2022

ANNUAL REPORT

WE STRIDE FORWARD IN UNITY WITH

INNOVATIVE CHANGES

Celestial Asia Securities Holdings Limited

(Stock Code: 1049)

Contents

CORPORATE PROFILE

Celestial Asia Securities Holdings Limited ("CASH Group", SEHK: 1049) is a multi-faceted investment conglomerate focusing on enhancing client experience through technology and innovation. Headquartered in Hong Kong, we serve modern consumer needs in investment and wealth management, lifestyle and home improvement. All our businesses share a common mission that our customers' interests always come first. Our brands are synonymous with good customer service, great quality and fabulous value.

Abide by the "People-Oriented" principle, CASH Group is committed to becoming a Total Caring Organisation to partner with our key stakeholders to work towards the sustainable development of our business, our employees, our environment and our society. CASH's award-winning companies comprise Pricerite Group (Pricerite), CASH Financial Services Group (CFSG), CASH Algo Finance Group (CAFG), etc.

RETAIL MANAGEMENT – PRICERITE GROUP

Founded in 1986, Pricerite Group offers a diverse portfolio of home furnishing and lifestyle brands that satisfy our customers' needs through a blend of operating efficiency, effective use of technology, and talented people. We build our competitive advantage by achieving economies of scale through our single operating platform and our in-depth understanding of the market. Businesses comprise sourcing and retailing of quality products with brands such as Pricerite Home, TMF, SECO, Pricerite Food, Pricerite Pet, etc.

Pricerite pioneers to develop "New Retail" in Hong Kong by integrating the very best of online and offline channels to refine the omni-channel retailing, providing customers quality shopping experience anytime, anywhere. This has revolutionised the Hong Kong home furnishing market with easy access to our comprehensive network of outlets and e-shopping channels through a variety of digital devices. We have a long heritage of adopting advanced technologies to enhance our operating efficiency. From back office support to product and service offerings, marketing communication and supply chain management, we strengthen our competitive edges through a balanced fusion of technology and people.

Pricerite upholds the "People-oriented" principle, and attains leadership by innovation — in product mix, merchandising, store layout and entire market strategy in home improvement product retailing. Our constant efforts to increase our understanding of customers' expectations and needs through the use of information technology to gain accurate and timely data and use of market research tools drive our customer-focused innovations.

At Pricerite, we care for the people of Hong Kong. It's our founding principle and it forms everything we do. That means empowering our customers to care for their homes, their families, and themselves, no matter what life may throw their way. By cultivating a culture of caring, we inspire our customers to impart our values to the world.

Honouring a celebrated Hong Kong brand, Pricerite has received wide recognitions for its exceptional performance in various aspects such as brand management, product design, quality services and e-shopping platforms. As a result, many high acclaims have been awarded to its brands, including the Hong Kong Top Brand 10 Year Achievement Award and Premier Service Brand from the Hong Kong Brand Development Council, Consumer Product Design Award from the Hong Kong Awards for Industries, Bronze Award of Marketing Excellence Awards from HKMA/TVB, Q-Mark Elite Brand Award from Hong Kong Q-Mark Council, Outstanding QTS Merchant Awards – Gold Award from Hong Kong Tourism Board, and Top 10 Quality E-Shop Award, Top 10 O2O Retail Brand, Retail Excellence Award and numerous Service and Courtesy Awards from the Hong Kong Retail Management Association, etc.

Pricerite cares for the environment and is committed to protecting it hand in hand with our stakeholders, minimising the impact of our operations to the environment. Through the sourcing of eco-products, adoption of retail technologies and active participation in various environmental activities, Pricerite takes its initiative to develop a sustainable society with customers. Pricerite has received numerous awards for the recognition of its contribution to environmental protection, including Silver Award in Shops and Retailers sector under the Hong Kong Awards for Environmental Excellence, Sustainable Business Award from World Green Organisation (WGO), BOCHK Corporate Environmental Leadership Awards: EcoChallenger from Federation of Hong Kong Industries (FHKI), etc.

CORPORATE PROFILE

FINANCIAL SERVICES – CFSG

Headquartered and listed in Hong Kong (SEHK: 510), CASH Financial Services Group ("CFSG") has been dedicated to managing wealth and asset inheritance for our clients over the past 50 years. Our culture of excellence drives our ongoing focus on sustainable growth, integrity and innovation, serving a diversified client base that includes corporations, financial institutions and individual investors.

Full-Licensed Operations, Providing Comprehensive Financial and Wealth Management Services

Established in 1972, CFSG is one of few full-licensed Hong Kong financial services institutions currently holding SFC Type 1, 2, 4 and 9 licenses. Providing comprehensive financial and wealth management services, CFSG is also a licensed money lender in Hong Kong, a licensed insurance broker registered with the Hong Kong Insurance Authority, a licensed Trust or Company Service Provider, and a Principal Intermediary registered with the Hong Kong Mandatory Provident Fund Authority.

From Hong Kong's Firm Foothold into Mainland China and Worldwide

CFSG is branching out beyond firm foundations in Hong Kong to extend global reach and embrace historic opportunity in China. Wealth management centres are established in Hong Kong, Shanghai, Shenzhen and Guangzhou, with more centres and strategic alliances planned in the Greater Bay Area and Yangtze River Delta region to provide even more comprehensive wealth management and financial services to individuals and financial institutions.

At Forefront of FinTech, Innovating Financial Services

CFSG has always been a pioneer in FinTech development, investing heavily in groundbreaking innovations that reshape the financial services industry. Since becoming the first financial institution in Hong Kong to provide online securities and futures trading services in 1998, CFSG has been adopting advanced technology solutions to meet the growing demand in investment services. In recent years, CFSG launched a cutting-edge mobile trading app, Alpha i with the aim of enhancing the user experience and service quality. The new digital platform provides FinTech services to a new generation of tech-savvy and mobile-driven millennial investors. As a wealth management expert, CFSG will integrate different advantages of traditional and new financial assets to develop a full range of wealth management business, providing our clients with more choices and promoting the development of Hong Kong into an international FinTech centre.

Professional Management with Wide Range of Expert Experience

CFSG's management team has extensive experience of the regional regulations and regulated activities in Hong Kong, Mainland China and global markets; comprising highly educated, qualified professionals in various financial services specialties. Group businesses are managed by responsible officers and representatives of these regulated activities under different established regulators.

ALGO TRADING – CASH ALGO FINANCE GROUP (CAFG)

Built upon the technology-focused heritage of CASH Group (SEHK: 1049), CASH Algo Finance Group (CAFG) is a pioneer in quantitative finance and algo trading based in Hong Kong. CAFG marries expertise in financial markets with technology innovation, engaging leading-edge FinTech to create superior and sustainable value for investors. We launched our first algo trading strategy in 2009 and have since expanded into multiple strategies and tactics covering all the major markets. In 2017, we introduced quant funds to provide asset management services to institutional clients, funds, and high-net-worth individuals.

As a pioneer in quantitative finance and algo trading in Asia, we understand the importance of a low-latency platform integrated with a robust real-time risk management system. In addition to serving existing strategies in multiple markets with our proprietary and scalable platform, CAFG is expanding its trading strategies to new markets with cutting-edge algorithmic technologies to optimise risk-adjusted returns across a broad range of asset classes.

We also provide an algo incubation service to assist algo traders, quant strategists, and academia dedicated to researching, developing, testing, and launching their trading ideas. CAFG has established a proprietary one-stop platform for the entire investment lifecycle, supporting data analytics, strategy deployment, smart execution, and robust risk management.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

KWAN Pak Hoo Bankee	(Chairman, ED & CEO)
LEUNG Siu Pong James	(ED)
LI Shing Wai Lewis	(ED & CFO)
KWAN Teng Hin Jeffrey	(ED)

Independent Non-executive:

LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

AUDIT COMMITTEE

LEUNG Ka Kui Johnny	(committee chairman)
WONG Chuk Yan	
CHAN Hak Sin	

REMUNERATION COMMITTEE

LEUNG Ka Kui Johnny	(committee chairman)
WONG Chuk Yan	
KWAN Pak Hoo Bankee	

NOMINATION COMMITTEE

KWAN Pak Hoo Bankee	(committee chairman)
LEUNG Ka Kui Johnny	
CHAN Hak Sin	

COMPANY SECRETARY

CHEUNG Suet Ping Ada, *ACG, HKACG, CPA, FCCA*

AUTHORISED REPRESENTATIVES

KWAN Pak Hoo Bankee
(alternate: KWAN Teng Hin Jeffrey)

LI Shing Wai Lewis
(alternate: CHEUNG Suet Ping Ada)

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited
Nanyang Commercial Bank, Limited
The Hong Kong and Shanghai Banking Corporation Limited
Chong Hing Bank Limited
OCBC Wing Hang Bank Limited
CTBC Bank Co. Ltd.
Shanghai Commercial Bank Limited
Fubon Bank (Hong Kong) Ltd.

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

SOLICITORS

Sidley Austin

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
17/F Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.cash.com.hk

STOCK CODE ON MAIN BOARD

1049

CONTACTS

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Turbulence before landing

Both hopes and uncertainties are left in the wake of the eventual end of the 3-year prolonged pandemic. The Hong Kong economy recorded negative growth of 3.5% in 2022 with total exports of goods plunging by 13.9% amid sharp deterioration in the external environment and disruptions to cross-border activities. While the city is expected to resume growth in 2023 in tandem with the Hong Kong government's relaxation of social distancing and mainland China optimising anti-epidemic measures, three clouds are still overhanging – indicating turbulence before the economy can land safely.

The first is inherent volatility of the pandemic. The COVID virus has already undergone many thousands of mutations over the past three years, with more transmissible variants driving border lockdowns and economic activities to shrink. These pose uncertainties to both investors and consumers, hindering their investment and spending decisions.

Secondly, the pandemic-induced recession might linger in the coming year, as energy and food crises sparked by the Russia-Ukraine conflict continue to spur inflationary pressures and intensify uncertainties – undermining investor confidence and household purchasing power worldwide.

Lastly, interest rate hikes remain a major concern for both retailers and consumers, pressuring profit margins and eroding consumption power. The Fed's monetary policy to control inflation risk in coming months will also certainly affect international fund flow, lowering retailers' risk appetite in long-term reinvestment.

On the other hand, although China only recorded GDP growth of 3.0% in 2022, the country is poised for a strong rebound in 2023, serving as a key growth engine for the global economy. China's growth comes not only from the low base effect, but also from its dual-circulation strategy to propel domestic consumption and encourage investment, especially in the real estate market after government de-leveraging efforts in the past two years to rein in debt levels of mega developers.

While the world economy is slowing and we are not immune, we at the CASH Group took a defensive approach to stay staunch while managing our cost structures in a disciplined way.

PRICERITE GROUP – THE NEW RETAIL INNOVATOR IN HOME FURNISHING

Total retail sales in 2022 valued at HK$349,930 million fell back to almost the 2010 level of HK$324,966 million. Seriously affected by the pandemic and depressed real estate market, furniture and fixtures was one of the worst performing categories, tumbling by 5.3% in value. It's unlikely that total retail sales value will rebound back to the pre-pandemic 2018 level (HK$485,169 million) in the short-term, with drastic, irreversible changes in consumer behaviour and preferences on one hand, and a thorny external operating environment persisting on the other.

Despite Hong Kong consumers flocking back to stores recently, online shopping remains popular. This is attributable to the popularity of 5G giving rise to digital mobile commerce, and retailers adopting O2O strategy – eliminating time and venue constraints of traditional shopping.

Thanks to our early adoption of O2O new retail strategy in recent years, Pricerite Group has been well connecting with customers throughout their shopping journey during the pandemic. Our new Metaverse efforts to offer AR, VR and MR experiences are also well received, allowing consumers to better visualise products – and how they best fit into their homes.

In designing our customer journey, we have not forgotten about the basics of retail either – offering superb experiences, extra-mile conveniences, quality products and unmatched services to meet customer needs.

We will also continue with our multi-brand strategy to offer customers a full suite of home-related products. According to Statista, the leading e-commerce segments in Hong Kong as of 2022 – apart from fashion – are food and groceries, personal hygiene & care products, electronics & media, and furniture & appliances. These are precisely Pricerite's specialty areas.

In the coming three years, we plan to crystalise our strategy to become a data-driven organisation by further enhancing our data infrastructure to offer personalised home solutions, shopping experiences and seamless communication with our customers. Riding on O2O benefits, we will continue advancing our new retail strategy, powered further by digitalisation.

CHAIRMAN'S LETTER

Looking forward, through enhanced big data analytics and insights we will better understand evolving customer behaviour, needs and expectations – devising more precise customer strategies and tailoring more personalised products and services through multi-channels. We aim to further improve customer satisfaction and design first-hand, data-driven customer experiences. These will be complemented by our carefully studied and revised network strategy bringing fresh new O2O experiences to our customers.

CASH FINANCIAL SERVICES GROUP – THE TRUSTED INVESTMENT AND WEALTH MANAGEMENT ADVISOR

In early 2022, the world entered the first phase of the bear market, with liquidity substantially tightened and earnings held up. Thereafter, optimistic anticipation of a Fed pivot together with China optimising pandemic policy drove a brief recovery bounce since last October. Nonetheless, strong US economic data and higher-than-expected inflation rates reported in late February 2023 dashed market hopes of the Fed cutting rates – making the world seemingly enter the third phase of the bear market.

Locally, market volatilities muted investment sentiment and stalled IPO activities. On the other hand, stringent regulatory requirements fuelled compliance costs higher than ever. All these conspired to culminate in 47 local securities firms suspending their operations in 2022, a record-high in recent Hong Kong financial history.

In a world facing increasing headwinds, we focus on helping our clients do more with less, seeking protection while investing in long-term growth areas – along with rationalising our internal costs. During the pandemic, in order to stay communicated with our clients, we held numerous online and offline seminars to keep them abreast of the market trends.

We also enhanced our talent mix and upgraded our platforms in preparation for possible market upturn. During the year, we are pleased to report that our strategic focus on the three-pronged business development approach – brokerage, wealth management and asset management – started to form in good shape with a more balanced income contribution.

Looking ahead, the easing of pandemic restrictions and opening of international borders will accelerate financial and commercial activities and consumer spending.

We believe that as China further implements its monetary and fiscal stimulus, with some easing in the regulatory environment to support China's economy, some handsome growth in investment and wealth management demand is expected this year – especially in the Greater Bay Area, which as a strategic part of China's 14th Five-Year Plan is presenting immense investment and wealth management opportunities for established and trusted Hong Kong financial institutions such as CFSG.

In tandem with China reopening its borders, we will continue to recruit more wealth management professionals to serve our growing client base, and form strategic partnerships with both foreign and mainland partners to offer a wider variety of investment products, so as to capture these growing business opportunities and swiftly respond to surging clients' request by resuming face-to-face client activities.

We will also prudently adjust our tightened credit policy according to general market conditions. On the other hand, we will adopt zero-based budgeting to further justify our costs; allowing more flexible budgets, focused operations, lower costs and more disciplined execution of our strategic projects.

Maintaining Agility and Resilience

For the rest of 2023, inflation could remain stubbornly high, calling for tighter monetary policies from central banks in western countries. Escalation of geopolitical conflicts such as in the Russia-Ukraine region and East Asia remain a major threat to global stability that could further undermine the fragile global energy and food markets. All these weigh heavily on market volatilities.

