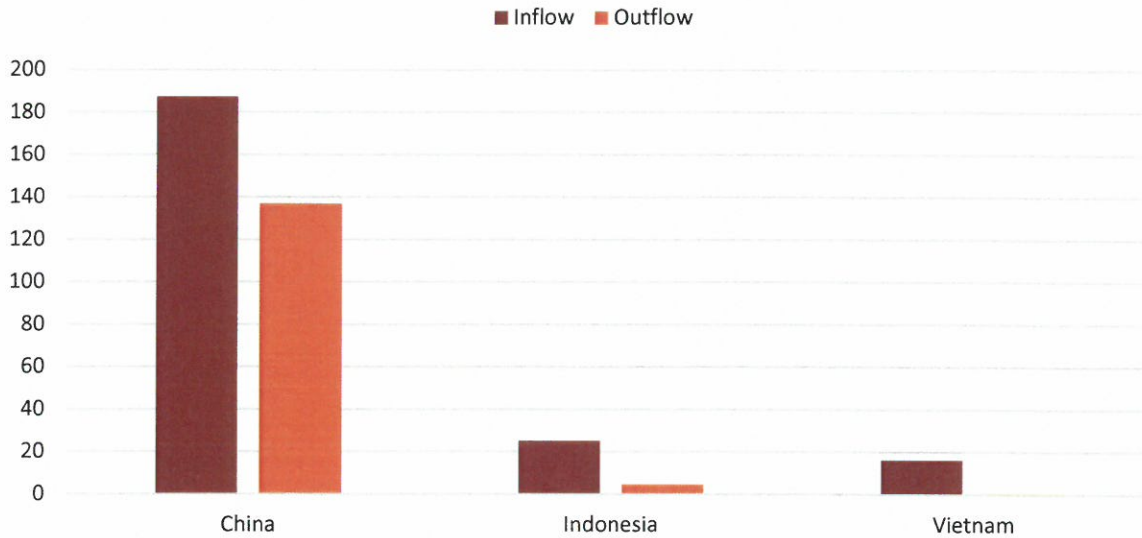
The Financial Development Index proxies financial development and summarises how developed financial institutions and financial markets are with three measures 1) financial depth (size and liquidity), 2) financial accessibility (ability of individuals and companies to access financial services), and 3) financial efficiency (ability of institutions to provide financial services at low cost and with sustainable revenues and the level of activity of capital markets).

Moreover, foreign direct investments (FDI) into key Asian economies with the highest potential and market depth such as China, Vietnam, and Indonesia represent a significant proportion of that of the global FDI. According to the UNCTAD report, global FDI overall had collapsed in 2020, falling by 42% to an estimated \$859 billion, from \$1.5 trillion in 2019. East Asia accounted for a third of global FDI in 2020, while FDI flows to developed countries fell by 69%.

**PHOENICIAN INTERNATIONAL LIMITED
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MARKET OUTLOOK (CONT'D)

Exhibit 3. Foreign Inbound and Outbound Direct Investments into Key Asian Economies (China, Vietnam, Indonesia) in 2020 (USD Billion)



Source: World Bank, IMF

According to the United Nations Conference on Trade and Development (UNCTAD)'s report, China was the largest recipient of FDI in 2020 as the coronavirus outbreak spread across the world during the course of the year, with the Chinese economy having brought in \$163 billion in inflows, some 21.6% higher compared to \$134 billion attracted by the United States.

China's outward FDI in 2020 hit \$153.71 billion, increasing 12.3% year-on-year and ranking the first place worldwide for the first time ever, according to a report released by China's Ministry of Commerce, the National Bureau of Statistics and the State Administration of Foreign Exchange.

In addition, China's FDI is also growing in influence, accounting for 20.2% of the total global investment volume, maintaining a level above 10% for five consecutive years. A total of \$22.54 billion was invested in Belt and Road Initiative countries in 2020, which accounted for 14.7% of China's overall FDI. More importantly, this represents a year-on-year increase of 20.6% despite the COVID-19 pandemic.

On another perspective, global net investor inflows into exchange traded funds (ETFs) and exchange traded products (ETPs) totalled \$359.2 billion in the first quarter of 2020, and net global ETF flows reached \$1 trillion in the 12 months up to March 30. Moreover, capital flows into Asia-Pacific equity ETFs reached \$19.3 billion in the first quarter of 2021, almost double the amount (\$9.9 billion) for the equivalent period in 2020. Overall net inflows for ETFs and ETPs listed in Asia Pacific were \$24.6 billion for the first quarter of 2021.

