KPMG

BPI International Finance Limited

Audited Report and Financial Statement
For the year ended 31 December 2021

Contents | **Page(s)**

Directors' Report

The directors submit herewith their annual report together with the audited financial statements of BPI International Finance Limited (the "Company") for the year ended 31 December 2021.

Principal activities

The Company is a deposit-taking company registered under the Hong Kong Banking Ordinance. The Company is licensed under the Hong Kong Securities and Futures Ordinance for dealing in securities, advising on securities, and asset management activities. Its principal activities are the provision of financial services and dealing in securities on behalf of customers.

Results and appropriations

The results of the Company for the year ended 31 December 2021 are set out in the statement of profit and loss and other comprehensive income on page 6 and 7.

The directors do not recommend the payment of a dividend in 2020 and 2021.

Share capital

Details of the movements in the share capital of the Company are set out in note 18 to the financial statements.

Directors of the Company

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

Jonathan Paul Back	
Ki Myung Hong	
Tomas S. Chuidian	
Sheila Marie Uriarte Tan	
Jesse Ong Ang	
Archie Lin	(Resigned on 8 June 2021)
Susanna Shui Shan Ng	(Appointed on 29 July 2021)

There being no provision in the Company's articles of association in connection with the retirement of directors, all existing directors continue in office for the following year.

Directors' material interests in transactions, arrangements, and contracts that are significant in relation to the Company's business

No transactions, arrangements, and contracts of significance in relation to the Company's business to which the Company's fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporations.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Permitted indemnity provisions

At no time during the financial year and up to the date of this Directors' report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Jonathan Paul Back

Hong Kong

21 APR 2022

KPMG

Independent auditor's report to the members of BPI International Finance Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of BPI International Finance Limited ("the Company") set out on pages 6 to 51, which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company 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.

Information other than the financial statements and auditor's report thereon

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

KPMG

Independent auditor's report to the members of BPI International Finance Limited (continued)

(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report to the members of BPI International Finance Limited (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 APR 2022

Statement of profit and loss and other comprehensive income for the year ended 31 December 2021

	Note	*2021* HK$'000	*2020* HK$'000
Interest income	4	2,842	3,801
Interest expense		(853)	(1,216)
Net interest income		1,989	2,585
Other operating income	5	58,793	30,272
Total operating income		60,782	32,857
Credit impairment released / (charged)		73	(234)
Operating expenses	6	(50,245)	(43,160)
Profit / (Loss) from operations		10,610	(10,537)
Finance Costs	9	(78)	(190)
Profit / (Loss) before taxation		10,532	(10,727)
Income tax credit	8(a)	4,222	-
Profit / (Loss) for the year		14,754	(10,727)

Statement of profit and loss and other comprehensive income for the year ended 31 December 2021 (continued)

	Note	2021 HK$'000	2020 HK$'000
Profit / (Loss) for the year		14,754	(10,727)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of Financial assets designated at fair value through other comprehensive income, net of tax		(1,036)	612
Total comprehensive income for the year		13,718	(10,115)

The notes on pages 13 to 51 are an integral part of these financial statements.

Statement of financial position as at 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Assets			
Cash and short-term funds	10	45,794	73,612
Placements with banks and other financial institutions maturing between one and twelve months	11	105,386	142,164
Advances and other accounts	12	121,871	115,199
Financial assets designated at fair value through other comprehensive income	13	82,504	72,634
Fixed assets	15	2,706	10,508
Intangible assets	16	270	342
Deferred tax assets	25	4,222	-
Total assets		362,753	414,459
Liabilities			
Time deposits from customers		201,729	266,084
Lease liabilities	17	1,463	6,973
Other payables		11,921	7,480
Total liabilities		215,113	280,537

Statement of financial position as at 31 December 2021 (continued)

	Note	2021 HK$'000	2020 HK$'000
Equity			
Share capital	18	75,000	75,000
Retained earnings	19	72,884	58,130
Investment revaluation reserve	19	(244)	792
		147,640	133,922
Total equity and liabilities		362,753	414,459

The financial statements on pages 6 to 51 were approved by the Board of Directors on 21 APR 2022 and were signed on its behalf.

Jonathan Paul Back
Senior Executive Director

21 APR 2022

Susanna Ng
Director

21 APR 2022

The notes on pages 13 to 51 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2021

	Share capital HK$'000	Investment revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2020	75,000	180	68,857	144,037
Loss for the year	-	-	(10,727)	(10,727)
Other comprehensive income				
Change in fair value of Financial assets designated at fair value through other comprehensive income, net of tax	-	612	-	612
Total comprehensive income for the year	-	612	(10,727)	(10,115)
At 31 December 2020 and 1 January 2021	75,000	792	58,130	133,922
Profit for the year	-	-	14,754	14,754
Other comprehensive income				
Change in fair value of Financial assets designated at fair value through other comprehensive income, net of tax	-	(1,036)	-	(1,036)
Total comprehensive income for the year	-	(1,036)	14,754	13,718
At 31 December 2021	75,000	(244)	72,884	147,640

The notes on pages 13 to 51 are an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Net cash outflow from operating activities before taxation	23(a)	(35,762)	(48,844)
Hong Kong profits tax paid		-	-
Net cash outflow from operating activities after taxation		(35,762)	(48,844)
Investing activities			
Purchase of Fixed assets		(105)	(399)
Purchase of Financial assets designated at fair value through other comprehensive income		(48,554)	(51,732)
Proceeds from redemption of Financial assets designated at fair value through other comprehensive income		37,303	75,496
Proceeds from redemption of Financial assets at amortised cost		-	3,886
Interest received from Financial assets designated at fair value through other comprehensive income		1,379	2,642
Interest received from financial asset at amortised cost		-	91
Purchase of Intangible assets		-	(412)
Proceeds from disposal of Fixed assets		2	6
Net cash (outflow) / inflow from investing activities		(9,975)	29,578

Statement of cash flows for the year ended 31 December 2021 (continued)

	Note	*2021* $'000	*2020* $'000
Financing activities			
Lease payment (principal portion)		(5,611)	(5,504)
Lease payment (interest portion)		(78)	(190)
Net cash outflow from financing activities		(5,689)	(5,694)
Decrease in cash and cash equivalents		(51,426)	(24,960)
Cash and cash equivalents at 1 January		202,627	227,587
Cash and cash equivalents at 31 December	23(b)	151,201	202,627

The notes on pages 13 to 51 are an integral part of these financial statements.