Despite this, economies and societies continue to recover from the pandemic, with a concerted determination to return to "normal". As Charles Dickens wrote in A Tale of Two Cities, "It was the best of times. It was the worst of times." Certainly, we live in interesting times, and with 2022 already behind us, I would say that the worst times have already passed. Save for any "black swan" or "grey rhino" events, we believe the world is entering 2023 with growth though with bumps and uncertainties – with the global economy landing despite some turbulence.

Despite ongoing external challenges and uncertainties, Hong Kong likewise will regain ground from almost four years of stagnancy. All we need to do is buckle up and prepare ourselves well for eventual economic landing.

CHAIRMAN'S LETTER

We at CASH Group are dedicated to staying resilient and nimble in navigating these challenges. With concerted unity, all staff will turn from a defensive approach to staying staunch and proactive, playing a leading role in driving sales.

Last but not least, I would like to thank all our staff for their dedication, diligence and teamwork, which are indispensable in helping the Group grow our agility and resilience, staunchly weathering challenges at all times.

Yours sincerely,

Dr Bankee P. Kwan, *JP*
Chairman & CEO

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Upon the acquisition of a total of additional 21.08% equity interest in CFSG by the Company through a voluntary general offer closed on 21 October 2022, the voting power of the Group in CFSG has increased from 39.41% to 60.49%. Accordingly, CFSG has ceased to be associate of the Group and became the Group's subsidiary with effect from 21 October 2022. As such, the operating results of CFSG for the period from 1 January 2022 to 20 October 2022 and for the period subsequent to 20 October 2022 were, respectively, disclosed as share of results of associates and combined in consolidated statement of profit or loss and other comprehensive income in the current year. Due to CFSG became the Group's subsidiary, there was a net gain of HK$22.6 million on loss on deemed disposal of associates and discount on acquisition of subsidiary.

After taking into account of the above mentioned net gain on loss on deemed disposal of associates and discount on acquisition of subsidiary and the operating results of the year, the Group has reported a net loss of HK$35.2 million for the year end 31 December 2022.

RETAIL MANAGEMENT BUSINESS – PRICERITE GROUP

Hong Kong retail industry has been facing unprecedented challenges in recent years especially the year under review, due to the pandemic and the rapidly changing market environment. Consumer sentiment has been impacted by the uncertain economic outlook and the changing behavior of shoppers. Retailers have to keep up with these changes and adapt to the new reality. Moreover, the impact of the fifth wave of the pandemic on retail industry in Hong Kong during first quarter was significant and adverse. The total value of retail sales in Hong Kong decreased by 7.6% during the first quarter. The prevailing uncertainty and ongoing disruption caused by restrictions on social gatherings resulted in a notable decline in consumer sentiment. The pandemic also caused a disruption in the supply chain, leading to shortage of certain types of product and rise in logistic cost, which further reduced consumer spending, as people were unable to purchase items at the prices they were accustomed to. Nevertheless, the Hong Kong government has taken steps to support the retail industry, launching the second round of consumption voucher program in 2022. The initial phase of disbursement in April proved to be effective in stimulating economic activity and promoting consumer expenditure. However, the impact of the program began to neutralize during the second phase in August. The total value of retail sales for the year 2022 in Hong Kong is marking a 0.9% decline in value compared to the previous year despite the disbursement of consumption voucher to boost local spending. Furthermore, during the second half of the year, there has been a surge in interest rates, which had a substantial influence on both the residential property market and the furniture sales. The increasing interest rates are expected to pose greater difficulty for consumers to obtain mortgages, thereby impacting the residential property market. The number of transactions in the residential property market has experienced a sharp decline of 39%. Consequently, the increasing interest rate will also have a ripple effect on furniture sales since consumers experienced a reduction in disposable income, which will limit their capacity to spend on non-essential items. During the year under review, Pricerite Group has been prioritizing O2O development to align with the evolving behavior of customers, utilizing big data analysis to adapt the changing market trends, and focusing on cost control to ensure financial stability in the face of market concession, Pricerite Group has initiated a store network consolidation strategy with the objective of reducing rental and related costs. It entailed the closure of underperforming stores and focus on more profitable locations. To determine which locations to prioritize, we are conducting an analysis of the relationship between customer geographic data and store profitability. Pricerite Group is able to optimize store network and achieve greater efficiency in operations, ultimately improving our competitiveness in the market. Facing the difficult operating environment and consumer sentiment, our retail business inevitable recorded a decline in revenue level as the previous year and reported revenue of HK$1,199.3 million, representing a decrease of 11.9% as compared with HK$1,362 million in 2021. Overall, our retailing business recorded a net loss of HK$13.0 million for the year ended 31 December 2022 as compared to a net profit of HK$13.3 million for the previous year.

FINANCIAL SERVICES BUSINESS – CFSG

Financial Review

For the year ended 31 December 2022, the CFSG Group recorded revenue of approximately HK$68.8 million, representing a decrease of 29.0% compared with HK$96.9 million last year. The CFSG Group's main revenue comprised of broking income of approximately HK$25.8 million (2021: HK$43.0 million), provision of wealth management services of approximately HK$20.2 million (2021: HK$16.2 million), and approximately HK$22.8 million (2021: HK$37.7 million) from non-broking and non-wealth management services.

During the year, the decrease of approximately 40.0% or HK$17.2 million from broking income was due to bearish investing sentiment as reflected by a sizeable decrement of 25.0% in average daily turnover of Hong Kong's securities market (2022: HK$124.9 billion; 2021: HK$166.7 billion). Due to the highly volatile securities market, bearish investing sentiment and lowered risk appetite of market participants, demand for wealth management products and services have increased as a result. The relatively favourable investment yields and asset preservation potential has further hastened and cemented our transformation into a fully-fledged wealth management powerhouse, providing

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'one-stop' wealth management services to clients in Hong Kong, Greater Bay Area and beyond. As such, revenue from our wealth management business increased 24.7% or HK$4.0 million to reach approximately HK$20.2 million during the year.

The decline of approximately 39.5% or HK$14.9 million in revenue from non-broking and non-wealth management services was mainly due to the decrease in asset management revenue and interest income from IPO margin financing. The general shrinkage of various asset classes across the board led to a material impact on our asset management revenue resulting in a decline of 83.0% or approximately HK$5.0 million. Interest income from IPO margin financing witnessed a decrement of HK$5.4 million due to shrivelling investors' participation in Hong Kong's previously hot IPO market. Depreciation of various asset classes coupled with the absence of mega-cap listings further contributed to the 68.4% contraction in total funds raised through Hong Kong's IPO market during the year (2022: HK$104.6 billion; 2021: HK$331.3 billion).

In terms of treasury function, the CFSG Group recorded a net loss of approximately HK$5.6 million (2021: HK$14.7 million) on its portfolio of investment securities held for trading due to the downturn of the Hong Kong stock market during the year. Capitalising on the relatively favourable deposit rates from interest rate hikes, the CFSG Group actively reallocated its idle cash to term deposits during the second half of 2022 and recorded deposit income of approximately HK$2.1 million (2021: HK$0.8 million) during the year.

On the other hand, salaries and related benefits decreased by 15.7% or HK$9.2 million (2021: HK$58.5 million). Other operating expenses also witnessed a decline of 7.1% or HK$2.7 million (2021: HK$37.8 million). The cost reductions were mainly attributable to our Group's ongoing cost rationalisation programme which included reviewing and cutting back on non-essential costs, streamlining our workforce and reviewing organization structures to eliminate redundancies.

Overall, the CFSG Group recorded a net loss of approximately HK$69.8 million during the year as compared to a net loss of approximately HK$53.5 million in 2021. As part of our response to the pandemic, we have followed business continuity processes from our Board-endorsed COVID-19 Business Continuity Plan. Our Business Continuity Plan places the perseverance of our staff's health and wellbeing at the highest priority by implementing work from home arrangements for non-essential and vulnerable employees. Due to the effective mitigation efforts from our COVID-19 Business Continuity Plan, COVID-19 had limited impact on our business operations and further expedited the CFSG Group's transformational initiatives and digitalisation journey.

Impairment Allowances

Impairment allowance consisted of provision for credit losses on accounts receivables arising from margin financing and loans receivable, the Group performs impairment assessment on these financial assets under the impairment framework and methodology of expected credit loss ("ECL") model established by the Group in accordance with HKFRS 9 "Financial instruments".

To minimise the credit risk on accounts receivables arising from margin financing and loans receivable, the Credit and Risk Management Committee is responsible for reviewing credit and risk management policies, approving credit limits and to determining any debt recovery actions on delinquent receivables. The assessment is based on close monitoring, evaluation of collectability and on management's judgement, including but not limited to ageing analysis of receivables, the current creditworthiness, account executives concentration analysis, collateral distribution and concentration analysis and the past collection history of each client, and consideration of forward looking factors. In this regard, the directors of the Company consider that the CFSG Group's credit risk is maintained at an acceptable level.

The accounts receivables arising from margin financing are collateralised by pledged shares of margin clients. As at 31 December 2022, the CFSG Group had concentration of credit risk on the accounts receivable from margin clients as the aggregate balances with the four largest clients represent approximately 61.8% of total accounts receivable from margin clients. During the year, additional impairment allowance of approximately HK$7.5 million for a total of HK$128.2 million margin loans on the accounts receivables arising from margin financing was recognised, where the underlying collaterals were less than the outstanding loan amounts.

As at 31 December 2022, the CFSG Group had concentration risk on loans receivable as 27.3% of the outstanding balance is from the top borrower. During the year, a reversal of impairment allowance of approximately HK$0.6 million on the loan receivable was recognised for a total of HK$12.8 million loan receivables. The CFSG Group adopts a prudent provisioning policy in respect of these margin loans. For credit-impaired accounts receivable from margin clients, management performs individual assessment for each client by considering various factors, including the realisable value of securities or collateral from clients which are held by the CFSG Group and subsequent settlement actions.

FINANCIAL REVIEW

ALGO TRADING BUSINESS – CAFG

Despite the Russo-Ukrainian conflict, US-China trade tensions, government policy interventions, and the epidemic dampening the investment sentiment, commodities again outpace the performance of other major asset classes in 2022. With a mix of outset events, during the first half of 2022, the price of the commodities generally remained high due to years of quantitative easing pushing up commodities prices and supply disruption caused by the Russo-Ukrainian conflict. The market started to retrace during the second half as the major central bank hiked the interest rates to combat rising inflation, and the fear of recession risks increased. The jumpy market movement and the frequent appearance of backwardation of crude oil futures hampered investors using short-term reversion or momentum as trading strategies but benefited other arbitrage investment styles. Our futures arbitrage portfolio has been running for six years with annualized high-teens returns, also gained from the market volatility, the strong USD movement, and the continuous rising of interest rates to end the year with a robust double-digit return in 2022, overall, our asset management business reported revenue of HK$4.4 million and a net profit of HK$13.8 million for the year ended 31 December 2022 as compared to a net profit of HK$2.3 million last year.

Liquidity and Financial Resources

The Group's equity attributable to owners of the Company amounted to HK$196.1 million as at 31 December 2022 as compared to HK$240.6 million at the end of the previous year. The decrease in equity was mainly due to the dividend paid and the net loss reported for the year. As at 31 December 2022, the Group had total outstanding borrowings of approximately HK$375.2 million as compared to HK$235.6 million as at 31 December 2021. The increase in borrowings was mainly due to the fact that CFSG's borrowings which has been included in the Group's total borrowings as at 31 December 2022. The borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately HK$235.2 million and secured loans of approximately HK$140.0 million. The above bank loans of approximately HK$140.0 million were secured by the Group's pledged deposits of HK$54.2 million and corporate guarantees.

As at 31 December 2022, our cash and bank balances totalled HK$870.8 million as compared to HK$222.7 million at the end of the previous year. The increase in cash and bank balances was mainly due to the fact that CFSG's cash and bank balances which has been included in the Group's total borrowings as at 31 December 2022. The Group derives its revenue mainly in Hong Kong dollars and maintains its cash and bank balances mainly in Hong Kong dollars.

The liquidity ratio as at 31 December 2022 was at 0.98 times, as compare to 0.74 times as at 31 December 2021. The increase in the liquidity ratio was mainly due to CFSG's current assets and current liabilities have been included in the Group's current assets and current liabilities as at 31 December 2022.

The gearing ratio, which represents the ratio of interest bearing borrowings excluding lease liabilities of the Group divided by the total equity, was 128.8% as at 31 December 2022 as compared to 116.2% as at 31 December 2021. The increase in gearing ratio was mainly due to the fact that CFSG's borrowings which has been included in the Group's total borrowings as at 31 December 2022. On the other hand, we have no material contingent liabilities at the end of the year.

The Group's treasury policies are to secure healthy liquidity for running its operations smoothly and to maintain a sound financial position at all time throughout the year. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investments needs while making sure all relevant financial regulations have been duly complied.

Foreign Exchange Risks

The Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches at the end of the year.

Material Acquisitions and Disposals

On 30 June 2022, Celestial Securities Limited for and on behalf of CIGL (a wholly-owned subsidiary of the Company) made a pre-conditional voluntary cash offers to acquire all issued shares of CFSG ("Offers"). The making of the Offers was subject to the Company's shareholders approval in respect of the possible acquisition and the same was approved at a special general meeting of the Company held on 9 September 2022. The Offers were subsequently closed on 21 October 2022. The shareholding interest of the Company in CFSG was increased from 102,928,854 CFSG shares (approximately 39.41% of issued share capital of CFSG) to 157,989,563 CFSG shares (approximately 60.49% of issued share capital of CFSG) upon the close of the Offers. Details of the transaction were disclosed in the joint announcement dated 30 June 2022 and the subsequent announcements of the Company and CFSG during the period from 21 July 2022 to 21 October 2022, the circular of the Company dated 22 August 2022 and the composite offer document of CFSG dated 16 September 2022.

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On 19 December 2022, Confident Profits Limited ("CPL", an indirect wholly-owned subsidiary of the Company) as vendor and CFSG as purchaser entered into an agreement, pursuant to which CPL conditionally agreed to sell, and CFSG conditionally agreed to acquire, the 51% of the issued shares of CASH Algo Finance Group International Limited (an indirect wholly-owned subsidiary of the Company) at the consideration of HK$61 million, which will be satisfied as to (i) HK$10 million in cash and (ii) HK$51 million by the issue of 120,000,000 new CFSG shares ("Consideration Shares") to CIGL at completion. The completion of the transaction is conditional upon CFSG's independent shareholders approval and the listing approval for the issue of the Consideration Shares. A special general meeting of CFSG will be convened and held for the approval of the acquisition. Following completion, the shareholding of the Company in CFSG will increase from approximately 60.49% to 72.93% and the CFSG Group will remain subsidiaries of the Company. Details of the transaction were disclosed in the joint announcement of the Company and CFSG dated 19 December 2022.

Save as aforesaid, the Group did not make any other material acquisitions and disposals during the year.

Save as disclosed in this report, there is no important event affecting the Group which has occurred since the end of the financial year.

Fund Raising Activities

The Company did not have any fund raising activity during the year.

Capital Commitment

The Group did not have any material outstanding capital commitment at the end of the year.

Material Investments

The market value of financial assets at fair value through profit or loss ("FVTPL") increased from HK$16.0 million as at 31 December 2021 to approximately HK$56.4 million as at 31 December 2022. A net gain on financial assets at FVTPL of HK$43.4 million was recorded for the year.