**PHOENICIAN INTERNATIONAL LIMITED
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MARKET OUTLOOK (CONT'D)

These record numbers indicate growing interest of global institutional investors into Asian ETF market and without doubt such inflow will continue to grow, as Asia-Pacific's ETF inflow accounts for a mere 6-8% of total global ETF inflows while the EFT inflow in US accounts for about half of the global total, provide a significant space for future growth.

The Company's vision on the outlook of China and other ASEAN economies remains bullish. We believe our business model is sound and proven in capitalising on the increasing cross border investment opportunities generated by ever increasing capital flows between China/ASEAN economies and the rest of the world, coupled with a lack of specialised "dual world" investment management offering in the market.

PHOENICIAN INTERNATIONAL LIMITED
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MANAGEMENT DISCUSSION AND ANALYSIS

In the two reporting periods, the Group operated through three reportable operating segments: (a) wealth management; (b) investment management; (c) investment banking.

On a consolidated basis, our group has a significant positive operating profit of HK\$409 million for the year ended December 31, 2021, up substantially from HK\$1.9 million for the year ended December 31, 2020.

The following table sets forth a breakdown of revenue and net investment gains by reporting segment for the years indicated.

Revenue	For the Year Ended			
	December 31,			
	2021	2020	Change	Change
	HK\$'000	HK\$'000	HK\$'000	%
Business Segments				
Wealth Management	40	40	-	-
Investment Management	47	47	-	-
Investment Banking	14,449	2,574	11,875	461%
Total Revenue	14,536	2,661	11,875	446%

Net Investment Gains	For the Year Ended			
	December 31,			
	2021	2020	Change	Change
	HK\$'000	HK\$'000	HK\$'000	%
Business Segments				
Wealth Management	30,577	6,724	23,853	355%
Investment Management	393,068	-	393,068	N/A
Investment Banking	(14,814)	-	(14,814)	N/A
Total Net Investment Gains	408,831	6,724	402,107	5,981%

PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Revenue & Net Inv. Gains	For the Year Ended		Change	Change
	December 31,			
	2021	2020	Change	Change
	HK\$'000	HK\$'000	HK\$'000	%
Business Segments				
Wealth Management	30,617	6,764	23,853	353%
Investment Management	393,115	47	393,068	836,315%
Investment Banking	(365)	2,574	(2,939)	N/A
Total Revenue & Net Inv. Gains	423,367	9,385	413,982	4,411%

The following table sets forth a breakdown of operating expenses by reporting segment for the years indicated.

Operating Expenses	For the Year Ended		Change	Change
	December 31,			
	2021	2020	Change	Change
	HK\$'000	HK\$'000	HK\$'000	%
Business Segments				
Wealth Management	(2,862)	(2,393)	(469)	20%
Investment Management	(2,493)	(2,390)	(103)	4%
Investment Banking	(9,380)	(2,694)	(6,686)	248%
Total Operating Expenses	(14,735)	(7,477)	(7,258)	97%

The following table sets forth a breakdown of operating profit by reporting segment for the years indicated.

Operating Profit	For the Year Ended		Change	Change
	December 31,			
	2021	2020	Change	Change
	HK\$'000	HK\$'000	HK\$'000	%
Business Segments				
Wealth Management	27,755	4,371	23,384	535%
Investment Management	390,622	(2,343)	392,965	N/A
Investment Banking	(9,745)	(120)	(9,625)	N/A
Total Operating Profit	408,632	1,908	406,724	21,317%

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)**

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Segment Revenue and Net Investment Gains

Our Wealth Management business recorded an outstanding performance for the year ended December 31, 2021 with a total net investment gains of HK\$31 million up from HK\$7 million in the previous year, primarily due to fair value gain of financial assets classified as held-for-trading based on financial test.

Our investment management segment concluded a year of rapid growth and recorded a total net investment gains of HK\$393 million for the year ended December 31, 2021. This increase was primarily due to gain of disposal of a private equity investment, offset by fair value loss of financial assets classified as held-for-trading based on financial test. The net investment gains from the investment management business mainly represents the investment income from the investments of our own private funds.