Notes to the financial statements

1 General information

The principal activities of BPI International Finance Limited (the "Company") are the provision of financial services and dealing in securities on behalf of customers. The Company is a deposit-taking company registered under the Hong Kong Banking Ordinance and licensed under the Hong Kong Securities and Futures Ordinance for dealing in securities, advising on securities, and asset management activities.

The Company is incorporated in Hong Kong, and its registered office is 5/F, LHT Tower, 31 Queen's Road Central, Hong Kong.

2 Significant accounting policies

(a) *Statement of compliance*

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Company are disclosed below.

The HKICPA has issued certain amendments HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 2(c) provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

(b) *Basis of preparation of the financial statements*

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investments in debt and equity securities are stated at their fair value, as explained in the accounting policies set out in note 2(g).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

2 Significant accounting policies (continued)

(c) Changes in accounting policies

The company has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 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 company's financial assets – Advances and Other accounts are applying Secured Overnight Financing Rate (SOFR) as the Alternative Reference Rate (ARR) which are subject to the IBOR reform.

(d) Interest income and expense

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on the initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

2 Significant accounting policies (continued)

(d) Interest income and expense (continued)

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income ("OCI") includes:

(i) interest on financial assets and financial liabilities measured at amortised cost; and

(ii) interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit or loss arises from financial liabilities measured at amortised cost.

(e) Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see note 2(d)).

Other fee and commission income – including investment management fees and sales commission – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Company's financial statements may be partially in the scope of HKFRS 9 and partially in the scope of HKFRS 15. If this is the case, then the Company first applies HKFRS 9 to separate and measure the part of the contract that is in the scope of HKFRS 9 and then applies HKFRS 15 to the residual.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(f) Dividend income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instruments at FVTPL, or other revenue based on the underlying classification of the equity investment.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

2 Significant accounting policies (continued)

(g) Investment in debt and equity securities

Investments are recognised / derecognised on the date the Company commits to purchase / sell the investments, or they expire. Investment in debt securities is initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification:

(i) Investments other than equity investments

Non-equity investments held by the Company are classified as fair value through other comprehensive income (FVOCI), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

If the contractual cash flows of the non-equity investments held by the Company represent solely to the payments of principal and interest, the investment would be classified as amortised cost, as the Company does not invest in such instruments other than principally to collect those contractual cash flows. Interest income from investments carried at amortised cost is calculated using the effective interest method (see note 2(d)). A loss allowance on investments carried at amortised cost would be recognised with reference to credit losses expected to arise on the instrument, discounted where the effect would be material, and taking into account whether the credit risk of the instrument had increased significantly since initial recognition.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes, and on initial recognition of the investment, the Company makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

2 Significant accounting policies (continued)

(h) Advances and other accounts

Advances and other accounts' caption in the statement of financial position includes:

(i) loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method less allowance for credit losses and

(ii) other accounts measured at amortised cost.

(i) Credit impairment

The Company recognises loss allowances for ECL on cash and short-term funds, placements with banks and other financial institutions maturing between one and twelve months, advances and other accounts, financial assets designated at fair value through other comprehensive income, and financial assets at amortised cost. The Company measures loss allowances as 12-month ECL.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade.' The Company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:

(i) financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls; and

(ii) financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

(i) financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and

(ii) debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

2 Significant accounting policies (continued)

(i) Credit impairment (continued)

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'credit impairment (charged) / released' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

(j) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs incurred, and subsequently, carried at amortised cost. Any difference between the proceeds net of transaction costs and the redemption value is recognised in the statement of profit and loss and other comprehensive income over the period of the financial liabilities using the effective interest method.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(l) Impairment of investment in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, but are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Significant accounting policies (continued)

(m) Fixed assets

Fixed assets, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 2(o)), are stated at cost less accumulated depreciation and impairment losses.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged in the statement of profit and loss and other comprehensive income during the financial period in which they are incurred.

Depreciation of fixed assets is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold improvements	over the remaining period of lease
Right of use assets	over the remaining period of lease
Furniture, fixtures and equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(n) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Based on the Company's policy, the following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Application Software	5 years
System Software	5 years

Both the period and method of amortisation are reviewed annually. Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2 Significant accounting policies (continued)

(o) Leased assets

At inception of a contract, the Company assesses whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Company has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Company, are primarily office equipments. When the Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost, and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset is recognised when a lease that is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(m)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes 2(g)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2 Significant accounting policies (continued)

(o) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the company has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the statement of financial position, the Company presents right-of-use assets within the same line item as similar underlying assets and presents lease liabilities separately.

(p) Current and deferred income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2 Significant accounting policies (continued)

(p) Current and deferred income tax (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investment in subsidiary to the extent that, in the case of taxable differences, the Company controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 Significant accounting policies (continued)

(q) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are recognised when the absences occur.