We do not have any future plans for material investments, or addition of capital assets.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Revenue

(HK$'m)	**2022**	2021	% change
Retailing	**1,199.3**	1,362.1	(12.0%)
Asset management	**4.4**	6.0	(26.7%)
Financial services business	**7.1**	N/A	N/A
Group total	**1,210.8**	1,368.1	(11.5%)

Key Financial Metrics

	2022	2021	% change
The Group			
Net (loss) attributable to shareholders (HK$'m)	**(33.6)**	(43.1)	22.0%
Loss per share (HK cents)	**(41.68)**	(53.33)	21.9%
Total assets (HK$'m)	**1,787**	1,012.0	76.6%
Cash on hand (HK$'m)	**870.8**	222.7	291.0%
Borrowings (HK$'m)	**375.2**	235.6	59.3%
Retailing			
Revenue per sq.ft. (HK$)	**4,152**	4,402	5.7%
Growth for same stores (vs last year)	**(12.1%)**	(1.3%)	N/A
Inventory turnover days	**32.3**	32.7	1.2%

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Industry Review

The Hong Kong economy recorded deterioration by 3.5% last year, with real GDP contracting by 4.2% year-on-year. Slower growth in global demand and pandemic-induced cross-boundary transportation disruptions posed significant drags to exports. The fifth wave of local pandemic and resultant restrictive measures weighed heavily on a wide range of economic activities as well as economic sentiment.

With recent steady relaxation of respective anti-pandemic measures in Hong Kong and Mainland China, the battered economy is expected to recover gradually amid global challenges of inflation pressure, supply chain distortion and asset market volatility.

Looking ahead, the government notes that the return of economic activities to normalcy and an expected increase in inbound visitors should bode well for retail sales performance, as improvement was seen in labour market conditions.

Business Review

Amid the declining economy, Pricerite Group is mindful of cost leadership to tactically manage the uncertain and unpredictable market situation – remaining vigilant on expenses, while flexibly and swiftly expanding product range according to market demand.

Riding on data-driven business strategy, we focused on customer solutions, customer experience and customer communication. Customer-centricity demands that the customer is the focal point of all decisions related to delivering products, services and experience.

To create customer satisfaction, loyalty and advocacy, "Customer-first" is our core value. The 3-year pandemic has fundamentally reshaped our mode of living and accelerated the development of e-commerce and digitalisation. Big data has in fact played a vital role in this revolution. Data analytics has hence become the success factor of our O2O development.

Customer Solutions

Four key elements – "Home Hygiene & Antiseptic", "Home Cooking & Dining", "Home Organising" and "Work from Home" – drive sales demand and our continuously expanding product range responding to market demand.

In the furniture range, we introduced more value-for-money quality products and after-sales-service for our customers. We launched up to 180 days free mattress trial service for most of our mattress products, and 20 years' structural warranty for wooden furniture that we promise on our quality products. Our house brand Staple 2.0 wooden furniture was newly launched providing complete ready-made wooden furniture solutions for bedrooms, living rooms and study rooms, with unique design and value-for-money quality. We also launched exclusive brand Sleeprotex-Graphene, featuring mattress and VIOLINO sofa.

Growth strategy of tailor-made furniture (TMF) remained on course, enhancing customer-centric service and product offerings while raising brand awareness across various channels. Our Five Service Commitments – 24-hour order tracking service, 30-day delivery fulfilment, one-to-one after sales service, 10-year structural warranty and 200% quality assurance – uniquely assure utmost quality services in the local furniture market.

TMF upgraded the vendor management system and adopted logistics flexibility to provide on-time delivery services, especially during the lockdown period. During the pandemic, TMF also encouraged digital meetings with customers to provide timely and professional service under protective measures.

Our house brand SOHO NOVO's "almighty houseware" products introduced a high quality, easy cooking utensil series online and offline. MESH wardrobe was newly launched with a product differentiation strategy to compete in the market.

Our SECO well-being specialty store provided hygiene solutions and further strengthened value-for-money personal wellness ranges, including alcoholic hand-rubs, anti-bacterial insect repellent spray, disinfecting and anti-bacterial spray. During the fifth wave of the pandemic, SECO also launched a series of dietary supplements, medicines and air purifiers reacting to high demand in that period.

Committed to taking care of all pet families in Hong Kong, Pricerite Pet launched large-scale pet furniture, house products, daily necessities and food with online and offline sales channels for a one-stop pet shopping experience.

Pricerite Pet is also promoting pet-specific small furniture in cooperation with TMF to provide pet families with personalised space and furniture design for truly immersive living spaces.

Taking care of the physical, mental and lifestyle health of fur children, Pricerite Pet also focused on optimising product catalogues for high-quality food, supplements, daily necessities and household goods from around the world – as well as smart feeding products and sterilisation appliances providing customers with one-stop solutions.

We also set up an independent pet customer service hotline, where pet department professionals directly talk to customers and provide one-on-one professional advice services.

Customer Experience

Based on data analytics, as customer behaviour changed with more adopting online shopping, we view O2O commerce as an opportunity to attract more customers, make more sales and strengthen our competitive advantage.

The best O2O business strategies serve customers with seamless online and physical experiences.

Accordingly, we introduced a brand-new eShop App 2.0 with improved performance and enhanced UX/UI design, offering a seamless shopping experience between web and app. Our e-commerce platform was successfully migrated to Magento Cloud, enhancing performance and capacity for high-volume online transactions. We launched the innovative Pricerite Space AR/VR app – incorporating Augmented Reality (AR), Virtual Reality (VR), and Mixed Reality (MR) technologies – to showcase furniture in a realistic setting and allow customers to design their new homes.

We also established the first-of-its-kind Pricerite NFT Art Gallery, providing a platform for selling and buying Non-Fungible Tokens (NFTs). The new platform significantly enriches the online customer journey, from easy browsing and improved order processing to speedy checkout with a comprehensive suite of payment options.

Our "New Retail" initiatives meanwhile continued to enhance online and offline integrated shopping experiences. As customer behaviour radically changed in the pandemic, our O2O operating strategies have proven effective. We have taken the opportunity to further integrate O2O with big data analysis and review of customer preferences and store strategies to serve customers more effectively and efficiently. As such, we strategically revised our offline network plan and strengthened full range offerings and display in our flagship stores in the period to enhance the O2O shopping journey.

Further enhancing our O2O business mode and "New Retail" customer experience concept, we opened a new flagship concept store at Hollywood Plaza in the core centre of Mong Kok. We also optimised our store network to sustain business growth and operating profits. Strategic online expansion by digital transformation redirected offline sales to online to cope with demand.

To fortify our "New Retail" business model while strengthening our O2O operating capabilities, we established our e-commerce central warehouse in Kwai Chung with full range offerings. Leveraging our comprehensive logistics capability, we shorten delivery lead-time to facilitate speedy delivery and BOPIS (buy online, pick up in-store) services.

We also expanded frozen food with unique one-stop door-to-door delivery consolidating grocery and non-food. These initiatives enhancing warehousing and distribution capabilities underline our commitment to growing our O2O and e-commerce business.

Customer Communication

Pricerite Group formulated differentiation strategy in product development and brand strategy. We established brand awareness for house brands with good quality and value for money (including SECO, SOHO NOVO, MESH, Staple, etc). We developed a strong, distinct and memorable brand image through consistent logo, tagline, and visual identity.

We also used new technology NFT and cryptocurrency to promote the brand, integrating NFT into brand marketing. Offering NFT giveaways encouraged customer engagement and increased brand visibility on different media platforms. Our cryptocurrency-based promotion and campaign attracted customers and built brand awareness.

To better reach out and interact with customers in e-commerce, Pricerite used Key Opinion Leaders (KOLs) and Social Influencer Marketing to promote our products through endorsements or recommendations on the internet. We additionally enhanced live-stream marketing, promoting and selling goods through influencer streams on our own social media channels. With our "New Retail" platform and data-analytical tools, we enabled customisation of most appropriate content for our customers more effectively.

Also in the period, we participated for the first time in the Hong Kong Pet Festival, an annual event in the pet industry, showcasing products and services provided by Pricerite Pet that meet the needs of pet owners. In the event, lots of interest and enquiries were received on the spot. Such high traffic events support brand building and we foresee some brand-product collaboration in future.

Pricerite Group was additionally recognised with TMF earning HKMA Outstanding Marketing professional awards 2022. With our favourite customer word-of-mouth, we took real-case video shoots to promote TMF's award-winning branding.

ESG

Pursuing our O2O business model, we revamped operating workflows and enhanced paperless workflows in both offline cashiering and logistics delivery processes.

During the period, Pricerite Group donated heaters to Pamela Youde Nethersole Eastern Hospital, and donated furniture to the first veterinary clinic providing free medical care to animals.

By making a positive impact on the community, the Group can build positive brand sentiment and cement its reputation as a socially responsible company. During the year, Pricerite Group was bestowed with the Sustainable Business Award from the World Green Organisation, in recognition of its outstanding achievements in supporting workplace quality, environmental protection, operation practice and community involvement.

Outlook

Customer behavior is changing faster than business can keep up. Digital transformation can help to keep pace, but not get ahead. Customers are becoming unpredictable as economic, social, environmental and political forces. We need to see customers as multifaceted and understand the complex external forces.

Hence we are turning to data-driven business to reshape our operations. Accelerating digital transformation will definitely gain acknowledgement and broaden our views to understand customers and adapt to ever-changing needs and priorities.

As a data-driven company we better understand the needs and preferences of our customers with the O2O operating model. According to this "New Retail" business model, we focus on customer solutions, customer experience, customer communication and further redefining our store network in 2023.

Applying target-marketing strategy, we will launch a customer relationship management (CRM) customer loyalty programme to differentiate in the market with "P-Coin", our new bonus point scheme for customer retention and loyalty.

In conclusion, Pricerite will therefore continue to be cautious with spending in 2023, while remaining proactive in increasing our sales, innovation and marketing efforts – and developing long-term strategy for CRM and target marketing to remain ahead of a competitive market.

Strategic initiatives enhancing our "New Retail" business model, while adding value and versatility in our supply chain, will continue. With Pricerite Group's multi-brand strategy and solid foundation in O2O business, we are well positioned to take advantage of the post-pandemic economic rebound.

FINANCIAL SERVICES BUSINESS – CFSG

Industry Review

2022 was an extraordinary year with heightened geopolitical tensions (i.e. US-China confrontation and Russia-Ukraine War); tightening financial conditions (i.e. US four-decade high level of inflation and seventh consecutive interest rate hikes to a cumulative increase of 4.25%); and mass testing and strict pandemic quarantine measures under the dynamic zero-COVID strategy in China.

On the back of the sluggish external environment, the sagging domestic housing market and heightened volatility across asset classes, the Hong Kong economy contracted by 3.5% in real terms for 2022. Meanwhile, China's economic growth slowed to 3% YoY in real term for 2022, amid a series of policies and stimulus from the central government to revive economic activities.

According to the statistics issued by the HKEX, the average daily turnover in 2022 was approximately HK$124.9 billion, down 25% compared with HK$166.7 billion in 2021. Given the economic downturn, the funds raised by IPOs in 2022 was HK$104.6 billion, down 68% over 2021, while the number of newly listed companies in 2022 was 90, a mild decrease of 8% compared with the 98 last year.

MANAGEMENT DISCUSSION AND ANALYSIS

The global financial markets have been roiled amid the normalization and tightening of the monetary policy and shrinking of the balance sheets by the US Federal Reserve ("FED") and central banks in advanced economies. Aggressive hikes in interest rates and sky-high inflation posed steep challenges for investors in 2022. Stock market reaction reflected a "bad news in US economic data is good news" mentality because a slowdown in data suggested that the Fed's tightening to control inflation had worked. The Hang Seng Index ("HSI") exhibited extreme volatility like a roller coaster ride, fluctuating by more than 10,000 points over the year and closing down 15.5% or 3,616 points at 19,781 on 31 Dec 2022, when compared with 23,397 in 2021.

Business Review

During the first three quarters of 2022, market sentiment was hard hit by the deterioration in market liquidity, slackened global growth momentum, and the tough pandemic-control measures under the dynamic zero-Covid policy in China. The Hong Kong stock market experienced panic selling moments and the HSI plunged by more than 7,100 points or 33% from July to October in a sustained manner, reaching its lowest close since October 2008 at 14,687 on 31 Oct 2022; October 2022 was also the worst-ever month since October 2008.

Nevertheless, the low investor sentiment had markedly improved since the latter part of Q4, as China suddenly U-turned on its dynamic zero-COVID policy and took calibrated steps towards reopening alongside gradual relaxation of strict pandemic containment measures in most of the top-tier Chinese cities. These were followed by a series of supportive policies by the central government to boost the struggling property sector. The HSI bottomed out in October after the 15% plunge in the month, and dramatically rebounded by more than 3,900 points or 27% in November, the best monthly performance in 24 years.

Over the course of 2022, our brokerage business recorded a commission income of HK$25.8 million, representing a sharp decrease of approximately 40% as compared with HK$43.0 million in the prior year, as the average daily turnover on the Hong Kong stock market dropped amid the bearish market sentiment which had led investors to reduce their risk appetite for stock trading and investment.

To better serve our customers aptly and enhance their Fintech experience, CFSG will continue to provide premium broking services to our customers in the GBA through our innovative web and mobile trading app. (Alpha-I 2.0) platform.

Given the high interest rate environment following global interest rate hikes, our margin financing and loan business recorded an interest income of HK$18.9 million, down by 26% compared with HK$25.7 million in the previous year. Apart from that, the subdued IPO market and lack of mega IPOs that hit the market in 2022 also weighed on our business. To navigate the multitude of headwinds the global economy faces, CFSG will continue to adopt a tight credit policy to better manage our loan and margin financing business prudently in pursuit of sustainable business growth.

In light of the increasing cross-border demand for wealth management products and services, CFSG has built a one-stop wealth management platform to provide ingenious services for our GBA clients. During the year, the fee-based income from our wealth management business amounted to HK$20.2 million, representing a sharp increase of approximately 25% as compared with HK$16.2 million in the prior year.

To precisely satisfy our clients' personalised investment needs and to help them better plan wealth accumulation and preservation, CFSG organised a wide range of public seminars on wealth management themes covering investment i.e. CFSG 50th Anniversary Investment Seminar (百年巨變•投資增值講座), insurance i.e. Egg Cryopreservation Seminar (雪卵二三事醫療講座), overseas immigration & tax planning i.e. UK Taxation System Seminar (移英税務系統大拆解講座), and trust services i.e. Marriage, Divorce & Asset Allocation Seminar (婚•身家資產配置講座) in our brand-new CFSG Wealth Management Centre in Hong Kong Island, upon the relaxation of pandemic-control restrictions in the second half of 2022. Speakers including financial expert, commentator, university professor, PRC lawyer, UK tax advisor, and specialist in Obstetrics & Gynecology were invited to share their perspectives with the audience in relation to topics including investment and market outlook, differences between the Mainland and Hong Kong law about Marriage & Divorce, UK tax system, advice on asset management & allocation, egg cryopreservation and gynecological problems experienced by women of childbearing age. Those seminars received a lot of very positive feedback.

MANAGEMENT DISCUSSION AND ANALYSIS

On the other hand, CFSG's Asset Management business achieved a critical milestone in 2022, with our first CASH Prime Value Equity OFC Public Fund launched successfully on 1 Sep 2022. The fund, aligned with the Group's objective as a technology pioneer in the financial industry, implements an investment strategy based on big data, algorithms and professional investment managers' experiences, and provides optimal risk-adjusted returns for our investors. The fund has performed brilliantly since inception and generated a portfolio return of 2.73% in 4 months, outperforming by 282 basis points relative to the HSI as of 31 Dec 2022. With this remarkable performance, we are confident in seizing golden opportunities brought by the GBA wealth management market and in achieving a more significant contribution to the Group's revenue growth soon.