Our investment banking segment recorded a strong performance for the year ended December 31, 2021 with a total revenue of HK\$14 million, up from HK\$2.6 million in the previous year. This increase was primarily due to (i) an increase in advisory fee income from equity market advisory and capital raising services, (ii) new advisory fees from private placement, and (iii) new commission fee income from stock trading.

Segment Operating Expenses

Operating expenses for the Wealth Management business increased from HK\$2.4 million to HK\$2.9 million, as a result of increased interest expenses.

For the investment management segment, we also recorded higher operating expenses from HK\$2.4 million to HK\$2.5 million due to increased administrative expenses.

For the investment banking segment, segment operating expenses increased from HK\$2.7 million to HK\$9.4 million, in line with the corresponding large increase in investment banking segment revenue incomes as a result of organic business growth.

Segment Operating Profit

All our business segments experienced significant growth in the year ended December 31, 2021.

Our net operating profit for the Wealth Management segment managed to record a significant gain at HK\$28 million for the year ended December 31, 2021, up by almost 6 times from HK\$4.4 million for the year ended December 31, 2020.

**PHOENICIAN INTERNATIONAL LIMITED
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MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Segment Operating Profit (cont'd)

An even more significant improvement in operating profit for our Investment Management segment was recorded for the year ended December 31, 2021, with HK\$390.6 million in profit, up from a net loss of HK\$2.3 million for the year ended December 31, 2020.

For the Investment Banking segment, operating profit turned negative for HK\$9.7 million, due to investment losses, offsetting a strong performance in terms of revenues.

KEY DRIVERS AND METRICS

Each of our three business segments has unique business natures and faces different risks. As a result, we identify different drivers for each of the three segments.

For our Wealth Management and Investment Management segment, the key business driver is the Assets under Management (AuM) metric, which is the aggregate amount of net asset value of securities and investment products for which Phoenician has provided discretionary investment management services to our clients as investment advisor or as investment manager.

For our Investment Banking segment, the key business driver is the Assets under Custody (AuC) metric, which is the total value of all financial assets which we hold on behalf of our clients as broker/custodian.

The following table sets forth the key metrics our segments activities as of the dates indicated.

	For the Year Ended	
	December 31,	
	2021	2020
	HK\$'000	HK\$'000
Key Drivers by Segments		
- Wealth Management (AuM)	-	-
- Investment Management (AuM)	15,500	15,500
- Investment Banking (AuC)	784,000	-

As of December 31, 2021, Phoenician had approximately HK\$784 million of asset under custody for our Investment Banking business and HK\$16 million of asset under management within our Wealth Management and Investment Management units, excluding financial assets held by Phoenician Securities Limited, which are not included in the AuM and AuC calculation.

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)**

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

SIGNIFICANT INVESTMENTS HELD

The following table sets forth the fair value of investments of our primary investment activities as of the dates indicated.

	For the Year Ended	
	December 31,	
	2021	2020
	HK\$'000	HK\$'000
Current Assets		
- <i>Held-for-trading investments (Total)</i>	458,908	36,613
- Wealth Management	80,642	36,613
- Investment Management	268,387	-
- Investment Banking	109,879	-

As of December 31, 2021, Phoenician held for trading investments under our Wealth Management, Investment Management and Wealth Management units amounted to an aggregate of approximately HK\$458,907,707 measured in fair value.

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
(Incorporated in Cayman Islands with limited liability)**

Opinion

We have audited the consolidated financial statements of Phoenician International Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 20 to 55, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

Basis for Opinion

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

Other Matter

The financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 22 December 2021.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
(Incorporated in Cayman Islands with limited liability)**

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors 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 IFRSs issued by the IASB, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
(Incorporated in Cayman Islands with limited liability)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)


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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
(Incorporated in Cayman Islands with limited liability)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

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

A handwritten signature in black ink, appearing to read "Ben Hong Kong", is written over a horizontal line. Below the line, the text "Certified Public Accountants" is printed. The signature is written in a cursive, flowing style.