(ii) Pension obligations

The Company contributes to defined contribution retirement schemes under Mandatory Provident Fund ("MPF") schemes that are available to the Company's employees. Contributions to the schemes by the Company and employees are calculated in accordance with the MPF rules for MPF schemes. The retirement benefit scheme costs are charged to the statement of profit and loss and other comprehensive income as incurred and represent contributions payable by the Company to the schemes.

The assets of the schemes are held in independently-administered funds separate from those of the Company.

(r) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(s) Translation of foreign currencies

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions are recognised directly in the statement of profit and loss and other comprehensive income. Assets and liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date. The differences arising from translation are recognised in the statement of profit and loss, and other comprehensive income except for translation differences on non-monetary items such as financial assets designated at fair value through other comprehensive income are included in the other comprehensive income and accumulated in investment revaluation reserve in equity.

2 Significant accounting policies (continued)

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that are not recognised because it is not probable that the outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised as a provision but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When the inflow is virtually certain, it will be recognised as an asset.

(u) 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.

In the statement of cash flows, cash and cash equivalents comprise balances with original maturity less than three months from the date of acquisition, including cash and balances with banks and other financial institutions.

(v) Related parties

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

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or the Company's parent.

2 Significant accounting policies (continued)

(v) Related parties (continued)

(b) An entity is related to the Company if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or the Company's parent.

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

(w) Fiduciary activities

The Company commonly acts in a fiduciary capacity that results in the holding or placing of assets on behalf of individuals and other institutions. These assets and income arising thereon are excluded from the financial statements, as they are not assets of the Company.

3 Financial and operational risk management

The Company's activities are principally related to the use of financial instruments. It accepts deposits from customers, seeks to earn interest margins by investing these funds in high-quality assets and obtaining above-average margins through lending to commercial borrowers.

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. Information related to the risk the Company is exposed to and its management and control of the primary risk associated with the use of financial instruments are set out below:

3 Financial and operational risk management (continued)

3.1 Credit risk

The Company takes on exposure to credit risk, which is the risk arising from the possibility that borrowing customers on counterparties in a transaction may default on their payment obligations. It arises from the lending activities undertaken by the Company.

The Company has significant concentrations of credit risk on individual customer. The maximum exposure to an individual customer was at 16.31% of the Company's Tier 1 Capital as at 31 December 2021. Due to the nature of the business of the Company, the Company has a geographical concentration of advances to customers (note 3.1 (b)(ii)). Policies and procedures for credit evaluation, approval, documentation, implementation, safekeeping, servicing, administration, collection, and impairment allowances are formalised and approved by the Board of Directors of the Company. The parent bank's internal auditors independently review compliance with these policies / procedures with formal reporting on the results of examinations to the Board of Directors of the Company. Risk Management Committee ("RMC") is responsible for the monitoring of the Company's credit risk.

(a) Maximum exposures to credit risk before collateral held or other enhancements are summarised as follows:

	2021 HK$'000	*2020* HK$'000
On-balance sheet assets		
Cash and short-term funds	45,794	73,612
Placements with banks and other financial institutions maturing between one and twelve months	105,386	142,164
Advances and other accounts	121,871	115,199
Financial assets designated at fair value through other comprehensive income	82,504	72,634
Off-balance sheet items		
Loan commitment and contingent liabilities	234	985
	355,789	404,594

The maximum exposure is the worst-case scenario of credit risk exposure to the Company without taking account of any collateral held or other credit enhancements. For on-balance sheet assets, the maximum exposure to credit risk equals their carrying amount. For loan commitment and other credit-related liabilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The nature of the collateral held, and other credit enhancements and their financial effect to the different classes of the Company's financial assets are as follows:

(i) Short-term funds and placements with banks and other financial institutions maturing between one and twelve months

These exposures are generally considered to be low risk due to the nature of the counterparties and take into account of credit quality. Collateral is generally not sought on these assets.

3 Financial and operational risk management (continued)

3.1 Credit risk (continued)

(a) Maximum exposures to credit risk before collateral held or other enhancements are summarised as follows: (continued)

(ii) Financial assets at amortised cost and Financial assets designated at fair value through other comprehensive income

Collateral is generally not sought on debt securities.

(iii) Advances and other accounts, loan commitments, and contingent liabilities

The general types of collateral are investment securities and cash deposits. Advances and other accounts, loan commitments are collateralised to the extent considered appropriate by the Company taking account of the risk assessment of individual exposures. The advances to customers are fully collateralised at all times. The Company monitors the market value of the investment securities and ensure that the loan to value ratio is within pre-set limits. The components and nature of contingent liabilities and commitments are disclosed in Note 20. Regarding the commitments that are unconditionally cancellable without prior notice, the Company would assess the necessity to withdraw the credit line in case where the credit quality of a borrower deteriorates. Accordingly, these commitments do not expose the Company to significant credit risk.

(b) Gross advances to customers

(i) Gross advances by customer type

	2021	*2020*
	HK$'000	HK$'000
Personal loans	106,330	105,706

As at the balance sheet date, there are no loans and advances to customers which are past due or impaired. There are no rescheduled advances as at 31 December 2021 and 2020.

(ii) Geographical concentration of gross advances to customers

The following geographical analysis of gross advances to customers is based on the country of residence of the counterparties, after taking into account the transfer of risk in respect of such advances where appropriate.