ESG Highlights

Community caring is one of our core corporate values. CFSG is committed to caring about the interests of our communities. During the year, we supported and participated in a variety of community events, which has not only spread positivity among the society through tough times amidst the pandemic but has also cultivated a "Total Caring" culture among our staff.

During the year, CFSG was bestowed with the Sustainable Business Award from the World Green Organisation, in recognition of its outstanding achievements in supporting workplace quality, environmental protection, operation practice and community involvement.

In June 2022, for each new customer who successfully opened an Alpha i trading account, CFSG would donate HK$100 to "Merit Veterinary Medical Centre - House of Joy and Mercy" (阿棍屋善行動物診所) for charity purposes, supporting its work of providing free medical services for homeless stray animals. Meanwhile, medical staff in the healthcare industry who successfully opens Alpha i trading account can enjoy an exclusive welcome offer of a "Lifetime Zero Commission HK Stock Trading Plan"; this offer shows our heartfelt appreciation for their effort to combat the pandemic.

In September 2022, CFSG staff volunteered to prepare food ingredients in the "Food Angel" Kitchen with the surplus food collected from the food industry. The rescued food items would then be prepared as nutritious meals and redistributed to the underprivileged communities in Hong Kong.

In December, CFSG partnered with "Rotary Club of Mandarin Hong Kong" (香港華語扶輪社) to organize a quilt donation activity, sending warmth and care to over 120 low-income families in Hong Kong.

CFSG also joined the "Say Yes to Breastfeeding" campaign initiated by the "Hong Kong Committee for UNICEF" with the aim of building a breastfeeding-friendly community in Hong Kong. We pledged to implement breastfeeding-friendly measures in workplaces, such as arranging breastfeeding space at our office to help working moms breastfeed sustainably. A Certificate of Appreciation was awarded to CFSG to recognize our effort.

Outlook

Upon the long-awaited re-opening with Mainland China after three years of Covid-19 pandemic curbs, the Hong Kong economy is expected to pick up over the coming quarters, with downside risks due to the global economic downturn and geopolitics. On a positive note, we expect China's economic growth to rebound as its set on a reopening path in 2023, with the central government likely to unveil additional supportive monetary and fiscal measures to help stabilise growth and investment sentiment.

2022 was a challenging year for global stock markets given interest-rate hikes and extreme market volatility. Looking forward, we reckon the bear market for stocks over the past two years is coming to an end and the 2023 outlook will be more sanguine given the gradual downshift in the pace of interest-rate hikes. Consequently, Hong Kong brokerage business prospects will turn more promising against a more favourable economic and less turbulent environment. In tandem, Hong Kong's IPO market is expected to regain momentum and be poised for a revival in 2023, as more US-listed Chinese companies accelerate their 'homecoming' plans and opt for a secondary listing in Hong Kong amidst the improved financial market sentiment. CFSG will continue to leverage the demand for IPO financing to boost our interest income.

As we move into 2023, our asset management business will focus on several key directions. On the business side, we will continue to promote our open-ended fund to the public market by strengthening our distribution channels through partnerships with independent fund platforms. On the investment side, we actively revamp our research, operation and risk control to solidify our investment management process. By incorporating big data analytics, a remodelled research platform is being constructed. Further system and control development projects have been commenced to bring our practices above and beyond industry standards. We estimate that by early Q3 2023, these programs will greatly impact our Group's AUM growth.

MANAGEMENT DISCUSSION AND ANALYSIS

In response to the digital wave, CFSG has been successfully transformed into a full-fledged financial services company with a tech-driven trading platform for its brokerage, specialising in wealth management and investment products in Greater Bay region. We are at the forefront of FinTech development and innovation, investing heavily in its digital platforms and will continue to enhance the features and functions of our online trading application, providing our clients with a swift and stable trading experience across multiple asset classes worldwide.

Under the National 14th Five-Year Plan, Hong Kong will continue to thrive as an international financial centre and global wealth management hub. Riding on our long-established brand and rooted in Hong Kong for over 50 years, CFSG is committed to becoming a trusted, first-class investment and wealth management partner "connecting people, ideas, capital and opportunities for the sustainable development of a better world".

Entering the golden jubilee year, CFSG will actively expand our investment and wealth management businesses, creating wealth and adding value to help our valuable clients achieve their ideal life goals. With a deep understanding of client needs in investment and wealth management, CFSG is dedicated to delivering top-notch services to our GBA clients, helping them to both hedge against global financial risks and grasp potential opportunities on the back of future economic recovery – and hence better plan wealth accumulation, preservation, and heritage.

ALGO TRADING BUSINESS – CAFG

Commodities, one of the most inflation-sensitive asset classes, continued to outpace the performance of other major asset classes in 2022. Despite a mix of outset events, during the first half of 2022, the price of the commodities generally remained high due to years of quantitative easing pushing up commodities prices and supply disruption caused by the Russo-Ukrainian conflict. The market started to retrace during the second half as the major central bank hiked the interest rates to combat rising inflation, and the fear of recession risks increased. The energy sector, though volatile, outperformed its peers during 2022. Our futures arbitrage portfolio benefited from the market volatility, the strong USD movement, and the continuous rising of interest rates to end the year with a robust double-digit gain. However, the fund trading momentum strategies suffered from jumpy price trends and finished with only a slight increase. Having said so, the fund still ranked top quartile among its peer group. The Fund's AUM remained steady as the investors believed in our ability to preserve their wealth and appreciated the benefit of a commodity fund complementing the overall asset allocation.

Commodities portfolios' performance is low in correlation with the traditional asset classes. They serve as an effective risk diversifier for high-net-worth investors. We, therefore, will continue to work closely with our partners to promote our portfolio management service and fund products. As a sustainable long-term growth strategy, we aim to expand the business scope from proprietary trading to asset management as we develop more trading strategies.

EMPLOYEE INFORMATION

At 31 December 2022, the Group had 705 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$199.0 million.

BENEFITS

The Company and some of its subsidiaries provide employee benefits including mandatory provident fund scheme, medical insurance scheme, discretionary share options, performance bonus and sales commission for their staff. The Company also provides its employees in the PRC with medical and other subsidies, and contributes to the retirement benefit plans.

TRAINING

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, presentation, communication, quality management, graduate development and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the SFO, to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures and rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Bankee Pak-hoo KWAN, JP

Chairman, ED & CEO

DBA(Hon), MBA, BBA, FFA, FHKSI, CPM(HK), FHKIM

Dr Kwan, aged 63, joined the Board on 9 March 1998. He is responsible for devising the overall business strategy of the Group. Dr Kwan has extensive experience in corporate management, strategic planning, marketing management, financial advisory and banking. An MBA graduate from The Murdoch University of Perth, Australia and a BBA graduate from The Chinese University of Hong Kong, Dr Kwan was also conferred an Honorary Doctorate degree in Business Administration. Dr Kwan is also a fellow of the Institute of Financial Accountants, UK, the Hong Kong Securities and Investment Institute and the Hong Kong Institute of Marketing (HKIM). He is a Certified Professional Marketer (HK) of HKIM. He is a Justice of Peace (JP) of the HKSAR.

Dr Kwan is a firm believer in youth education and development. He is a John Harvard fellow of The Harvard University, US; a member of the Harvard University Asia Center Advisory Committee; a trustee of New Asia College of The Chinese University of Hong Kong; an honorary fellow of The Hong Kong Metropolitan University; a member of the Court of City University of Hong Kong, an Adjunct Professor of The Hang Seng University of Hong Kong, an honorary director of the Pan Sutong Shanghai-Hong Kong Economic Policy Research Institute (PSEI) of Lingnan University of Hong Kong and an advisory professor and a honorary member of the Board of Trustees of Nanjing University. Dr Kwan is also an honorary advisor of several higher education institutions, including the LiPACE of The Hong Kong Metropolitan University and the Academy of Oriental Studies of Peking University.

In addition to education, Dr Kwan is also active in serving the community. Currently, he is a member of the 14th National Committee of the Chinese People's Political Consultative Conference (CPPCC); a standing committee member and vice convener (Hong Kong and Macao Members) of the CPPCC, Shanghai Committee; the deputy chairman of the Business Facilitation Advisory Committee (BFAC) and also the convenor of the Wholesale and Retail Task Force (WRTF) of BFAC; a member of the Mandatory Provident Fund Schemes Advisory Committee (MPFSAC) and a former non-executive director of the MPF Authority; president of Federation of Hong Kong-Shanghai Associations; a member of the 5th Council of the China Overseas Friendship Association; a member of the Election Committee for the Fourth, the Fifth and the Sixth Term of the Chief Executive Election of the HKSAR; a director, an executive committee member, past honorary advisor and past chairman of the Hong Kong Retail Management Association (HKRMA); a member of the Securities and Futures Appeals Tribunal (SFAT); a member of the Labour Advisory Board of the HKSAR; a member of the Marketing Management Committee of the Hong Kong Management Association (HKMA); a director of the Hong Kong Justice of Peace Association; an honorary advisor of Hong Kong Small and Medium Enterprises Association. Dr Kwan has also been a member of the Central Policy Unit of the Government of the HKSAR and an honorary advisor of the CEPA Business Opportunities Development Alliance.

In December 2009, Dr Kwan was named "Entrepreneur of the Year 2009" in the Asia Pacific Entrepreneurship Awards as organised by Enterprise Asia, which recognised his outstanding entrepreneurial success and significant contributions to economic life and society. In April 2016, Dr Kwan was named "Man of the Year for Leadership in Asia" by IAIR, the world's leading financial magazine. The annual IAIR Awards recognise outstanding professionals who actively promote excellences in innovation and sustainability. In August 2018, he was bestowed with the "World Outstanding Chinese Award" organised by World Chinese Business Investments Foundation, which recognised his great contribution to the global Chinese society. In December 2019, The Hang Seng University of Hong Kong bestowed the "Junzi Entrepreneur Award" on Dr Kwan, recognising his continuous contribution to the society of Hong Kong.

Dr Kwan is the controlling Shareholder of the Company, a member of the Remuneration Committee and the chairman of the Nomination Committee. He is also an executive director, chairman and chief executive officer of CFSG, as well as a member of the remuneration committee and the chairman of the nomination committee of CFSG. He is the father of Mr Kwan Teng Hin Jeffrey (executive director of the Company and CFSG).

James Siu-pong LEUNG

ED

MBA, BSocSc

Mr Leung, aged 60, joined the Board on 2 September 2019. He is in charge of the overall strategic development and business management of Pricerite Group. He has extensive experience in the fields of banking, debt capital market and retail management businesses. Mr Leung received a Master of Business Administration Degree from Heriot-Watt University, UK and a Bachelor of Social Sciences (Management and Economics) Degree from The University of Hong Kong. Mr Leung is also the executive director and chief executive officer of Pricerite Group.

Jeffrey Teng-hin KWAN

ED

BA, MHKSI

Mr Kwan, aged 33, joined the Board on 2 September 2019. He is in charge of corporate management and strategic investments of the Group. He has extensive experience in financial technology, corporate and strategic management, private equity and investment management. Mr Kwan received a Bachelor of Arts Degree in Psychology from the Johns Hopkins University, US. He is a member of the Hong Kong Securities and Investment Institute. He is the son of Dr Kwan Pak Hoo Bankee (the Chairman of the Group). Mr Kwan is also an executive director of CFSG.

Lewis Shing-wai LI

ED & CFO

BBus, CPA(Aus), CPA

Mr Li, aged 49, joined the Board on 9 September 2020. He oversees the accounting and financial management functions of the Group. He has extensive experience in the fields of financial and accounting management. Mr Li received a Bachelor of Business Degree from Swinburne University of Technology, Australia. He is a Certified Practising Accountant of CPA Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr Li has resigned as an executive director and chief financial officer of CFSG on 1 June 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Johnny Ka-kui LEUNG

INED

LL.B

Mr Leung, aged 65, joined the Board on 25 October 2000. Mr Leung has extensive experience in the legal field and is the managing partner of a legal firm in Hong Kong. He is a qualified solicitor in Hong Kong, England & Wales and Singapore, and is a Notary Public and China Appointed Attesting Officer. Mr Leung received a Bachelor of Laws Degree (LL.B) from The University of London, UK. Mr Leung is also the chairman of the Audit Committee and the Remuneration Committee; and a member of the Nomination Committee. Mr Leung also an independent non-executive director, chairman of remuneration committee and member of audit committee and nomination committee of Ban Loong Holdings Limited (stock code: 30), a company listed on the Main Board of the Stock Exchange. Mr Leung has resigned as independent non-executive director and ceased to act as member of each of audit committee, nomination committee and chairman of remuneration committee of Phoenitron Holdings Limited (stock code: 8066), a company listed on the GEM Board of the Stock Exchange, on 15 December 2022 and he has retired as independent non-executive director, and ceased to serve as chairman of remuneration committee, member of audit committee and nomination committee of Janco Holdings Limited (stock code: 8035), a company listed on the GEM Board of the Stock Exchange, on 10 June 2022.

Chuk-yan WONG

INED

MSc (Business Administration), BBA, CFA, CPA, CGA

Mr Wong, aged 61, joined the Board on 3 June 1998. He has extensive investment management experience in the global financial markets. Mr Wong received a Master of Science Degree in Business Administration from The University of British Columbia, Canada and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. He is a Chartered Financial Analyst (CFA) charterholder and a Chartered Professional Accountant of Canada (CPA, CGA). Mr Wong is also a member of the Audit Committee and the Remuneration Committee.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Hak-sin CHAN

INED

PhD, MBA, BBA

Dr Chan, aged 61, joined the Board on 25 October 2000. He has extensive experience in the academia in the US as professor, researcher and consultant in the fields of corporate finance and international marketing. Dr Chan is an associate professor in the Department of Marketing at The Hang Seng University of Hong Kong. Dr Chan received a Doctor of Philosophy Degree in Business, a Master of Business Administration Degree from The University of Wisconsin-Madison, US and a Bachelor of Business Administration Degree from The Chinese University of Hong Kong. Dr Chan is also a member of the Audit Committee and the Nomination Committee.

SENIOR MANAGEMENT

Ada Suet-ping CHEUNG

Company Secretary

ACG, HKACG, CPA, FCCA

Ms Cheung, aged 50, joined the Group in August 2021. She is in charge of the company secretarial matters of the Group. She has extensive listed company secretarial experience. She is an associate of The Chartered Governance Institute, UK and The Hong Kong Chartered Governance Institute, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. In addition to taking the role as company secretary of the Company, Ms Cheung is also the company secretary of CFSG.

Carrie Chiu-mei LAW

Director, Human Resources & Administration

BBA, MHKIHRM

Ms Law, aged 49, joined the Group in August 2001. She is in charge of the human resources and administrative functions of the Group. She has extensive experience in human capital management, including strategic human resources planning, talent management, succession planning and human resources measurements. She is also experienced in managing human resources and administrative operations across regional offices. Ms Law received a Bachelor of Business Administration (Hons) Degree in Human Resources Management from the Hong Kong Baptist University. She is a professional member of Hong Kong Institute of Human Resources Management. She is also appointed as Assessor for the Recognition of Prior Learning Scheme with Vocational Training Council. Ms Law is also the Director of Human Resources & Administration of CFSG.