Certified Public Accountants

28 April 2022

PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	<u>2021</u> HK\$	<u>2020</u> HK\$
Revenue	8	14,535,825	2,660,800
Other income - interest income		37	109
Other gains and losses	9	408,831,562	6,723,565
Administrative and other operating expenses		<u>(10,874,363)</u>	<u>(5,140,392)</u>
Profit from operations		412,493,061	4,244,082
Finance costs - loan interest		<u>(3,860,825)</u>	<u>(2,336,528)</u>
Profit before tax		408,632,236	1,907,554
Income tax expense	10	<u>-</u>	<u>-</u>
Profit for the year	11	408,632,236	1,907,554
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>408,632,236</u>	<u>1,907,554</u>

PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Note	<u>2021</u> HK\$	<u>2020</u> HK\$
Non-current assets			
Property, plant and equipment	12	-	-
Current assets			
Trade and client receivables	14	8,844,495	234,000
Prepayments and other receivables		204,424	25,098
Financial assets at fair value through profit or loss	15	458,907,707	36,613,350
Bank and cash balances	16	15,224,733	4,305,761
		<u>483,181,359</u>	<u>41,178,209</u>
Current liabilities			
Client payables	17	7,552,965	-
Accruals and other payables		2,750,797	971,416
		<u>10,303,762</u>	<u>971,416</u>
Net current assets		<u>472,877,597</u>	<u>40,206,793</u>
Total assets less current liabilities		<u>472,877,597</u>	<u>40,206,793</u>
Non-current liabilities			
Unsecured loan	18	93,538,865	69,500,297
NET ASSETS/(LIABILITIES)		<u>379,338,732</u>	<u>(29,293,504)</u>
Capital and reserves			
Share capital	19	78	78
Retained profits/(accumulated losses)		379,338,654	(29,293,582)
TOTAL EQUITY		<u>379,338,732</u>	<u>(29,293,504)</u>

Approved by the Board of Directors on 28 April 2022 and are signed on its behalf by:

Mr. Chan Kwan

PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	(Accumulated losses)/ retained profits	Total
	HK\$	HK\$	HK\$
At 1 January 2020	78	(31,201,136)	(31,201,058)
Total comprehensive income for the year	<u>-</u>	<u>1,907,554</u>	<u>1,907,554</u>
At 31 December 2020 and 1 January 2021	78	(29,293,582)	(29,293,504)
Total comprehensive income for the year	<u>-</u>	<u>408,632,236</u>	<u>408,632,236</u>
At 31 December 2021	<u><u>78</u></u>	<u><u>379,338,654</u></u>	<u><u>379,338,732</u></u>

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	<u>2021</u> HK\$	<u>2020</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		408,632,236	1,907,554
Adjustments for:			
Interest income		(37)	(109)
Fair value losses/(gains) on financial assets at fair value through profit or loss	9	91,670,446	(6,761,526)
Gain on disposal of a subsidiary	9	(499,033,669)	-
Finance costs		<u>3,860,825</u>	<u>2,336,528</u>
Operating profit/(loss) before working capital changes		5,129,801	(2,517,553)
Increase in trade and client receivables		(8,610,495)	(234,000)
Increase in prepayments and other receivables		(179,326)	(25,098)
Increase in financial assets at fair value through profit or loss		(14,931,134)	(29,315,624)
Increase in client trust monies		(6,352,474)	-
Increase in client payables		7,552,965	-
Increase in accruals and other payables		<u>1,779,381</u>	<u>612,050</u>
Net cash used in operating activities		(15,611,282)	(31,480,225)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		37	109
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount raised from unsecured loan		<u>20,177,743</u>	<u>31,088,374</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,566,498	(391,742)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		<u>4,305,761</u>	<u>4,697,503</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		<u><u>8,872,259</u></u>	<u><u>4,305,761</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		15,224,733	4,305,761
Less: Client trust monies	16	<u>(6,352,474)</u>	-
		<u><u>8,872,259</u></u>	<u><u>4,305,761</u></u>

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. GENERAL INFORMATION

Phoenician International Limited (the “Company”) was incorporated in Cayman Islands with limited liability. The address of its registered office is PO Box 472, Harbour Place, 2nd Floor, 103 South Church Street, George Town, Grand Cayman, KY1-1106, Cayman Islands.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 13 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 December 2021, Ms. Rose Hanna Hasbani was the ultimate controlling party of the Company. With effective from 24 February 2022, Zurich Capital Partners Limited, a company incorporated in Hong Kong, becomes the immediate and ultimate parent of the Company and Mr. Mauricio Castroparedes Merino is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED IFRSs

(a) Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phrase 2
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**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. ADOPTION OF NEW AND REVISED IFRSs (CONT'D)

(a) Application of new and revised IFRSs (cont'd)

Except as described below, the application of the amendments to IFRSs in the current year 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.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform - Phrase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform").