	2021	*2020*
	HK$'000	HK$'000
The Philippines	106,330	105,706

3 Financial and operational risk management (continued)

3.1 Credit risk (continued)

(c) Credit quality analysis

	2021			
	HK$'000 Stage 1	HK$'000 Stage 2	HK$'000 Stage 3	HK$'000 Total
Advances to customers	106,330	-	-	106,330
Loss allowance	(137)	-	-	(137)
Carrying amount	106,193	-	-	106,193
Financial assets designated at fair value through other comprehensive income	82,508	-	-	82,508
Loss allowance	(4)	-	-	(4)
Carrying amount	82,504	-	-	82,504
Cash and short-term funds	45,801	-	-	45,801
Loss allowance	(7)	-	-	(7)
Carrying amount	45,794	-	-	45,794
Placements with banks and other financial institutions maturing between one and twelve months	105,400	-	-	105,400
Loss allowance	(14)	-	-	(14)
Carrying amount	105,386	-	-	105,386

	2020			
	HK$'000 Stage 1	HK$'000 Stage 2	HK$'000 Stage 3	HK$'000 Total
Advances to customers	105,706	-	-	105,706
Loss allowance	(195)	-	-	(195)
Carrying amount	105,511	-	-	105,511
Financial assets designated at fair value through other comprehensive income	72,634	-	-	72,634
Loss allowance	(3)	-	-	(3)
Carrying amount	72,631	-	-	72,631
Cash and short-term funds	73,626	-	-	73,626
Loss allowance	(14)	-	-	(14)
Carrying amount	73,612	-	-	73,612
Placements with banks and other financial institutions maturing between one and twelve months	142,186	-	-	142,186
Loss allowance	(22)	-	-	(22)
Carrying amount	142,164	-	-	142,164

3 Financial and operational risk management (continued)

3.1 Credit risk (continued)

(d) Debt securities that are neither past due nor impaired

The table below presents an analysis of debt securities by rating agency designation at 31 December, based on the Moody's ratings or their equivalent that the Company has used in relation to credit risk exposures. Refer to Notes 13 for the analysis of the debt securities by type of issuers.

2021	*Financial assets designated at fair value through other comprehensive income* HK$'000	*Total* HK$'000
Aaa	7,781	7,781
Aa1 to Aa3	18,753	18,753
A1 to A3	35,799	35,799
Below A3 and above C	20,171	20,171
	82,504	82,504

2020	*Financial assets designated at fair value through other comprehensive income* HK$'000	*Total* HK$'000
Aaa	7,752	7,752
Aa1 to Aa3	25,492	25,492
A1 to A3	20,461	20,461
Below A3 and above C	18,929	18,929
	72,634	72,634

There are no overdue debt securities as at 31 December 2021 (2020: nil).

3.2 Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates, and equity prices.

3 Financial and operational risk management (continued)

3.2 Market risk (continued)

The Company's exposures to market risk for the non-trading portfolios primarily arise from the interest rate management of the Company's assets and liabilities. Non-trading portfolios also consist of foreign exchange and credit risks arising from the Company's financial assets at amortised cost and financial assets designated at fair value through other comprehensive income. Analysis of the Company's currency risk and interest rate risk are stated in Note 3.2(a) and 3.2(b) below, respectively.

(a) Currency risk

The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Except to cover transactional requirements, the Company does not hold positions for trading purposes.

As at 31 December 2021 and 2020, the Company's foreign currency exposure is mainly to US dollar. As HK dollar and USD dollar are pegged, it is expected that any movements in the exchange rate will have minimal impact on the earnings of the Company.

The tables below summarise the Company's exposure to foreign currency exchange rate risk as at 31 December. Included in the tables are the Company's assets and liabilities at carrying amounts in Hong Kong dollar equivalent, categorised by the original currency.

	2021			
	HKD HK$'000	*USD* HK$'000	*Other* HK$'000	*Total* HK$'000
Assets				
Cash and short-term funds	1,250	42,604	1,940	45,794
Placements with banks and other financial institutions maturing between one and twelve months	-	100,575	4,811	105,386
Advances and other accounts	1,674	120,197	-	121,871
Financial assets designated at fair value through other comprehensive income	-	79,630	2,874	82,504
Fixed assets	2,706	-	-	2,706
Intangible assets	270	-	-	270
Deferred tax assets	4,222	-	-	4,222
Total assets	10,122	343,006	9,625	362,753
Liabilities				
Time deposits from customers	-	193,185	8,544	201,729
Lease liabilities	1,463	-	-	1,463
Other payables	10,952	733	236	11,921
Total liabilities	12,415	193,918	8,780	215,113
Net on-balance sheet position	(2,293)	149,088	845	147,640
Credit commitments	-	234	-	234

3 Financial and operational risk management (continued)

3.2 Market risk (continued)

(a) Currency risk (continued)

	2020			
	HKD HK$'000	*USD* HK$'000	*Other* HK$'000	*Total* HK$'000
Assets				
Cash and short-term funds	8,660	64,385	567	73,612
Placements with banks and other financial institutions maturing between one and twelve months	4,999	120,957	16,208	142,164
Advances and other accounts	1,995	113,165	39	115,199
Financial assets designated at fair value through other comprehensive income	-	69,549	3,085	72,634
Fixed assets	10,508	-	-	10,508
Intangible assets	342	-	-	342
Total assets	26,504	368,056	19,899	414,459
Liabilities				
Time deposits from customers	-	247,147	18,937	266,084
Lease liabilities	6,973	-	-	6,973
Other payables	7,291	161	28	7,480
Total liabilities	14,264	247,308	18,965	280,537
Net on-balance sheet position	12,240	120,748	934	133,922
Credit commitments	-	985	-	985

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of the change in market interest rates.

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses if unexpected movement arises. The Assets and Liabilities Committee ("ALCO") regularly meets to review historical information and make forecasts. Once a month, a formal report of average rates of interest income and expenses are presented to the senior management of the Company.