William Wai-lim CHEUNG

Executive Director & Chief Operating Officer, CFSG

MBS, BA, CPA

Mr Cheung, aged 47, joined the Group in September 2016. He is in charge of the overall administrative and operational functions of CFSG. He has extensive experience in the fields of banking, accounting and auditing. Mr Cheung received a Master of Business Studies Degree from the University of Kent at Canterbury, UK and a Bachelor of Arts (Hons) in Accountancy Degree from City University of Hong Kong. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Trevor Hin-ong LAW

Executive Director & Deputy Chief Financial Officer, CFSG

MSc, BSc, CPA(Aus)

Mr Law, aged 31, joined the Group in August 2020. He oversees the finance and treasury function of CFSG. He has extensive experience in the fields of financial and accounting management. Mr Law received a Master of Science Degree in Business (Finance and Accounting) from the University of Warwick, United Kingdom and a Bachelor of Science Degree in Accounting, Business, Finance and Management from the University of York, United Kingdom. He is a Certified Practising Accountant of CPA Australia.

Angela Sze-kai WONG

Executive Director, CFSG

EMBA, CFA

Ms Wong, aged 55, joined the Group in February 2004. She is in charge of the overall operations of CASH Algo Finance Group. She has extensive experience in financial services and wealth management in North America, Hong Kong and Mainland China. Ms Wong is an Executive MBA of Tsinghua University, Beijing and a Chartered Financial Analyst of CFA Institute, US. Ms Wong is also the Executive Director of CFSG. She is a responsible officer of CASH Asset Management Limited, CASH Wealth Management Limited and CASH Algo Finance Group Limited.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Alfred Ka-chun MA

Managing Director, CAFG

PhD, MPhil, BSc, CIPM, ASA, PRM, CFA

Dr Ma, aged 43, joined the Group in December 2021. He is in charge of research and development for algorithmic trading and data analytics. He has extensive experience in the field of financial engineering and algorithmic trading. Dr Ma received a Doctor of Philosophy Degree in Operations Research from the Columbia University, US, a Master of Philosophy Degree in Mathematics and a Bachelor of Science Degree in Mathematics from The Chinese University of Hong Kong. He is a holder of Certificate in Investment Performance Measurement from the CFA Institute, US, an associate of the Society of Actuaries, US and a Professional Risk Manager of The Professional Risk Managers' International Association, US. He is also a Chartered Financial Analyst and a responsible officer of CASH Algo Finance Group Limited.

Duncan Hau-ming Ip

Director of Customer Solutions, Pricerite Group

GBM

Mr Ip, aged 40, joined the Group in 18 March 2018. He is in charge the overall merchandising platform of Pricerite Group building it as a professional data-driven organisation. He is responsible for fostering the understanding of customers' changing preferences and buying behaviours while optimising the inventory and supply chain management of the group. Through big-data analytics, Mr Ip is dedicated to developing customer-oriented product portfolio to gain customer loyalty through enhanced customer satisfaction. He has extensive experience in retail data analytics. Mr Ip holds a Bachelor of Global Business Management Degree from University of Central Lancashire, UK.

Oliver Ka-kuen HO

Director of Customer Experience

MBA

Mr Ho, aged 59, joined the Group in May 2019. He oversees the overall operations and O2O development of Pricerite Group aiming at constantly improving customer experience through seamlessly integrating online touchpoints with offline channels, creating a pleasant customer journey and seamless shopping experience. He has extensive experience in retail industry, with particular focus on store, logistics and customer relationship management. Mr Ho received a Master of Business Administration Degree from University of Wales, UK.

Bonnie Yee-sin HUNG

Director of Customer Communication, Pricerite Group

BBA

Ms Hung, aged 45, joined the Group in July 2017. She leads and manages all customer communication and brand development functions of Pricerite Group. She is experienced in adopting every 020 marketing with integrated communication, ensuring that customers are staying connected and interacting with all Pricerite brands. She also has extensive retail chain marketing experience, especially in project management and high-volume campaigns. Ms Hung received a Bachelor of Business Administration (Hons) Degree from the City University of Hong Kong.

Boris Ting-pong TAM

General Manager of iRetail, Pricerite Group

BAS

Mr Tam, aged 41, joined the Group in May 2016. He is in charge of the e-commerce business of Pricerite Group. He has extensive experience in the fields of e-commerce and information technology. Mr Tam received a Bachelor of Applied Science Degree in Computing from Swinburne University of Technology, Australia.

Deon Chui-yee WON

General Manager & Head of Merchandising (Furniture Section), Pricerite Group

Ms Won, aged 54, joined the Group in May 2004. She is in charge of the furniture business of supply chain management of Pricerite Group. She has over 20 years' experience in the field of supply chain management.

Katherine Kit-yi TAM

General Manager & Head of Retail Operations, Pricerite Group

BA

Ms Tam, aged 55, joined the Group in January 2022. She is in charge of the retail operations of Pricerite Group. She has extensive experience in the retail operations fields. Ms Tam received a Bachelor of Arts from The University of Winnipeg, Canada.

Kenny Wai-ming SIU

Deputy General Manager & Head of Merchandising (Non-furniture Section), Pricerite Group

BSc

Mr Siu, aged 39, joined the Group in September 2020. He is in charge of the household merchandising business of Pricerite Group. He has over 15 years' experience in the field of retail business. Mr Siu received a Bachelor of Science Degree in Food and Nutritional from The Chinese University of Hong Kong.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Directors of the Company have adopted various policies to ensure compliance with the code provisions of the CG Code as set out in Part 2 of Appendix 14 to the Listing Rules. For the year ended 31 December 2022, the Company has complied with all the code provisions of the CG Code, except the deviation from code provision C.2.1 which requires the roles of chairman and chief executive officer be separate and not be performed by the same individual, details were mentioned in the section of "Chairman and Chief Executive Officer".

CULTURES AND VALUES

A healthy corporate culture across the Group is integral part to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

Integrity and code of conduct

The Group strives to maintain high standard of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the relevant standards and requirements are set out in the relevant materials to staff and policies such as the Group's employee handbook, the anti-corruption policy and whistle-blowing policy of the Group.

Commitment

The Group believes that the culture of commitment to staff development, workplace health and safety, work-life balance and sustainability are the key elements for staff engagement with the Group's mission. The Group is committed to provide a safe, healthy and family-friendly workplace to staff so as to attracts, develops and retains the best talents and delivered the highest quality of work.

THE BOARD COMPOSITION

Up to the publication date of this report, the Board comprised 7 Directors (4 EDs and 3 INEDs) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The Board of which over one third of the Board members are INEDs, thereby promoting critical review and control of the management process. The INEDs will also share their valuable impartial view on matters to be discussed at the board meetings. The biographies of the Directors are set out from pages 19 to 21 of this annual report under the "Board of Directors and Senior Management" section.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 requires that the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Dr Kwan, the ED and Chairman of the Board also acted as CEO of the Company during the underlying year. Dr Kwan is responsible for formulating the strategies and policies of the business development of the Group, providing leadership and overseeing the functioning of the Board. The dual role of Dr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. The CEOs of respective business units of the Group assisted Dr Kwan in performing CEO's responsibilities and are responsible for formulating business plans and monitoring the business operation and development of the Group, and report regularly to the Chairman. The balance of power and authorities is also ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals. In addition, the 3 INEDs provide independent and impartial opinion on issues to be considered by the Board. The Board is of the opinion that the current Board structure functions effectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The INEDs are all professionals with well recognised experience and expertise in professional and/or accounting fields who provide valuable advice to the Board. They are appointed for a term of 1 year and are subject to retirement from office and re-election at the AGM every year. The Company has received a confirmation of independence from each of the INEDs. The Board considers each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs have been expressly identified as such in all corporate communications of the Company that disclose the names of the Directors.

CORPORATE GOVERNANCE REPORT

INDEPENDENT VIEWS

The Company has maintained a mechanism to ensure that independent view and input are available to the Board. The mechanism includes:

– Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive directors, for appointment as Directors.

– Nomination Policy is in place with details of the process and criteria of identifying, selecting, recommending, cultivating and integrating new directorship.

– For independent non-executive directors ("INED(s)"):

  (i) Every INED is required to confirm in writing to the Company his/her independence upon his/her appointment as Director with reference to such criteria as stipulated in the Listing Rules;

  (ii) Each INED has to declare his/her past or present financial or other interests in the Group's business as soon as practicable, or his/her connection with any of the Company's connected persons (as defined in the Listing Rules), if any;

  (iii) Each INED is required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may affect his/her independence.

– The Nomination Committee will assess the independence of INEDs and review the INEDs' annual confirmations on their independence.

– Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it will set out in the circular to Shareholders the reasons it believes he/she should be elected and the reasons it considers him/her to be independent.

– A mechanism is in place for Directors to seek independent professional advice in performing their duties at the Company's expense.

The implementation and effectiveness of the mechanism are reviewed by the Board on an annual basis.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the leadership and control of the Group and is responsible for promoting the success of the Group by directing and supervising the business operations of the Group in the interests of the Shareholders by formulating strategic directions and monitoring the financial and management performance of the Group.

DELEGATION TO THE MANAGEMENT

The Management is led by the EDs of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group; formulate business policies and make decision on key business issues; and exercise power and authority delegated by the Board from time to time. The Management assumes full accountability to the Board for the operation of the Group.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the Management that certain matters (including the followings) must be reserved to the Board:

– Publication of final and interim results of the Company

– Dividend distribution or other distribution

– Major issues of treasury policy, accounting policy and remuneration policy

– Review on risk management and internal control systems

– Corporate governance functions

– Review on the succession plan and consideration of the appointment, re-election and removal of the Directors

– Changes to major group structure or board composition requiring notification by announcement

– Notifiable transaction and non-exempted connected transaction/continuing connected transaction

– Proposed transaction requiring the Shareholders' approval

– Capital restructuring

– Joint venture with outside party involving substantial capital commitment from the Group that requires notification by announcement

– Financial assistance to the Directors

RELATIONSHIP BETWEEN THE BOARD MEMBERS

Dr Kwan Pak Hoo Bankee (Chairman, ED and CEO of the Company) is the father of Mr Kwan Teng Hin Jeffrey (ED of the Company). Save as disclosed herein, none of the members of the Board has any relationship (including financial, business, family or other material/relevant relations) between each other.

INDUCTION, SUPPORT AND PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

The Directors received regular updates and presentation on changes and developments to the Group's business and on the latest developments in the law, rules and regulations relating to Directors' duties and responsibilities. A newly appointed Director will receive a comprehensive induction package covering the statutory and regulatory obligations of Directors. Directors' training is an ongoing process. All Directors are encouraged to attend training sessions including but not limited to seminars (including online webinars), briefings, conference forums and workshop and reading materials to enrich their knowledge in discharging their duties as a director.

To summarise, the Directors received trainings on the following areas to update and develop their skills and knowledge during the year under review:-

Name of Directors	**Covered areas** *(Notes)*
Kwan Pak Hoo Bankee	(a) to (b)
Li Shing Wai Lewis	(a) to (b)
Leung Siu Pong James	(a) to (b)
Kwan Teng Hin Jeffrey	(a) to (b)
Leung Ka Kui Johnny	(a)
Wong Chuk Yan	(a)
Chan Hak Sin	(a)

Notes:

a) Corporate governance and regulatory development

b) The Company and industry's news

There is a procedure agreed by the Board to ensure the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code during the year.

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

DIRECTORS' ATTENDANCE AND TIME COMMITMENT

The attendance record of the Directors at the following meetings during the year is set out below:

	Meetings attended/held						
Name of Directors	**Executive Committee Meeting**	**Full Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**	**Special General Meeting**
EDs							
Kwan Pak Hoo Bankee	11/11	9/9	N/A	1/1	1/1	1/1	2/2
Li Shing Wai Lewis	11/11	9/9	N/A	N/A	N/A	1/1	2/2
Leung Siu Pong James	11/11	9/9	N/A	N/A	N/A	1/1	2/2
Kwan Teng Hin Jeffrey	11/11	9/9	N/A	N/A	N/A	1/1	2/2
INEDs							
Leung Ka Kui Johnny	N/A	9/9	4/4	1/1	1/1	0/1	2/2
Wong Chuk Yan	N/A	8/9	3/4	1/1	N/A	1/1	1/2
Chan Hak Sin	N/A	9/9	4/4	N/A	1/1	1/1	0/2
Total number of meetings held:	11	9	4	1	1	1	2

During the year, the Chairman of the Board held a meeting with the INEDs without the presence of the EDs.

Upon reviewing (i) the annual confirmation of the time commitment given by each Director; (ii) the directorships and major commitments of each Director; and (iii) the attendance rate of each Director on full Board and their executive committee meetings with the Management on their respective functional duties and responsibilities, the Board is satisfied that all Directors have spent sufficient time in performing their responsibilities during the year.

BOARD MEETINGS AND PROCEEDINGS

Regular Board meetings were held at approximately quarterly interval. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team for ensuring that the Board procedures, and all applicable rules and regulations, are followed.

All Directors are consulted as to whether they wish to include any matter in the meeting agenda before the agenda for each board meeting is issued. Board meeting notice is sent to the Directors at least 14 days prior to each regular board meeting. Originals of the minutes of board meetings will be kept by the Company Secretary and are opened for inspection at any reasonable time on reasonable notice by any Director.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant board resolution in which he/she or any of his/her associates has a material interest and that he/she shall not be counted in the quorum present at the board meeting.

AUDIT COMMITTEE *(SET UP ON 28 JUNE 1999)*

The Audit Committee consists of three INEDs, namely Mr Leung Ka Kui Johnny (chairman of the committee), Mr Wong Chuk Yan and Dr Chan Hak Sin.

The specific written terms of reference of the Audit Committee is available on the websites of the Stock Exchange and the Company.

The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, approving the remuneration and terms of engagement of external auditor, reviewing financial information and overseeing of the financial reporting system, risk management and internal control procedures. The Audit Committee held 4 meetings during the year.

A summary of work performed by the Audit Committee during the year is set out as follows:

i. reviewed the annual and interim financial statements and the quarterly business operation and development of the Group;

ii. discussed/met with the external auditor on general accounting issues of the Group, and reviewed their work and findings relating to the annual audit and the effectiveness of the audit process;

iii. reviewed the effectiveness of the risk management and internal control systems of the Group; and

iv. reviewed the external auditor's independence, approved the engagement and remuneration of external auditor and recommended the Board on the re-appointment of external auditor.

REMUNERATION COMMITTEE *(SET UP ON 1 JUNE 2005)*

The Remuneration Committee consists of three members, namely Mr Leung Ka Kui Johnny (chairman of the committee) and Mr Wong Chuk Yan, both being INEDs, and Dr Kwan Pak Hoo Bankee, being Chairman of the Board.

The specific written terms of reference of the Remuneration Committee is available on the websites of the Stock Exchange and the Company. Pursuant to the CG Code E.1.2(c)(ii) and the terms of reference adopted by the Remuneration Committee, its primary duties are to make recommendation to the Board on the Company's policies and structure of the remuneration of Directors and senior management and the remuneration packages of individual EDs and senior management. Details of the remuneration of each of the Directors for the year are set out in note 11 to the consolidated financial statements. The Remuneration Committee held 1 meeting during the year.

A summary of the work performed by the Remuneration Committee during the year is set out as follows:

i. determined and endorsed to the remuneration policy and structure for the Directors and senior management; and

ii. assessed the performance of executive Directors and reviewed their current level and remuneration structure/package and approved their specific remuneration package of executive Directors.

Remuneration policy of the Directors

The Company adopted a remuneration policy providing guideline for the Directors' remuneration.

Under the remuneration policy, the Directors' remuneration should be based on internal equity factors and external market conditions and will be reviewed from time to time.

The remuneration of EDs generally consists of:

- fixed monthly salary/allowance – which is set in accordance to the Director's duties, responsibilities, skills, experiences and market influences;

- pension – which is based on the local Mandatory Provident Fund Contribution Scheme;

- short term variable incentive – which may include discretionary cash bonus depending on the achievement of short-term corporate objectives and/or personal targets;

- long term variable incentive – which may include share options designed to encourage long-term commitment.