The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

(b) New and revised IFRSs in issue but not yet effective

The Group has not applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3 Business Combination - Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018 - 2020 Cycle	1 January 2022

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. ADOPTION OF NEW AND REVISED IFRSs (CONT'D)

(b) New and revised IFRSs in issue but not yet effective (cont'd)

	Effective for accounting periods beginning on or after
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Foreign currency translation

(i) Functional and presentation currency

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

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency translation (cont'd)

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(c) Property, plant and equipment

Property, plant and equipment held for use in the supply of services, or for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rate is as follows:

Leasehold improvements	Over the term of the lease
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The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(d) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Recognition and derecognition of financial instruments (cont'd)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and 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 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.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial assets

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 marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Equity investments

An investment in equity securities is classified as FVTPL. Dividends from an investment in equity securities are recognised in profit or loss as other income.

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Trade, client and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL").

(h) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Client and other payables

Client and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Equity instruments

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

(l) Revenue and other income

Revenue is recognised when service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Commission fees income and placement fees income are recognised at the point in time when the services are transferred to the customer.

Corporate advisory fees income, investment advisory fees income and investment management fees income are recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit impaired, the effective interest rate is applied to the gross carrying amount of the asset.

(m) Borrowing costs

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

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items 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 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Taxation (cont'd)

The measurement of deferred tax assets and liabilities 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.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(o) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of financial assets (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- 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 for a particular financial instrument;
- 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;
- significant increases in credit risk on other financial instruments of the same debtor;
- 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.

**PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset 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.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.

**PHOENICIAN INTERNATIONAL LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of financial assets (cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, 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.

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:

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

**PHOENICIAN INTERNATIONAL LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2021**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of financial assets (cont'd)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor 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. Any recoveries made are recognised in profit or loss.

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 as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Provisions and contingent liabilities

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

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

(q) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

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5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

Critical judgements in applying accounting policies (cont'd)

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

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5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

Key sources of estimation uncertainty

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

(a) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, no income tax was charged to profit or loss based on the estimated profit (2020: Nil).

(b) Impairment of trade receivables

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2021, the carrying amount of trade receivables are HK\$7,644,000 (2020: HK\$234,000). No allowance for doubtful debts was recognised (2020: Nil).

6. FINANCIAL RISK MANAGEMENT

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

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6. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, Australian dollars ("AUD"), British pound ("GBP") and United States dollars ("USD"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The sole directors do not expect significant foreign exchange risk arising from USD denominated items in view of the Hong Kong dollar pegged system to the USD.

At 31 December 2021, if the Hong Kong dollar had weakened 5 per cent against the AUD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$37,000 (2020: HK\$1,842,000) higher, arising mainly as a result of the foreign exchange gains on financial assets at FVTPL denominated in AUD. If the Hong Kong dollar had strengthened 5 per cent against the AUD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$37,000 (2020: HK\$1,842,000) lower, arising mainly as a result of the foreign exchange losses on financial assets at FVTPL denominated in AUD.

At 31 December 2021, if the Hong Kong dollar had weakened 5 per cent against the GBP with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$22,939,000 (2020: HK\$60,000) higher, arising mainly as a result of the foreign exchange gains on financial assets at FVTPL denominated in GBP. If the Hong Kong dollar had strengthened 5 per cent against the GBP with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$22,939,000 (2020: HK\$60,000) lower, arising mainly as a result of the foreign exchange losses on financial assets at FVTPL denominated in GBP.

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The Group's equity price risk is mainly concentrated on equity securities quoted on The Australian Securities Exchange and The London Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

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6. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Price risk (cont'd)

If equity prices had been 10% higher/lower (2020: 10% higher/lower), profit after tax for the year ended 31 December 2021 would increase/decrease by approximately HK\$45,891,000 (2020: increase/decrease by HK\$3,661,000). This is mainly due to the changes in fair value of held-for-trading investments.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and client receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents and client receivables is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group's exposure to credit risk and ECL for trade receivables as at 31 December 2021 and 31 December 2020 are insignificant.