3 Financial and operational risk management (continued)

3.2 *Market risk (continued)*

(b) *Interest rate risk (continued)*

The tables below summarise the Company's exposure to interest rate risk as at 31 December. Included in the tables are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates (other than non-interest bearing balances).

	2021						
	Up to 1 month HK$'000	*1-3 months* HK$'000	*3 - 12 months* HK$'000	*1- 5 years* HK$'000	*Over 5 years* HK$'000	*Non-interest bearing* HK$'000	*Total* HK$'000
Assets							
Cash and short-term funds	45,794	-	-	-	-	-	45,794
Placements with banks and other financial institutions maturing between one and twelve months	-	105,386	-	-	-	-	105,386
Advances and other accounts	2,885	13,671	89,637	-	-	15,678	121,871
Financial assets designated at fair value through other comprehensive income	7,904	2,874	7,781	62,881	1,064	-	82,504
Fixed assets	-	-	-	-	-	2,706	2,706
Intangible assets	-	-	-	-	-	270	270
Deferred tax assets	-	-	-	-	-	4,222	4,222
Total assets	56,583	121,931	97,418	62,881	1,064	22,876	362,753
Liabilities							
Deposits from customers	24,598	66,796	110,335	-	-	-	201,729
Lease liabilities	474	711	50	228	-	-	1,463
Other payables	-	5,104	-	-	-	6,817	11,921
Total liabilities	25,072	72,611	110,385	228	-	6,817	215,113
Interest sensitivity gap	31,511	49,320	(12,967)	62,653	1,064		

	2020						
	Up to 1 month HK$'000	*1-3 months* HK$'000	*3 - 12 months* HK$'000	*1- 5 years* HK$'000	*Over 5 years* HK$'000	*Non-interest bearing* HK$'000	*Total* HK$'000
Assets							
Cash and short-term funds	73,612	-	-	-	-	-	73,612
Placements with banks and other financial institutions maturing between one and twelve months	-	142,164	-	-	-	-	142,164
Advances and other accounts	2,867	13,563	89,081	-	-	9,688	115,199
Financial assets designated at fair value through other comprehensive income	-	7,752	30,087	33,666	1,129	-	72,634
Fixed assets	-	-	-	-	-	10,508	10,508
Intangible assets	-	-	-	-	-	342	342
Total assets	76,479	163,479	119,168	33,666	1,129	20,538	414,459
Liabilities							
Deposits from customers	42,107	103,149	120,828	-	-	-	266,084
Lease liabilities	474	929	4,216	1,354	-	-	6,973
Other payables	-	-	-	-	-	7,480	7,480
Total liabilities	42,581	104,078	125,044	1,354	-	7,480	280,537
Interest sensitivity gap	33,898	59,401	(5,876)	32,312	1,129		

3 Financial and operational risk management (continued)

3.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and other creditors and fulfill commitments to lend.

(a) Liquidity risk management process

The liquidity condition of the Company is monitored daily by the Company's chief executive. The balance between liquidity and profitability is carefully considered, but the former is given higher priority in case of conflicts in meeting targets or regulatory requirements. The liquidity management processes are as below:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.

- Performing periodic liquidity stress testing on the Company's liquidity position by assuming a faster rate of withdrawals in its deposit base.

- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows.

- Monitoring liquidity gaps against internal and regulatory requirements.

3 Financial and operational risk management (continued)

3.3 *Liquidity risk (continued)*

(b) *Maturity analysis*

The tables below analyse assets and liabilities of the Company as at 31 December into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the tables below are the approximation of the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected undiscounted cash flows.

	2021							
	Repayable on demand HK$'000	*Up to 1month* HK$'000	*1 - 3 months* HK$'000	*3-12 months* HK$'000	*1-5 years* HK$'000	*Over 5 years* HK$'000	*Undated* HK$'000	*Total* HK$'000
Assets								
Cash and short-term funds	18,503	27,291	-	-	-	-	-	45,794
Placements with banks and other financial institutions maturing between one and twelve months	-	-	105,414	-	-	-	-	105,414
Advances and other accounts	-	7,033	15,472	92,114	13	-	9,904	124,536
Financial assets designated at fair value through other comprehensive income	-	8,474	2,947	8,695	65,149	1,314	-	86,579
Fixed assets	-	-	-	-	-	-	2,706	2,706
Intangible assets	-	-	-	-	-	-	270	270
Deferred tax assets	-	-	-	-	-	-	4,222	4,222
Total assets	18,503	42,798	123,833	100,809	65,162	1,314	17,102	369,521
Liabilities								
Time deposits from customers	-	24,598	66,812	110,814	-	-	-	202,224
Lease liabilities	-	474	714	52	232	-	-	1,472
Other payables	472	1,152	9,042	806	228	-	1,685	13,385
Total liabilities	472	26,224	76,568	111,672	460	-	1,685	217,081
Net liquidity gap	18,031	16,574	47,265	(10,863)	64,702	1,314	15,417	152,440

	2020							
	Repayable on demand HK$'000	*Up to 1month* HK$'000	*1 - 3 months* HK$'000	*3-12 months* HK$'000	*1-5 years* HK$'000	*Over 5 years* HK$'000	*Undated* HK$'000	*Total* HK$'000
Assets								
Cash and short-term funds	50,350	23,262	-	-	-	-	-	73,612
Placements with banks and other financial institutions maturing between one and twelve months	-	-	142,226	-	-	-	-	142,226
Advances and other accounts	-	3,780	13,863	90,253	1,890	-	6,394	116,180
Financial assets designated at fair value through other comprehensive income	-	281	7,911	30,889	34,589	1,428	-	75,098
Fixed assets	-	-	-	-	-	-	10,508	10,508
Intangible assets	-	-	-	-	-	-	342	342
Total assets	50,350	27,323	164,000	121,142	36,479	1,428	17,244	417,966
Liabilities								
Time deposits from customers	-	42,109	103,195	121,433	-	-	-	266,737
Lease liabilities	-	475	949	4,271	1,363	-	-	7,058
Other payables	-	149	4,940	763	23	-	1,605	7,480
Total liabilities	-	42,733	109,084	126,467	1,386	-	1,605	281,275
Net liquidity gap	50,350	(15,410)	54,916	(5,325)	35,093	1,428	15,639	136,691