The remuneration of the non-executive Director(s) of the Company (if any) and the INEDs will be a lump sum of Directors' remuneration made annually.

The remuneration paid to and/or entitled by each of the Directors for the year are set out in note 11 to the consolidated financial statements in this annual report.

The share options granted to and/or entitled by the Directors during the year under review are set out in the section headed "Directors' Interests in Securities" in the Directors' report of this annual report.

NOMINATION COMMITTEE *(SET UP ON 31 MARCH 2022)*

The Nomination Committee consists of three members, namely Dr Kwan Pak Hoo Bankee (chairman of the committee), being Chairman of the Board, Mr Leung Ka Kui Johnny and Dr Chan Hak Sin, both being INEDs.

The specific written terms of reference of the Nomination Committee is available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are (a) reviewing the structure, size, composition and diversity of the Board; (b) reviewing the board diversity policy; (c) identifying individuals suitably qualified to become Board members and making recommendations to the Board for directorship; (d) assessing the independence of INEDs; and (e) making recommendations to the Board on the appointment, re-appointment, re-election or re-designation of Directors and succession planning for Directors. The Nomination Committee held 1 meeting during the year.

A summary of the work performed by the Nomination Committee during the year is set out as follows:

i. reviewed the structure, size, composition and diversity of the Board;

ii. reviewed the independence of the INEDs; and

iii. made recommendation to the Board on the re-election of Directors.

Nomination Policy

The Company has adopted a nomination policy for the Nomination Committee to identify and evaluate a suitable candidate for nomination to (i) the Board for appointment; or (ii) the Shareholders for election, as Directors, at general meetings.

Selection Criteria

The nomination policy of the Company specifies the selection criteria of Directors including but not limited to the following:

- character, experience and integrity;

- skills, experience and professional expertise which are relevant to the operations of the Group;

- diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

- requirements of independence of the proposed independent non-executive Directors in accordance with the Listing Rules;

- commitment in respect of sufficient time and participation to discharge duties as a member of the Board and/or Board Committee(s).

Nomination Process

- the Nomination Committee will hold a meeting and/or by way of written resolutions to, if though fit, approve the recommendation to the Board for appointment;

- to make the recommendation to the Board in relation to the proposed appointment; and

- the Board will have the final authority on determining the selection of nominees.

BOARD DIVERSITY POLICY

The Company has adopted a Board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity of the Board and is subject to annual review by the Nomination Committee. In designing the Board's composition, Board diversity is considered from a number of perspectives, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

Gender Diversity

The Board currently has no female Director. The Board would continue to take initiatives to identify suitable candidates so as to appoint at least one female Director on the Board no later than 31 December 2024 via different channels such as by engaging human resources agencies to identify potential successors for the Board and enhance gender diversity.

The Company is committed to promoting gender diversity not only within the Board but among its workforce generally. As at 31 December 2022, the number of female employees of the Group accounted for 55.9% of the total workforce. The Board is of the view that the Group has achieved gender diversity among employees.

The Group's recruitment strategy is underpinned by the appointment of the right employee for the right position, in order to achieve employee diversity for all employees (including the senior management) in terms of gender, age, cultural and educational background, expertise, skills and know-how.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the corporate governance functions of the Group. The specific written terms of reference of the corporate governance functions is available on the Company's website. The primary duties of the corporate governance functions are (a) reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulations requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of the Directors and senior management; and (c) reviewing the Company's compliance with code and disclosure in this report.

During the year, the Board reviewed the policies and practices on corporate governance, the training and continuous professional development of Directors and senior management and the Company's compliance with code and disclosure in this report.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company has adopted a dividend policy as set out below:

1. **Purpose**

   The policy aims to set out the approach for the declaration and payment of dividend by the Board.

2. **Vision**

   The Company considers stable and sustainable returns to the Shareholders to be our goal.

3. **Power of the Board**

   3.1 The Company may declare and distribute dividends to the Shareholders by way of cash or by other means that the Board considers appropriate.

   3.2 In proposing any dividend payout, the Board shall also take into account, inter alia:-

   (i) the Company's actual and expected financial performance;

   (ii) retained earnings and distributable reserves of the Company and each of the members of the Group;

   (iii) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

   (iv) any restrictions on payment of dividends that may be imposed by the Group's lenders;

   (v) the Group's expected working capital requirements and future expansion plans;

   (vi) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and

   (vii) any other factors that the Board deems appropriate.

   3.3 Any declaration and/or payment of future dividend is subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole.

4. **Governing rules**

   Declaration of the dividend by the Company is also subject to any restrictions under the Laws of Bermuda, the bye-laws of the Company and any applicable laws, rules and regulations.

5. **Approval**

   5.1 The Board may from time to time pay to the Shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.

   5.2 Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an AGM and must not exceed the amount recommended by the Board.

6. **Review of this policy**

   The Board will review the policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary.

7. **Legal validity**

   The policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time. There is no assurance that dividends will be paid in any particular amount for any given period.

COMPANY SECRETARY

The Company Secretary, a full time employee of the Company, reports directly to the Board and is responsible for, inter alia, providing updated and timely information to all Directors from time to time.

During the financial year ended 31 December 2022, the Company Secretary has complied with Rule 3.29 of the Listing Rules and took no less than 15 hours of relevant professional training.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions of Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to the Directors of the Company, all of them confirmed that they have complied with the required standard of dealings and the code of conduct throughout the year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibilities to prepare the financial statements of the Group and other financial disclosures required under the Listing Rules and the Management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believe that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

The Management has provided all members of the Board with monthly internal financial statements so as to give the Directors a balanced and understandable assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibilities for establishing and maintaining appropriate and effective risk management and internal control systems, and for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Management is primarily responsible for the design, implementation and monitoring of the risk management and internal control systems.

Procedures have been designed for safeguarding the Group's assets against unauthorised use or disposal, maintaining proper accounting records, ensuring the reliability and usefulness of financial information for internal business use or for publication, and monitoring the compliance with applicable laws, rules and regulations. Furthermore, they are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

The key risk management and internal control procedures include the following:

(i) Delegation of authority within limits set by the Board

The Management of business units and functional departments have been delegated powers and authorities by the Board to carry out the day-to-day management, operation, and maintenance of the internal control systems that are appropriate to their business or function. The Group has adopted a tailored governance and organisational structure with formal and clearly defined lines of responsibility and delegation of authority to ensure segregation of duties with check and balance controls are effectively in place.

(ii) Risk management process

System and procedures are in place to identify, evaluate, manage, and report on the material risk types facing the Group including strategic, operations, compliance, reporting, information and technology risks as well as environmental, social and governance risks. Exposure to these risks is monitored by the Risk Management Committee ("RMC"). RMC oversees and defines the Group overall risk management framework, formulates the Group's risk management policy and guideline, determines the overall risk acceptance level, assesses the Group's risk profile, prioritises top risks for the Group, and promotes risk awareness and management knowledge.

Under the Risk Management Framework, the five steps of the risk management process adopted are risk identification, risk assessment and prioritisation, risk manager appointment, risk responses, and risk communication and monitoring. The Group maintains a set of risk registers to record the major and significant risks that will hinder the Company from achieving its business objectives. Risk managers are appointed by the Board to monitor the identified high-risk areas of business practices on an ongoing basis and to develop the subsequent risk response action plans. The risk registers are reviewed and approved by the RMC on a biannual basis for continuous risk assessment.

(iii) Changes in market condition/external environment

Processes are in place to identify new risks (including environmental, social and governance risks) arising from changes in market conditions or external environment which could expose the Group to heightened risk of loss or reputational damage. The Management is primarily accountable for measuring, monitoring, mitigating and managing the risks and controls in their areas of responsibility.

(iv) Financial reporting

The Management monitors the business activities closely and reviews monthly financial results of operations against budgets and forecasts. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. In addition, regular reviews and statutory audits are performed by our external auditor to ensure that the preparation of the Group's financial statements are carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

(v) Internal audit

The establishment of the Group's internal audit function is to provide the Management with an independent and impartial view on the adequacy, efficiency and effectiveness of the Group's risk management, internal control and governance system and to provide recommendations for improvement. The Group's internal audit function is undertaken by the Internal Audit Department ("IAD"). A risk-based approach is adopted in developing the annual internal audit work plan that is reviewed and endorsed by the Audit Committee. The audit progress and audit observations are reported to the Audit Committee on an annual basis.

(vi) Inside information

There are internal procedures and controls for the handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group will immediately disclose the information to the public. The Group is committed to ensure that information contained in announcement or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

(vii) Whistle-blowing channels

The Group maintains a whistle-blowing policy to encourage employees to report any suspected misconduct contrary to our ethical belief in confidence without the fear of recrimination. Procedures are established for employees to raise complaints directly to the IAD, which will evaluate the complaint and determine whether an investigation is appropriate. IAD coordinates with relevant departments for investigation where necessary and recommendations on improvements are communicated to the respective management for implementation. Audit procedures, investigation results and subsequent follow-up actions taken are reported to the Audit Committee on an annual basis.

(viii) Anti-corruption policy

The Board has adopted an anti-corruption policy. The Group is committed to conducting business honestly, ethically and with integrity. In line with such commitment, the anti-corruption policy sets out the responsibilities of all business units and employees of the Group to comply with the applicable anti-corruption laws, rules and regulations. The Group adopts a zero-tolerance principle against corrupt practices. All employees are prohibited from soliciting, accepting or offering advantages from or to clients, suppliers or any person having business dealings of any kind with the Group.

Overall assessment

The Board, through the Audit Committee, has conducted an annual review of the effectiveness of our risk management and internal controls systems covering all material controls, including financial, operational and compliance controls, and the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions.

In addition, the Board has received confirmation from the Management that the Group's risk management and internal controls systems are in place and functioning effectively.

During the year ended 31 December 2022, the Board is not aware of any material internal control deficiency or significant areas of concern that may affect Shareholders' interests.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance strategy and reporting. The Board is responsible for the Group's environmental, social and governance ("ESG") risk management and internal control systems to ensure that ESG strategies and reporting requirements are met. Details information on the ESG practices adopted by the Group is set out in the "Board Statement" section of the ESG Report of this annual report.

COMMUNICATION WITH SHAREHOLDERS

The Company believes that effective communication with Shareholders is essential for enhancing Shareholders' knowledge and understanding of the Company. To achieve this, the Company pursues a proactive policy of promoting Shareholders communications. The main purpose of the Company's Shareholders communication policy, therefore, is to enable Shareholders to have access, on a fair and timely basis, to information that is reasonably required for making the best investment decisions.

Information relating to the Group is mainly communicated to Shareholders through publication of notices, announcements and circulars at the websites of the Company and the Stock Exchange and despatch of interim reports, annual reports and circulars to the Shareholders. Shareholders' general meetings are held in compliance with the Listing Rules and other legal requirements to ensure communication and interaction with Shareholders.

The Board reviews the Shareholders communication policy on an annual basis, and makes any changes it considers necessary to ensure its effectiveness and that the legal interests of Shareholders are substantially protected.

The Board has conducted a review of the implementation and effectiveness of the Shareholders communication policy of the Company. Having considered the diverse channels of communication in place, the Board is satisfied that an effective Shareholders communication policy has been properly implemented throughout the year ended 31 December 2022.

CONSTITUTIONAL DOCUMENTS

During the year under review, the Company has adopted the amended and restated bye-laws by a special resolution passed on 23 December 2022. An up-to-date version of the Company's Memorandum of Association and Amended and Restated Bye-laws is available on the Company's website and the Stock Exchange's website.

SHAREHOLDERS' RIGHTS

Convening a SGM and putting forward proposals at general meetings

Pursuant to the bye-laws of the Company, Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a SGM to be called by the Board.

The written requisition (i) must state the object(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrar and upon its confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM for a day within 2 months after the date of deposit of such requisition, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after the expiration of 3 months from the said date of deposit of the requisition. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by Directors.

Pursuant to the Bermuda Companies Act 1981, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("Requisitionists"), or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the Requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than 6 weeks before the meeting in case of a requisition requiring notice of a resolution or not less than 1 week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date 6 weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Enquiries from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong or tel: (852) 2980 1333 or email: cash1049@cash.com.hk.

Other Shareholders' enquiries can be directed to the Group Public Affairs Department of the Company at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong or tel: (852) 2287 8888 or fax: (852) 2287 8000 or email: inquiry@cash.com.hk.

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standard. Members of the Audit Committee were of the view that the Company's auditor, Messrs. Deloitte Touche Tohmatsu is independent and has recommended the Board to re-appoint it as the Company's auditor at the forthcoming annual general meeting. During the year, Messrs. Deloitte Touche Tohmatsu has rendered audit services and certain non-audit services to the Company and the remuneration paid/payable to it by the Company are set out as follows:

Services rendered	**Fees paid/payable** HK$
Audit services	2,160,000
Non-audit services:	
Tax advisory	39,000
Preparation for general offer and very substantial acquisition circulars	1,089,000
Preparation for sales report	57,500
	3,345,500

On behalf of the Board
Dr Bankee P. Kwan, *JP*
Chairman & CEO

Hong Kong, 24 March 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

SCOPE OF REPORTING

As CFSG, subsidiary of the Company listed on the Stock Exchange, is listed separately and issue its ESG report separately, this ESG Report mainly focuses on major measures and performance of the Group in its retail management business – Pricerite group in respect of environmental and social aspect during the year. The ESG data and related ESG key performance indicator ("KPI") of this ESG Report focuses on the head office in Kowloon Bay and 27 Pricerite retail stores in Hong Kong.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the preparation for this ESG Report, the Group has applied the reporting principles stipulated in the ESG Reporting Guide as the following:

Materiality The materiality assessment was conducted to identify material issues during the financial year ended 31 December 2022 (the "Reporting Period"), thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.

Quantitative Supplementary notes are added along with quantitative data disclosed in the ESG Report to explain any standards, methodologies, and source of conversion factors used during the calculation of emissions and energy consumption.

Consistency The preparation approach of this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

Information relating to the Group's corporate governance practices can be found in the Corporate Governance Report on pages 23 to 37 of this annual report.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges, measures taken by, compliance and results of the Group during the financial year ended 31 December 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

Oversight of ESG Issues

The board of directors (the "Board") holds the ultimate responsibility on monitoring the Group's ESG issues, including ESG management approach, strategy, and policies. In order to better manage the Group's ESG performance and identify potential risks, the Board conducts materiality assessment where necessary with the assistance of the ESG committee to evaluate and prioritise material ESG-related issues with reference to the opinions of our stakeholders.

The ESG Committee

The ESG committee, composing of core members from different departments, is established to facilitates the Board's oversight of ESG matters. The ESG committee is responsible for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. The ESG committee arranges meetings when required to evaluate the effectiveness of current policies and procedures and formulate appropriate solutions to improve the overall performance of ESG policies. At meetings, the ESG committee discussed the existing and upcoming plans to monitor and manage the Group's strategic goals in terms of sustainable development, mitigate potential risks, and minimise their negative impacts on our business operations. By setting ESG-related goals and targets to minimise the environmental impacts from the Group's operation, the Group affirmed its commitment in embedding sustainability into the business operation and fulfil its corporate responsibility. The ESG committee would report to the Board, assist in assessing and identifying the Group ESG risks and opportunities, evaluate the implementation and effectiveness of internal control mechanism, and review the progress of the set goals and targets.