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6. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	HK\$	HK\$	HK\$	HK\$
At 31 December 2021				
Client payables	7,552,965	-	-	7,552,965
Accruals and other payables	2,750,797	-	-	2,750,797
Unsecured loan	-	-	107,357,439	107,357,439
At 31 December 2020				
Accruals and other payables	971,416	-	-	971,416
Unsecured loan	-	-	83,516,712	83,516,712

(e) Interest rate risk

The Group's unsecured loan bears interest at a fixed interest rate and therefore is subject to fair value interest rate risks.

(f) Categories of financial instruments at 31 December

	<u>2021</u> HK\$	<u>2020</u> HK\$
Financial assets:		
Financial assets at FVTPL:		
Mandatorily measured at FVTPL		
- Held for trading	458,907,707	36,613,350
Financial assets at amortised cost	24,252,228	4,543,435
Financial liabilities:		
Financial liabilities at amortised cost	<u>103,842,627</u>	<u>70,471,713</u>

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

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7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

Disclosures of level in fair value hierarchy at 31 December:

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	<u>2021</u>
	HK\$	HK\$	HK\$	HK\$
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Listed equity securities	<u>458,907,707</u>	<u>-</u>	<u>-</u>	<u>458,907,707</u>

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	<u>2020</u>
	HK\$	HK\$	HK\$	HK\$
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Listed equity securities	<u>36,613,350</u>	<u>-</u>	<u>-</u>	<u>36,613,350</u>

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8. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines for the year is as follows:

	<u>2021</u> HK\$	<u>2020</u> HK\$
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major service lines		
- Corporate advisory fees (note a)	10,218,000	2,574,000
- Commission fees (note b)	91,440	-
- Investment advisory fees (note c)	40,000	40,000
- Investment management fees (note c)	46,800	46,800
- Placement fees (note a)	4,139,585	-
	<u>14,535,825</u>	<u>2,660,800</u>

Notes

- (a) Corporate advisory fees and placement fees were received from an investee company in respect of financial advisory and placement services provided respectively (note 15) (2020: HK\$2,574,000).
- (b) Included in commission fees were amounts totalling HK\$63,889 (2020: HK\$Nil) received from non-controlling shareholders of the Company.
- (c) Investment advisory fee and investment management fees were received from the ultimate controlling party of the Company (note 21) (2020: HK\$86,800).

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8. REVENUE (CONT'D)

Disaggregation of revenue (cont'd)

The Group derives revenue from the transfer of services over time and at a point in time in the following major service lines and geographical regions:

	Corporate advisory fees		Commission fees		Investment advisory fees		Investment management fees		Placement fees		Total	
	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$
Primary geographical markets												
- Hong Kong	-	-	91,440	-	-	-	-	-	-	-	91,440	-
- Australia	10,218,000	2,574,000	-	-	-	-	-	-	4,139,585	-	14,357,585	2,574,000
- Others	-	-	-	40,000	40,000	40,000	46,800	46,800	-	-	86,800	86,800
	<u>10,218,000</u>	<u>2,574,000</u>	<u>91,440</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>46,800</u>	<u>46,800</u>	<u>4,139,585</u>	<u>-</u>	<u>14,535,825</u>	<u>2,660,800</u>
Timing of revenue recognition												
Services transferred at a point in time	-	-	91,440	-	-	-	-	-	4,139,585	-	4,231,025	-
Services transferred over time	<u>10,218,000</u>	<u>2,574,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>46,800</u>	<u>46,800</u>	<u>-</u>	<u>-</u>	<u>10,304,800</u>	<u>2,660,800</u>
	<u>10,218,000</u>	<u>2,574,000</u>	<u>91,440</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>46,800</u>	<u>46,800</u>	<u>4,139,585</u>	<u>-</u>	<u>14,535,825</u>	<u>2,660,800</u>

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9. OTHER GAINS AND LOSSES

	<u>2021</u> HK\$	<u>2020</u> HK\$
Fair value (losses)/gains on financial assets at FVTPL	(91,670,446)	6,761,526
Gain on disposal of a subsidiary (Note)	499,033,669	-
Net foreign exchange gains/(losses)	<u>1,468,339</u>	<u>(37,961)</u>
	<u>408,831,562</u>	<u>6,723,565</u>

Note:

Phoenix Management Limited (“PML”), a company incorporated in the Cayman Islands in 2017, was previously held by the general manager of the Group who is also a non-controlling shareholder of the Company. The 100% equity interest of PML was transferred to the Group from the general manager with a consideration of HK\$1 on 12 April 2021. PML was dormant at the date of transfer.