3 Financial and operational risk management (continued)

3.3 Liquidity risk (continued)

(c) Off-balance sheet items

Loan commitments

The contractual amounts of the Company's off-balance sheet financial instruments as at 31 December 2021 that commit it to extend credit to customers and other facilities amounted to HK$233,901 (2020: HK$984,714) and mature within one year.

3.4 Fair value of financial assets and liabilities

(a) Financial Instrument carried at other than fair value

The carrying amounts of the Company's financial assets and liabilities carried at amortised cost were not materially different from their fair values as at 31 December 2020 and 2021. The financial assets and liabilities carried at amortised cost in the Company's statement of financial position are estimated as follows:

(i) Balances and placements with banks

The maturities of these financial assets are within one year, and the carrying value approximates fair value.

(ii) Advances and other accounts

The maturities of most of the advances and other accounts are within one year, and their carrying value approximates fair value.

(iii) Deposits from customers

All the deposits from customers mature within one year from the balance sheet date, and their carrying value approximates fair value.

(iv) Other payables

The carrying amount of other payables, which are normally repayable within one year, approximate to their fair value.

(b) Financial instruments measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly-traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter market) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

3 Financial and operational risk management (continued)

3.4 Fair value of financial assets and liabilities (continued)

(b) Financial instruments measured at fair value (continued)

The following table presents the fair value of the Company's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs, i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs

The following table presents the Company's financial assets and liabilities that are measured at fair value at 31 December 2021.

	2021			
	Level 1 HK$'000	*Level 2* HK$'000	*Level 3* HK$'000	*Total* HK$'000
Financial assets				
Financial assets designated at fair value through other comprehensive income				
- Debt securities	55,521	26,983	-	82,504
Total	55,521	26,983	-	82,504

	2020			
	Level 1 HK$'000	*Level 2* HK$'000	*Level 3* HK$'000	*Total* HK$'000
Financial assets				
Financial assets designated at fair value through other comprehensive income				
- Debt securities	60,760	11,874	-	72,634
Total	60,760	11,874	-	72,634

Level 1 fair value of debt securities have been determined based on regular trading activity on exchange and active over the counter broker market. Level 2 fair values of debt securities have been determined based on quotes from brokers supported by observable inputs.

3 Financial and operational risk management (continued)

3.5 Capital management

The Company's objectives when managing capital, which is a broader concept than the "equity" on the face of the statement of financial position, are:

- To comply with the capital requirements under the Banking (Capital) Rule of the Hong Kong Banking Ordinance;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To support the Company's stability and growth;
- To allocate capital in an efficient and risk-based approach to optimise risk-adjusted return to the shareholders; and
- To maintain a strong capital base to support the development of its business.

For the Company's funding requirements, it relies principally on time deposits from customers and parent bank as well as internally generated capital. The Company adopts a prudent policy on capital management, and the funding position is monitored and reviewed regularly to ensure it is at a reasonable cost.

The Hong Kong Banking Ordinance requires each authorised institution to maintain a ratio of total regulatory capital to the risk-weighted assets (the capital adequacy ratio) at or above the minimum of 8%.

During the year ended 31 December 2021 and 2020, the Company complied with the capital requirements under the Hong Kong Banking Ordinance.

3.6 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or external sources. Operational risk management (ORM) involves the management of all business processes, employees, and manual and automated systems to minimise the adverse effects of these risks.

The Company has put in place an internal control process that requires the establishment of policies and procedures for key business activities. Proper segregation of duties and authorisation are the fundamental principles followed by the Company. Every employee must manage the risks inherent to his functions. The supervisors have the primary responsibility to monitor compliance with existing ORM policies, standards, guidelines, and procedures.

Business continuity plans are in place to support business operations in the event of emergency or disaster.

4 Interest income

	2021 HK$'000	*2020* HK$'000
Interest income from financial assets designated at fair value through other comprehensive income		
- Debt securities	1,034	1,730
Interest income from financial assets at amortised cost		
- Debt securities	-	8
- Placements with banks	240	1,311
- Advances to customer	1,568	752
	2,842	3,801

5 Other operating income

	2021 HK$'000	*2020* HK$'000
Service fees and commission income	54,396	28,229
Foreign exchange gain / (loss) from customer transactions	707	(480)
Net gain from dealing in securities	3,672	2,578
Net loss on redemption / disposal of financial assets designated at fair value through other comprehensive income	-	(55)
Other income	18	-
	58,793	30,272

6 Operating expenses

	2021 HK$'000	*2020* HK$'000
Staff costs:		
- Wages and salaries	27,680	25,785
- Pension costs - defined contribution plans	979	1,013
- Other benefits and allowance	1,744	1,758
Depreciation and amortisation (Note 15 & 16)	8,076	8,040
Auditor's remuneration	1,055	980
Professional fees	54	47
Telecommunication and postage	1,752	1,650
Other operating expenses	8,905	3,887
	50,245	43,160

Staff costs include directors' emoluments (Note 7).