TOTAL CARING ORGANISATION

To become a Total Caring Organisation, the Group is dedicated to:

- Meeting the needs of our customers with quality products and innovative services;
- Creating an enjoyable work environment to highly engage our employees so as to maximise their potential;
- Minimising our operational impact on the natural environment; and
- Contributing to the betterment of the community, especially that of the next generation.

STAKEHOLDER ENGAGEMENT

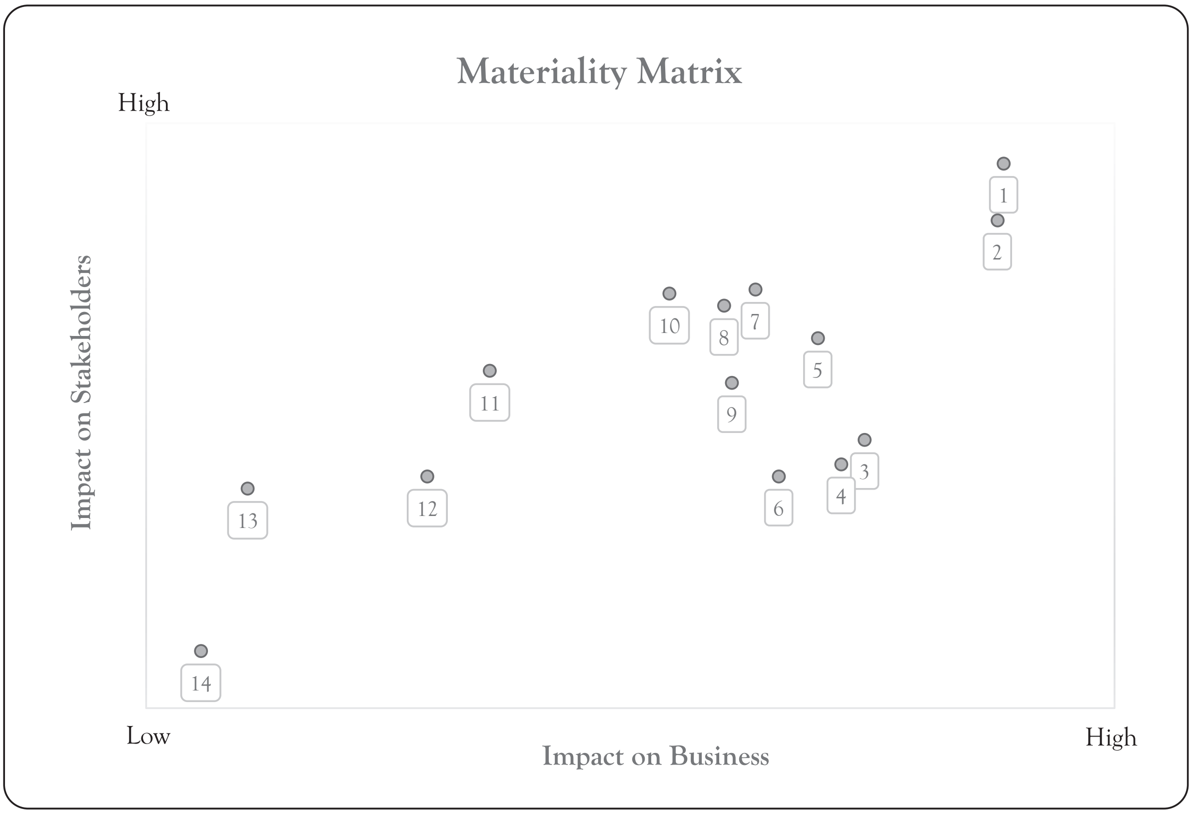
The Group values its stakeholders and their feedback regarding its businesses and ESG performance. To understand and address their key concerns, the Group has maintained close communication with its key stakeholders, including but not limited to employees, shareholders and investors, customers, suppliers and business partners, government and regulatory authorities, and the community.

In formulating operational and ESG strategies, the Group considers stakeholders' expectations through a diverse range of engagement methods and communication channels, as shown below:

Stakeholders	**Communication Channels**	**Expectations**
Employees	• Regular performance appraisal • Training and workshops • Internal announcement	• Remuneration and benefits • Equal opportunities • Career development • Occupational health and safety
Shareholders and investors	• Annual general meeting • Financial reports • Announcements and circulars	• Financial performance • Information transparency • Shareholder rights protection
Customers	• Customer service hotline and email • Company website	• Customer privacy protection • High quality customer services • Business ethic and integrity
Suppliers and business partners	• Supplier conferences and meetings	• Supply chain management • Fair and open procurement • Mutual benefit
Government and regulatory authorities	• Regular performance supervision and evaluation • Written or electronic correspondences • Publications	• Compliance with laws and regulations • Corporate governance
Community	• Community events • ESG reports	• Community participation • Corporate social responsibility • Providing job opportunities • Environmental protection

MATERIALITY ASSESSMENT

A materiality assessment in the form of surveys was conducted during the Reporting Period, where the Group identified sustainability factors that were material to our business operations. The management and employees who are responsible for the key functions of the Group have participated in preparing the ESG Report, assisted the Group in reviewing its operations, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders. The Group has compiled a questionnaire in reference to the identified material ESG aspects to collect the information from relevant departments and business units of the Group. The Group's material sustainability aspects will be covered in the ESG Report and the materiality matrix is as follow:



Major ESG Issues

1. Customer services
2. Product and service quality assurance
3. Development and training
4. Corporate social responsibility
5. Anti-money laundering ("AML") and counter-terrorist financing ("CTF")
6. Data and privacy protection
7. Employee remuneration and benefit
8. Employee recruitment and promotion
9. Anti-corruption
10. Occupational health and safety
11. Equal opportunities and anti-discrimination
12. Supply chain management
13. Environmental protection
14. Climate change

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide your valuable advice with regard to the ESG Report or the Group's performances in sustainable development by visiting our website at www.cash.com.hk.

A. ENVIRONMENTAL

A1. Emissions

Environmental protection and sustainable development rely on concerted and continuous efforts from all industries and society. We strive to promote the vision of "Green CASH", by being an environmentally responsible company. The Group proactively seeks opportunities to conserve energy, utilise resources more efficiently and reduce waste. Besides establishing environmental policies and communicating measurable environmental objectives to our employees, we also keep ourselves up-to-date with local environmental standards.

During the Reporting Period, the Group and its subsidiaries had received several awards which recognised our effort in promoting environmental protection. The Group and its subsidiaries, CFSG and Pricerite, collectively received the following awards during the Reporting Period:

Name of Award	Awarding Organisation
Hong Kong Awards for Environment Excellence (HKAEE) – Certificate of Merit in "Shops and Retailers" sector	Environmental Campaign Committee
Hong Kong Awards for Environment Excellence (HKAEE) – Wastewi$e Certificate (Excellence Level)	Environmental Campaign Committee
Hong Kong Green Organisation Certificate	Environmental Campaign Committee
Sustainable Business Award 2021	World Green Organisation
Hong Kong Sustainability Award	Hong Kong Management Association
Chill Green Merchant Award	BOC Credit Card (International) Limited

The Group strives to continuously improve our performance on environmental management.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. The said laws and regulations include but are not limited to the Air Pollution Control Ordinance and the Waste Disposal Ordinance.

Air Emissions

Due to the Group's business nature, only an immaterial amount of air emissions was generated from the use of company vehicle. Description of mitigation measures of emissions are described in the following section headed "GHG Emissions".

Summary of air emissions performances:

Types of air emissions	Unit	2022	2021
Nitrogen Oxides (NOx)	kg	**12.33**	11.73
Sulphur Oxides (SOx)	kg	**0.03**	0.04
Particulate Matter (PM)	kg	**0.91**	0.86

GHG Emissions

The principal GHG emissions of the Group were generated from purchased electricity consumed in offices (Scope 2). To mitigate the biggest attributor of the GHG emissions, the Group has actively adopted energy conservation measures to achieve green office which are described in the section headed “Energy Management” under aspect A2.

In the retail management business, transportation and deliveries of products are provided by external transportation service providers. To reduce the carbon emissions from the mobile transportation activities of our business partners, we aim to optimise the number of deliveries, which includes:

- Working closely with logistic partners in developing a better fuel-efficient transportation practice;
- Packing and loading products more efficiently to reduce the number of delivery journeys; and
- Continuously improving our transportation management system to achieve more efficient journey planning.

On the other hand, video-conferencing systems have been installed in offices to reduce travel and as a result reduce other indirect GHG emissions.

The Group’s total GHG emissions intensity during the Reporting Period remained the same. To ensure the effectiveness of the measures, the Group decided to set a target of reducing the total GHG emissions intensity (tCO_2e/million revenue) by 2025 compared to 2021, being the year setting the target.

Summary of GHG emissions performances:

Scope of GHG emissions[1]	**Unit**[2]	**2022**	2021
Direct GHG emissions (Scope 1)	tCO_2e	**5.26**	6.63
Energy indirect GHG emissions (Scope 2)	tCO_2e	**1,729.11**	1,955.18
Total GHG emissions	tCO_2e	**1,734.37**	1,961.81
Total GHG emissions intensity[3]	tCO_2e/million revenue	**1.43**	1.43

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the Global Warming Potential Values from the IPCC Fifth Assessment Report, 2014 (AR5), the Sustainability Report 2021 issued by Hong Kong Electric, and the Sustainability Report 2021 issued by CLP Holdings Limited.

2. tCO_2e is defined as tonnes of carbon dioxide equivalent.

3. During the Reporting Period, the Group recorded a revenue of approximately HK$1,210,887,000 (2021: HK$1,368,066,000). The data is also used for calculating other intensity data.

Sewage Discharge

Due to the Group’s business nature, the sewage discharge into land is insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged; used water was discharged to the municipal sewage network to the regional water treatment plant.

Waste Management

Due to the Group's business nature, no significant hazardous waste is generated during operation. The waste generated from the business activities in offices and retail stores of the Group is mostly paper. The Group pursues high standard in waste reduction and educates all staff on the importance of sustainability while providing them with the skills and support to implement it.

A series of programmes and activities have been launched in the office to encourage the participation of staff towards waste management, which include:

- Implementing a Green Information and Communication Technology (ICT) Platform, including systems such as E-workflow and CASHARE (intranet) to build a highly efficient "paperless, IT-driven and systematic" working environment;
- Setting pull printing features on copy machines which is an efficient way to reduce paper waste in the office by preventing uncollected printouts from piling up in the printer tray;
- Achieving waste reduction goals set under the Wastewi$e Certificate recognition scheme;
- Posting a "Green message" reminder at all office equipment;
- Applying used envelopes for internal document circulation; and
- Recommending duplex or 2-on-1 page copying on recycled paper.

The Group hopes that our stakeholders will join us and pursue a sustainable operation. We encourage reduction of paper consumption by offering shareholders choices to consent to receiving corporate communications materials by electronic means. We also encourage customers to use e-statements on our online portal in order to save paper.

The Group's paper disposal intensity during the Reporting Period decreased by approximately 23.45%. To ensure the effectiveness of the measures, the Group decided to set a target of reducing the total non-hazardous wastes intensity (kg / million revenue) by 2025 compared to 2021, being the year setting the target.

Summary of major non-hazardous waste discharge performance:

Types of waste	**Unit**	**2022**	2021
Office paper	kg	**11,230.03**	16,571.07
Total non-hazardous wastes	kg	**11,230.03**	16,571.07
Total non-hazardous wastes intensity	kg/million revenue	**9.27**	12.11

In our offices, waste separation facilities have been implemented. We provide recycle bins for collecting scrap paper, plastic bottles, aluminum cans, and recyclable toner cartridges, which are then delivered to the recycling agents for further processing. In Pricerite retail stores, recycling bins are implemented to facilitate recycling for customers, and we have engaged qualified service providers for the collection and recycling on a regular basis.

The amount of recycling at our collection points in the Reporting Period is summarised as follows:

Types of waste	Unit	2022	2021
Paper	kg	**5,430**	3,608
Aluminum cans	Pieces	**227**	815
Plastic bottles	Pieces	**479**	742
Toner cartridges	Pieces	**48**	78
Battery	kg	**100**	273
Lighting tube	Pieces	**150**	303
Light bulb	Pieces	**1,347**	1,693

A2. Use of Resources

The Group recognises its responsibility to take the initiative in efficiently utilising finite resources and carries out its corporate social responsibility to introduce additional eco-friendly approaches to enhance the Group's sustainability performance. Therefore, the Group has established the Green Office Policy to achieve energy conservation.

Energy Management

In daily operation, the Group's major energy consumption are electricity consumed in office. In order to reduce our energy consumption, the Group has launched a wide variety of green measures for awareness building towards energy conservation:

1) Lighting

- T5 energy-efficient lighting tubes have been installed at offices;
- Staff is encouraged to switch off lighting while they are duty-off;
- Partial lighting should be switched off provided that sufficient sunlight is available indoors; and
- "Light-off" during lunch hour is highly recommended.

2) Office equipment

- Computers and other electronic equipment should be powered off while they are not in use for energy conservation; and
- Security guards patrol the offices at night to ensure all non-use equipment is switched off.

Apart from the measures adopted at office, the Group participated in the "Earth Hour" campaign by turning off the offices' lighting for one hour with an aim to encourage the participation of staff and arise their concern.

The Group's energy consumption intensity during the Reporting Period slightly decreased by approximately 1.19%. To ensure the effectiveness of the measures, the Group decided to set a target of reducing the total energy consumption intensity (kWh / million revenue) by 2025 compared to 2021, being the year setting the target.

Summary of energy consumption performance:

Types of energy	Unit	2022	2021
Direct energy consumption			
– Petrol	kWh	**19,167.96**	24,140.59
Indirect energy consumption			
– Electricity	kWh	**3,996,178.00**	4,566,856.00
Total energy consumption	kWh	**4,015,345.96**	4,590,996.59
Total energy consumption intensity	kWh/million revenue	**3,316.04**	3,355.83

Water Management

The Group does not consume significant amounts of water through our business activities. Water usage in the office in Kowloon Bay and Pricerite retail stores is included in the management fee as water supply facilities are provided and managed by property managers on our rental premises, no meter reading is therefore available.

Although the water consumption is considered minimal, we also encourage saving by driving behavioural changes in the workplace. Green messages are posted in pantries and washrooms as reminders for using water efficiently. During the Reporting Period, the Group targets to promote water conservation in our offices and retail stores in the coming year.

Use of Packaging Material

In the retail management business, Pricerite, packaging material is used for delivery of goods. The major packaging material used in the business is plastic bag, which is offered to customers upon request.

We strictly implement the Plastic Shopping Bag Charging enforced by the Government. Customers are required to pay a levy in requesting a plastic bag, hence restricting the consumption of plastic bags. Furthermore, promotion material of BYOB – Bring Your Own Bag is displayed in our retail stores to raise customer awareness in order to reduce plastic bag usage. As a result, the number of plastic bags being used during the Reporting Period reduced significantly.

Summary of packaging material consumption performance:

Types of packaging material	Unit	2022	2021
Plastic bags	pieces	**219,500**	278,500

A3. The Environment and Natural Resources

The Group is committed to minimising negative environmental impacts occasioned by the Group's business operations. Despite that the business activities of the Group do not significantly impact the environment and natural resources, we continue to be vigilant to the potential environmental impacts arising from its business operations.