On 30 April 2021, PML entered into a memorandum of understanding with an independent party (the “Potential Seller”) to acquire from the Potential Seller all beneficial rights associated with a call option on 100% share capital of a company which owned mining rights in a coal project in Australia. The Potential Seller subsequently became a non-controlling shareholder of the Company in August 2021.

On 23 November 2021, the Group disposed of its entire 100% equity interest of PML to a company (the “Buyer”). The consideration of this transaction was 51,638,685 shares (“Consideration Shares”) of a listed company and the fair value of the Consideration Shares was HK\$499,033,670 on the date of disposal. The gain on disposal of a subsidiary which represented the consideration less the net assets value of HK\$1 of PML at the date of disposal was HK\$499,033,669 and was recognised in profit or loss. The Consideration Shares were recognised as financial assets at FVTPL on the date of transfer (note 15).

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10. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income taxes in the Cayman Islands.

No provision for Hong Kong Profits Tax has been made in the financial statements since the Group has sufficient tax losses brought forward to set off against current year's assessable profit or certain of its income is derived from overseas sources which is not liable to Hong Kong Profits Tax.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	<u>2021</u> HK\$	<u>2020</u> HK\$
Profit before tax	<u>408,632,236</u>	<u>1,907,554</u>
Tax at the Hong Kong Profits Tax rate of 16.5%	67,424,319	314,746
Tax effect of income that is not taxable	(83,805,724)	(1,115,669)
Tax effect of expenses that are not deductible	16,349,232	827,177
Tax effect of temporary differences not recognised	(6,600)	(6,600)
Tax effect of utilisation of tax losses not previously recognised	(145,524)	(19,654)
Tax effect of tax losses not recognised	<u>184,297</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>

At the end of the reporting period the Group has unused tax losses of approximately HK\$3,851,000 (2020: HK\$3,616,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

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11. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	<u>2021</u> HK\$	<u>2020</u> HK\$
Auditor's remuneration		
Current	450,000	80,000
Under-provision in prior year	125,000	4,000
	575,000	84,000
Employee benefits expense		
Salaries, bonuses and allowances	-	-

12. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvements</u> HK\$
Cost	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	1,000,000
Accumulated depreciation	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u>1,000,000</u>
Carrying amount	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

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13. INVESTMENTS IN SUBSIDIARIES

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

Name	Country of incorporation	Particular of issued share capital	Percentage of ownership interest / voting power / profit sharing		Principal activities
			Direct	Indirect	
Phoenician Limited	Hong Kong	38,451,800 ordinary shares	100%	-	Provision of asset management services
Phoenician Advisory Services Limited	Hong Kong	5,000,000 ordinary shares	100%	-	Provision of advisory services
Phoenician Securities Limited	Hong Kong	129,680,800 ordinary shares	100%	-	Provision of securities dealing services
Phoenician Services Limited	Hong Kong	1 ordinary share	100%	-	Dormant

14. TRADE AND CLIENT RECEIVABLES

The carrying amounts of the Group's trade and client receivables are denominated in the following currencies:

	<u>2021</u> HK\$	<u>2020</u> HK\$
USD	7,644,000	234,000
GBP	1,200,495	-
	<u>8,844,495</u>	<u>234,000</u>

Included in trade and client receivables were receivables from a broker on behalf of clients totalling HK\$1,200,495 (2020: HK\$Nil).

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15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> HK\$	<u>2020</u> HK\$
Equity securities, at fair value		
Listed outside Hong Kong	<u>458,907,707</u>	<u>36,613,350</u>
Analysed as:		
Current assets	<u>458,907,707</u>	<u>36,613,350</u>

Financial assets at FVTPL are denominated in the following currencies:

	<u>2021</u> HK\$	<u>2020</u> HK\$
AUD	136,791	36,613,350
GBP	<u>458,770,916</u>	<u>-</u>
	<u>458,907,707</u>	<u>36,613,350</u>

The carrying amounts of the above financial assets are mandatorily measured at FVTPL in accordance with IFRS 9.