7 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance, and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2021 HK$'000	*2020* HK$'000
Salaries	6,130	6,142
Employer's contribution to a retirement scheme	196	36
	6,326	6,178

8 Income tax credit

(a) *Taxation credited to profit or loss:*

	2021 $'000	*2020* $'000
Current tax – Hong Kong Profits Tax		
Provision for the year	-	-
Deferred tax		
Origination and reversal of temporary differences	4,222	-
	4,222	-

No provision for Hong Kong Profits Tax has been made for the prior financial period as the Company sustained a loss for taxation purposes. For the year ended 31 December 2021, the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the year.

In 2021, the Company has recognised deferred tax income from its tax loss of approximately HK$25,587,441 (2020: approximately HK$38,623,750) as it is probable that the future taxable profits against which the losses can be utilised will be available. The tax losses do not expire under current tax legislation.

8 Income tax credit (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021 HK$'000	2020 HK$'000
Profit / (Loss) before taxation	10,532	(10,727)
Calculated at a taxation rate of 16.5% (2020: 16.5%)	1,738	(1,770)
Tax effect of non-taxable income	(1,019)	(194)
Tax effect of non-deductible expenses	1,347	445
Tax loss not recognised	-	1,519
Utilisation of tax losses previously not recognised	(2,066)	-
Recognition of tax losses previously not recognised	(4,222)	-
	(4,222)	-

9 Finance Costs

	2021 HK$'000	2020 HK$'000
Interest expenses incurred from lease liabilities	78	190

10 Cash and short-term funds

(a) Cash and cash equivalents comprise:

	2021 HK$'000	2020 HK$'000
Cash and balances with banks and other financial institutions	18,507	50,361
Placements with banks and other financial institutions maturing within one month	27,294	23,265
Credit impairment for cash and short-term funds	(7)	(14)
	45,794	73,612

10 Cash and short-term funds (continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Lease liabilities HK$'000
At 1 January 2020	12,462
Changes from financing cash flows:	
Capital element of lease rentals paid	(5,504)
Interest element of lease rentals paid	(190)
Total changes from financing cash flows	(5,694)
Other changes:	
Increase in lease liabilities from lease modification	15
Interest expenses	190
Total other changes	205
At 31 December 2020 and 1 January 2021	6,973
Changes from financing cash flows:	
Capital element of lease rentals paid	(5,611)
Interest element of lease rentals paid	(78)
Total changes from financing cash flows	(5,689)
Other changes:	
Increase in lease liabilities from entering into new lease during the period	339
Decrease in lease liabilities from terminating existing lease during the period	(238)
Interest expenses	78
Total other changes	179
At 31 December 2021	1,463

10 Cash and short-term funds (continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2021 HK$'000	*2020* HK$'000
Within operating cash flows	-	-
Within investing cash flows	-	-
Within financing cash flows	5,689	5,694
	5,689	5,694

11 Placements with banks and other financial institutions maturing between one and twelve months

	2021 HK$'000	*2020* HK$'000
Placements with banks and other financial institutions maturing between one and three months	105,400	142,186
Credit impairment for placements with banks and other financial institutions maturing between one and three months	(14)	(22)
	105,386	142,164

12 Advances and other accounts

	2021 HK$'000	*2020* HK$'000
Advances to customers at amortised cost	106,330	105,706
Other accounts at amortised cost	15,678	9,688
	122,008	115,394
Credit impairment for		
- advances to customers	(137)	(195)
- other accounts	-	-
	121,871	115,199

The advances to customers of HK$ 106,193,271 (2020: HK$ 105,510,710) were fully secured. None of the advances were overdue as at 31 December 2021 and 31 December 2020.

13 Financial assets designated at fair value through other comprehensive income

	2021 HK$'000	*2020* HK$'000
Financial assets designated at fair value through other comprehensive income		
- Listed outside Hong Kong and issued by banks and other financial institutions	54,551	45,953
- Listed outside Hong Kong and issued by corporate entities	1,839	1,947
- Listed outside Hong Kong and issued by central government	26,114	24,734
	82,504	72,634
Credit impairment	(4)	(3)

14 Repossessed assets

At 31 December 2021 and 31 December 2020, the Company did not hold any repossessed assets.

15 Fixed assets

	Leasehold improvements HK$'000	*Furniture, fixtures and equipment* HK$'000	*Right of use assets* HK$'000	*Total* HK$'000
At 1 January 2020				
Cost	5,361	3,431	16,880	25,672
Accumulated depreciation	(1,191)	(2,009)	(4,401)	(7,601)
Net book value	4,170	1,422	12,479	18,071
Year ended 31 December 2020				
Opening net book value	4,170	1,422	12,479	18,071
Additions	-	399	15	414
Disposal	-	(22)	-	(22)
Depreciation charge	(1,787)	(602)	(5,581)	(7,970)
Written back on disposal	-	15	-	15
Closing net book value	2,383	1,212	6,913	10,508
At 1 January 2021				
Cost	5,361	3,808	16,895	26,064
Accumulated depreciation	(2,978)	(2,596)	(9,982)	(15,556)
Net book value	2,383	1,212	6,913	10,508
Year ended 31 December 2021				
Opening net book value	2,383	1,212	6,913	10,508
Additions	-	105	339	444
Disposal	-	(97)	(375)	(472)
Depreciation charge	(1,787)	(640)	(5,577)	(8,004)
Written back on disposal	-	89	141	230
Closing net book value	596	669	1,441	2,706
At 31 December 2021				
Cost	5,361	3,816	16,859	26,036
Accumulated depreciation	(4,765)	(3,147)	(15,418)	(23,330)
Net book value	596	669	1,441	2,706

15 Fixed assets (continued)

(a) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2021 HK$'000	*2020* HK$'000
Other property lease for own use, carried at depreciated cost	1,147	6,654
Equipment, carried at depreciated cost	294	259
	1,441	6,913

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2021 HK$'000	*2020* HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
- Other property lease for own use	5,506	5,507
- Equipment	71	74
	5,577	5,581
Interest on lease liabilities (Note 9)	78	190

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 10(c) and 17 respectively.