Included in the financial assets at FVTPL was investment with carrying value of HK\$458,770,916 (2020: HK\$36,383,883) in a listed company, the shares of which are dual listed on the National Stock Exchange of Australia and the London Stock Exchange (“LSE”) (the “Shares”). As at 31 December 2021, the Group held 14.58% (2020: 3.28%) interest in this listed company. The investments offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of the Shares are based on current bid prices of LSE, in which the directors considered LSE to be the principal market of trading of these listed securities.

The fair values of the other listed securities are based on current bid prices.

During 2020, the Group purchased financial assets at FVTPL of HK\$10,513,800 from a non-controlling shareholder of the Company.

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16. BANK AND CASH BALANCES

As at 31 December 2021, the Group held client trust monies of HK\$6,352,474 (2020: HK\$Nil) in segregated bank accounts.

Bank and cash balances are denominated in the following currencies:

	<u>2021</u> HK\$	<u>2020</u> HK\$
Hong Kong dollars	8,527,980	4,072,142
AUD	3,147,331	219,871
USD	101,601	200
Renminbi	-	13,548
GBP	3,447,821	-
	<u>15,224,733</u>	<u>4,305,761</u>

17. CLIENT PAYABLES

The carrying amounts of the Group's client payables are denominated in the following currencies:

	<u>2021</u> HK\$	<u>2020</u> HK\$
Hong Kong dollars	367,684	-
AUD	2,536,968	-
GBP	4,648,313	-
	<u>7,552,965</u>	<u>-</u>

18. UNSECURED LOAN

On 1 May 2016, the Company entered into a loan agreement with a third party (the "Lender"), pursuant to which, the Lender agreed to advance borrowings to the Company in order to fund and support the operations of the Company and its subsidiaries (the "Loan").

The loan was unsecured, interest-bearing at 4.7% per annum and repayable on or before 31 December 2020. The loan is denominated in Hong Kong dollars.

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18. UNSECURED LOAN (CONT'D)

In November 2019, the Lender became a non-controlling shareholder of the Company.

On 28 February 2020, the Company entered into a supplementary agreement with the Lender to extend the repayment date of the Loan to 31 December 2024.

During the year, the Group paid interest of HK\$3,860,825 (2020: HK\$2,336,528) to the Lender.

19. SHARE CAPITAL

	<u>2021</u>	<u>2020</u>
Authorised:		
5,000,000 ordinary shares of USD0.01 each	<u>USD50,000</u>	<u>USD50,000</u>
Issued and fully paid:		
1,000 ordinary shares of USD0.01 each	<u>USD10</u>	<u>USD10</u>
Equivalent to:	<u>HK\$78</u>	<u>HK\$78</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group currently does not have any specific policies and processes for managing capital.

20. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year, the Group disposed of its 100% interest in a subsidiary, PML, for a consideration of 51,638,685 shares of a listed company, equivalent to a fair value of HK\$499,033,670 as at the date of disposal (note 15).

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20. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(b) 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.

	1 January 2021	Cash flows	Interest expenses	31 December 2021
	HK\$	HK\$	HK\$	HK\$
Unsecured loan (note 18)	69,500,297	20,177,743	3,860,825	93,538,865
	1 January 2020	Cash flows	Interest expenses	31 December 2020
	HK\$	HK\$	HK\$	HK\$
Unsecured loan (note 18)	36,075,395	31,088,374	2,336,528	69,500,297

21. RELATED PARTY TRANSACTIONS

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

(a)	<u>Related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	Note	<u>2021</u> HK\$	<u>2020</u> HK\$
	Rose Hanna Hasbani	Ultimate shareholder	Investment advisory fees received	(i)	40,000	40,000
			Investment management fees received	(i)	46,800	46,800

Note:

- (i) Investment advisory fees and investment management fees were based on terms agreed between the contracting parties.

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21. RELATED PARTY TRANSACTIONS (CONT'D)

- (b) The Group paid key management personnel services expenses and assignment fees of HK\$3,674,989 (2020: HK\$3,348,015) and HK\$786,916 (2020: HK\$745,715) respectively to a management company for provision of key management services. As at 31 December 2021, the amount of assignment fees payable to this management company was HK\$1,989,451 (2020: HK\$829,870) and was included in accruals and other payables in the consolidated statement of financial position. The management company that provides key management personnel services to the Group is deemed to be related to the Group in accordance with International Accounting Standards.