16 Intangible assets

	HK$'000
Cost	
Balance as at 1 January 2020	-
Acquisitions	412
Balance as at 31 December 2020 / 1 January 2021	412
Acquisitions	-
Balance as at 31 December 2021	412
Accumulated amortisation	
Balance as at 1 January 2020	-
Amortisation for the year	(70)
Balance as at 31 December 2020 / 1 January 2021	(70)
Amortisation for the year	(72)
Balance as at 31 December 2021	(142)
Carrying amounts	
Balance as at 1 January 2020	-
Balance as at 31 December 2020	342
Balance as at 31 December 2021	270

17 Lease liabilities

At 31 December 2021, the lease liabilities were repayable as follows:

	2021 HK$'000	*2020* HK$'000
Within 1 year	1,235	5,619
After 1 year but within 2 years	68	1,243
After 2 years but within 5 years	160	111
	1,463	6,973

18 Share capital

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	*Share capital* HK$'000
At 1 January 2020, 31 December 2020 and 31 December 2021	75,000	75,000

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

19 Reserves

The Company's reserves and the movements therein for the current and prior years are presented in the statement of changes in equity on page 10 of the financial statements.

As at 31 December 2021, an amount of HK$845,825 (2020: HK$845,825) was earmarked from retained earnings as a regulatory reserve. The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movements in the reserve, if any, are made directly through retained earnings following consultation with the Hong Kong Monetary Authority.

20 Off-balance sheet exposures

Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liability and commitment as at 31 December:

	2021 HK$'000	*2020* HK$'000
Commitment		
Loan commitments with an original maturity of under 1 year or which are unconditionally cancellable without prior notice	-	-
Loan commitments with an original maturity of under 1 year	234	985
	234	985

21 Loans to officers

As at 31 December 2021, there is no loan made to officers as pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161B of the predecessor Hong Kong Companies Ordinance (Cap. 32).

22 Related party transactions

Following transaction was carried out with related parties:

(a) *Transaction amount during the year with related parties:*

	2021 HK$'000	*2020* HK$'000
System services charge from ultimate holding company	661	657
Management and performance fee income from a fellow subsidiary	2,355	2,903

System service charge represents charges for usage of ultimate holding company's systems and various processes outsourced to BPI Global Services. Charges are fixed fee per month.

The management and performance fee income represent the provision of fund investment management services to BPI Research & Management SPC.

(b) *Year-end balances with related parties:*

	2021 HK$'000	*2020* HK$'000
Bank balance held in ultimate holding company	1,227	1,285
Management fee and performance fee income receivables from a fellow subsidiary	2,355	2,903

The bank balance held with the ultimate holding company, which is a bank in the Republic of the Philippines. The balances are unsecured in nature and interest-bearing at a commercial rate.

The fee income receivables represent the amount due from BPI Research & Management SPC for the provision of investment management services.

22 Related party transactions (continued)

(c) *Key management compensation:*

Key management includes directors and heads of departments. The compensation paid or payable to key management for employee services is shown below:

	2021 HK$'000	2020 HK$'000
Salaries and other short-term employee benefits	17,795	17,135

Director compensation is also disclosed in note 7 to the financial statements.

23 Note to the statement of cash flow

(a) *Reconciliation of loss before taxation to net cash outflow from operating activities*

	2021 HK$'000	2020 HK$'000
Profit / (Loss) before taxation	10,532	(10,727)
Adjustments for:		
Net interest income	(1,989)	(2,585)
Depreciation of fixed assets	8,004	7,970
Amortisation of intangible assets	72	70
Credit impairment (released) / charged	(73)	234
Loss from disposal of fixed assets	2	1
Finance cost	78	190
Changes in working capital:		
Decrease in placements with banks and other financial institutions with original maturity over three months	13,185	2,433
Decrease / (increase) in advances and other accounts	(4,806)	(87,212)
(Decrease) / increase in time deposits from customers	(65,208)	40,335
Increase in other payables	4,441	447
Cash used in operating activities	(35,762)	(48,844)

23 Note to the statement of cash flow (continued)

(b) Reconciliation with the statement of financial position

	Note	2021 HK$'000	2020 HK$'000
Cash and short-term funds	10(a)	45,794	73,612
Placements with banks and other financial institutions maturing between one and three months	11	105,386	142,164
Add:			
Credit impairment for cash and short-term funds	10(a)	7	14
Credit impairment for placements with banks and other financial institutions maturing between one and three months	11	14	22
Less:			
Amounts with an original maturity of beyond three months		-	(13,185)
Cash and cash equivalents in the statement of cash flow		151,201	202,627

24 Immediate and ultimate holding company

The immediate and ultimate holding company is Bank of the Philippine Islands, a bank incorporated and listed in the Republic of the Philippines. This entity produces financial statements available for public use.

25 Income tax in the statement of financial position

Deferred tax assets recognised

The components of deferred tax assets recognised in the statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	*Tax loss* $'000
At 1 January 2020	-
Charged/(credited) to profit or loss (note 8(a))	-
At 31 December 2020 and 1 January 2021	-
Credited to profit or loss (note 8(a))	4,222
At 31 December 2021	4,222

26 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to HKAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

27 Approval of financial statements

The financial statements were approved by the board of directors on 11 APR 2022 .