Working Environment

The Group is committed to providing employees with a comfortable and green working environment to increase work efficiency. We strive to maintain a hygienic and neat environment in the workplace. The Group signed the Hong Kong General Chamber of Commerce's Clean Air Charter to reduce emissions and create cleaner air. We acted on the Chamber's 7-7-7 Care-for-Air Guidelines for the public and called on our staff to take practical steps to contribute to improving air quality at home, at work, and while travelling. Besides, the Group engaged in many different governmental environmental protection campaigns, including Green Office Education, Green Day, Biz Green Dress Day, Reuse and Recycle Program and Action Blue Sky.

Light Pollution

Due to the high building density in Hong Kong, external lighting at night may disturb nearby residents. To reduce the impact of light pollution, Pricerite strictly follows the "Charter on External Lighting" which has been in effect since April 2016. Certain Pricerite's stores are committed to switching off decorative, promotional or advertising lighting, which affects the outdoor environment during the preset time (i.e. midnight to 7 am). This measure also helps reduce energy wastage.

A4. Climate Change

The Group recognises the importance of the identification and mitigation of significant climate-related issues, therefore closely monitors the potential impact of climate change on our business and operations. In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures, there are two major categories of climate-related risks, physical and transition risks.

Physical Risks

The increased frequency and severity of extreme weather events such as typhoons, storms, heavy rains, and extreme cold or heat pose acute and chronic physical risks to the Group's business. The Group's assets may be damaged and store operations disrupted, resulting in reduced revenue from lower sales and higher maintenance costs. Climate change may also adversely impact our employees in terms of health and commuting and cause displacements in communities where we operate.

To minimise the potential risks and hazards of extreme weather events, such as typhoon and black rainstorm, which might cause interruptions on our business, the Group has established mitigation plans including flexible working arrangements, and precautionary measures such as regular inspection of office premises. Moreover, we maintain comprehensive insurance coverage for assets that are prone to damage by extreme weather conditions, minimising the potential maintenance and repair costs required.

Transition Risks

To achieve the global vision on carbon neutrality, the Group expects evolution of the regulatory, technological and market landscape due to climate change, including the tightening of national policies and listing rules and the emergence of environmentally related taxes. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits, which might incur additional compliance costs and affect the reputation of the Group.

In response to the policy and legal risks as well as the reputation risks, the Group constantly monitors any changes in laws or regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to delayed response. In addition, the Group has been taking comprehensive environmental protection measures, including GHG reduction measures, has set targets to gradually reduce the Group's energy consumption and GHG emissions in the future.

B. SOCIAL

B1. Employment

Respect for the rights of everyone who works for us is fundamental to the sustainability of the Group and the communities in which we operate. Our commitment to operate with respect for individuals is reflected in all aspects of the Group's business operations and is integrated in our policies and relevant procedures. We are committed to providing a happy and family-friendly workplace.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance, the Minimum Wage Ordinance, the Employees' Compensation Ordinance, the Sex Discrimination Ordinance, and the Disability Discrimination Ordinance of Hong Kong.

As at 31 December 2022, the Group had a total of 624 employees (2021: total 752 employees). The fluctuating headcount is mainly due to the repositioning and optimisation of frontline business. Total workforce by gender, age group, geographical region and employment type is as follows:

	2022	2021
Total number of employees	**624**	752
Gender		
Male	**262**	321
Female	**362**	431
Age Group		
Below 30 years old	**80**	138
30 – 50 years old	**386**	449
Over 50 years old	**158**	165
Geographical region		
Hong Kong	**624**	752
Employment Type		
Full-time	**536**	614
Part-time	**88**	120
Temporary contract	**0**	18

Recruitment, Promotion and Dismissal

The Group has set out the Staff Recruitment Policy for our Human Resources Department to ensure that appropriate and standardised recruitment process is maintained. The policy will be reviewed regularly, and modified as required, to reflect changes in the Group's development, best practice in recruitment process and compliance with the relevant legislation.

The Group devised an effective performance management system where regular performance appraisal is carried out to provide a two-way communication platform for improved employee relationships with the support of timely coaching and counseling and to give feedback on employees' performance and help identify individual training needs so as to enhance performance and to develop the potential of the employee for further advancement. Procedures are set out in the Employee Handbook. Through the performance appraisal, the Group review and adjusts salary based on our transparent incentive structure.

The termination of employment contract is set out in the Employee Handbook and governed by internal policies to ensure all dismissal comply with relevant laws and regulations in Hong Kong. The Group strictly prohibits any kinds of unfair or illegitimate dismissals.

During the Reporting Period, the Group recorded a turnover rate of approximately 29.07% (2021: 30.87%). The table below shows the employee turnover rate by gender, age group and geographical region:

	2022 Turnover rate[4] (%)	2021 Turnover rate[4] (%)
Gender		
Male	**12.35**	15.04
Female	**16.72**	15.83
Age Group		
Below 30 years old	**7.56**	7.72
30 – 50 years old	**6.57**	18.71
Over 50 years old	**4.94**	4.45
Geographical region		
Hong Kong	**29.07**	30.87

Note:

4. Calculation methodology of turnover rate: employees in the specified category leaving employment divided by the average of total number of employees of the Group at the beginning and the end of the Reporting Period.

Remuneration and Benefits

As a multi-faceted service conglomerate, the Group fully understands that our success lies in the quality of service we provide to our customers and therefore our ability to attract, retain and motivate quality employees. The Employee Handbook is formulated to stipulate general practices and policies related to employment, compensation and benefits. To stay competitive, our base salaries are within industry norms, contributing to our ability to attract and retain highly skilled and motivated staff.

To attract talented people, the Group provides fair and competitive remuneration and benefits to our employees. We benchmark our remuneration system with the market to ensure our ability to motivate our talent pool. The Group adopts a comprehensive and people-oriented leave system, where comprehensive benefits are provided to all staff, including annual leave, birthday leave, marriage leave, maternity leave, compassionate leave, and paternity leave. We have pioneered the introduction of the following benefits for employees, including marriage gift coupon, red packet for new-born babies, purchase discount and financial trade discount for our employees. In addition, to express our appreciation to staff who have contributed to the Group for many years, we regularly show our gratitude with long service awards.

Pricerite has set up the "Best Staff" and "Best Manager" award schemes, held yearly, to recognise top-performing employees and teams and to raise morale. Competition is also held on a monthly basis to present awards to recognise outstanding frontline employees and boost their confidence from time to time. The Group believes that our employees' dedication deserves recognition.

Diversity and Equal Opportunities

The Group is committed to developing, maintaining and supporting a culture of equality and diversity in employment, on the basis of age, race, colour, nationality, religious belief, disability, sexual orientation, political opinion and any other status protected by applicable legislations and ordinances. We believe that the diversity can enrich all employees by providing a more rewarding and less stressful environment. No one shall be discriminated at recruitment, selection, employment, compensation, transfers, promotion, training or development. Qualified individuals are employed to carry out our fiduciary duties based on their education, experience, and ability without discrimination.

Work-life Balance

The Group strives to help employees maintain a good work-life balance, which we believe helps them to sustain their performance at work and our business. To assist employees to balance their lives, we arrange activities under three different themes: wellness, happiness and vivacity. The Group introduces family-friendly employment practices, including offering family leave benefits and employee support schemes. To promote well-being and enhance their relationships, the Group also organised after-work activities for employees.

B2. Health and Safety

Ensuring the health and safety of our employees is an integral part of our business activities. Therefore, we are dedicated to maintaining a safe, hygienic, and productive workplace by minimising the potential risk of accidents, injuries and exposure in relation to health risks. We ensure all employees are competent at work and are given adequate training to comply with all local legislations and ordinances with regard to health and safety.

The Group attaches prime importance to ensure a safe working environment, with measures in place to deal with natural disasters, fire, disease and accidents. We encourage our employees to treat health and safety as parts of their individual responsibility. The Group's health and safety procedures are revised from time to time to ensure that they are risk-focused and that responsibilities are clearly defined.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group including but not limited to the Occupational Safety and Health Ordinance and the Employees' Compensation Ordinance of Hong Kong. The Group has achieved zero work-related fatalities in the past three years, including the Reporting Period. During the Reporting Period, there were 36 lost days due to 5 work-related injuries, mainly occurred on our frontline staff during products and inventories transportation. Immediate investigation was carried out and the effectiveness of occupational health and safety measures was evaluated with the aim of improving the safety of workers. To avoid similar accidents in the future, the Group provided frontline staff with training regarding personal safety during operation, equipment handling, and report procedures for accidents.

Occupational Health and Safety

Occupational health and safety record is maintained to ensure that a healthy and safe workplace is provided for our employees at all times. Preventive measures were undertaken with the use of appropriate office equipment as well as performing periodic office risk assessment to enhance workplace safety. We also regularly arrange vaccination programme to protect our staff from various diseases, and dental packages to subsidise scaling and check-ups. In addition, we purchase comprehensive medical insurance plans for our employees and their families.

Under the COVID-19 pandemic, the Group places close attention to our employees health condition and strives to protect them from the diseases. Emergency Contingency Plan has been implemented and the Group has adopted various working arrangement as precautionary measures. The Human Resources and Administration Department has circulated internal memo to our employees regarding the flexible working arrangement, office hygiene measures, and personal health monitoring measures. We also provide COVID-19 antigen rapid test swab for our employees to self-test effectively.

B3. Development and Training

We are committed to ensuring that the talents, skills and abilities of our employees are recognised and are utilised to their full capacity. The Group has implemented various training policies and organised a number of training programmes aiming specifically at improving the skills and developing the talents of our employees and generally increasing the competitiveness, productivity and efficiency of the Group.

Our training programmes are developed based on business needs and capabilities of employees. We provide tailor-made management training workshops for management-level employees and high-calibre talent to enhance their professional knowledge and competency, the mindset to take on leadership roles, the ability to face adversity and team spirit. During the reporting period, we organized tailor-made internal training and learning activities to let employees understand the latest business trends, industry needs, and the Group's business direction and strategy for this year. In order to improve frontline performance, we regularly provide training programmes to strengthen employee's communication and cooperation, cultivate the spirit of competition and stimulate team spirit. Furthermore, we leveraged our digital platforms to promote online courses and e-learning to accommodate the post-pandemic "new normal".

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures and rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

During the Reporting Period, the Group has achieved a total training hour of 3,114 hours. The table below shows the employee training data by gender and employee category:

	Percentage of employees trained[5] (%)	**Average training hours per employee (hours)[6]**
Gender		
Male	57.63	9.31
Female	55.52	8.50
Employee Category		
Senior Management	78.95	21.40
Middle Management	53.57	13.60
General	55.81	8.04

Notes:

5. Calculation methodology of percentage of employees trained: number of employees in the specified category who took part in training divided by number of employees in the specified category.

6. Calculation methodology of average training hours: total training hours of employees in the specified category divided by number of employees in the specified category who took part in training.

B4. *Labour Standards*

Prevention of Child and Forced Labour

The Group prohibits the recruitment of child and forced labour as prescribed by laws and regulations. The Group strictly complies with local laws and shall not provide job opportunities to those who are under the legal working age of respective jurisdictions.

To avoid illegal employment of child labour and underage workers, the Human Resources and Administration Department of the Group is responsible for verifying personal data such as the identification card during the recruitment process. If violation is involved, it will be dealt with according to circumstances. No employee shall be compelled to work against his or her will through force or intimidation of any form or subjected to corporal punishment or coercion of any type related to work. Overtime compensation procedures are set out in the Employee Handbook where overtime compensation leave will be provided to eligible employees when they are required to work overtime.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group including but not limited to the Employment of Children Regulations and the Employment Ordinance of Hong Kong.

B5. *Supply Chain Management*

The Group is committed to creating a sustainable relationship with our suppliers and consultants through operating in an open and fair manner. Our major suppliers are mainly engaged by Pricerite Home Limited, Pricerite Food Limited, and Pricerite Pet Necessities. During the Reporting Period, the Group has engaged 422 suppliers (2021: 443 suppliers), which breakdown by geographical regions as below:

	2022	2021
Geographical Regions		
Hong Kong	**379**	394
China (excluding Hong Kong, Macau and Taiwan)	**34**	36
South Korea	**2**	5
Japan	**2**	2
Taiwan	**1**	2
India	**1**	1
Thailand	**1**	1
United Kingdom	**1**	1
Vietnam	**1**	1
Total number of suppliers	**422**	443

To ensure that the suppliers meet our requirements in regard to quality, environmental and social standards, we carry out assessment for review, approval and disapproval of suppliers and subcontractors. Prior to making any procurement decisions, we will conduct assessments on suppliers and consultants to avoid environmental and social risks. We maintain a list of approved suppliers and consultants; they may be suspended or removed from the approved list if they fail to fulfil the agreed standards.

Green Procurement

To support sustainability, our Green Supply Chain initiative applies strict environmental, social and ethical criteria to the suppliers of our business. We place high demands on suppliers and the Group shall select suppliers with similar standards set by the Group as our prefer suppliers. We have incorporated sustainability considerations into our sourcing and outsourcing practices, requiring suppliers to meet the basic standards. For example, all suppliers are expected to adhere to these basic principles:

- Operating as an equal opportunity employer and recognising the right to collective bargaining as well as minimum and prevailing wages and benefits;
- Maintaining probity and accountability standards;
- Minimising discrimination against small and medium-sized enterprises or local vendors;
- Providing a healthy and safe working environment, not using any forced or child labour, and refraining from harassment or abuse of employees; and
- Supporting sustainable development, acting responsibly with regard to the environment, observing environmental criteria to conserve resources, minimising the negative environmental effects of the production, application and disposal of products, and reducing the use of hazardous products as much as possible.

B6. Product Responsibility

As a total caring organisation, it is our mission to provide our customers with a meaningful experience when utilising our services, therefore the Group understands the importance of expertise for ensuring service quality. Satisfying our clients is our central focus. This principle guides all our activities and applies to all business divisions. The key elements are transparency and high-quality advice, which enable us to improve client satisfaction and achieve customer loyalty in the long term.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to the Trade Descriptions Ordinance and the Personal Data (Privacy) Ordinance of Hong Kong, concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress.

Quality Assurance

In the sales of furniture and household items, the Group strives to achieve the highest standard in terms of quality, safety, and consistency. We have implemented the Product Approval & Pre-Shipment Inspection Policy to regulate the quality assurance procedure regarding our products, covering the New Product Quality Assurance Approval for our electrical appliances, household products, and pet products. Pricerite has received Q-Mark Service Certification from Hong Kong Q-Mark Council since 2006, and TMF has received the certification since 2018. The certification recognises our competency on providing high standards of service to customers.

To safeguard our baseline, we involve an independent Quality Assurance Team in assuring product quality and safety. The team assures the satisfaction of customer expectations by the following means:

- Product development – review of new designs, examination of product specifications, analysis of customer expectation conformance;

- Supplier assessment – inspection of suppliers' capability in satisfying quality requirements, solving supply problem by establishing communication channels with suppliers;

- Pre-shipment inspection – inspection of functionality and safety of finished goods to ensure conformance to required specifications; and

- Complaint handling – review of product defects and mismatches against customer expectation, provision of improvement plans on product quality.

As part of the standard operating procedure, the Group also has in place the Product Recall Procedure to mitigate the distribution and sale of the affected product, so as to protect customer health and safety. With the procedure, we ensure that the removal of affected product from the marketplace as well as the stores is carried out efficiently. After the recall procedure, Improvement Note will be completed by the quality assurance department to analyse the root cause and determine the nature of the problem while corrective action plan is implemented to prevent another recall. During the Reporting Period, the Group did not recall any products for safety and health reasons.

During the Reporting Period, the Group received approximately 380 complaints regarding product issues, such as product defect and missing parts, and approximately 480 complaints regarding delivery and installation services. To conduct immediate investigation, we collected information, including sales transaction, detailed complaints content with photo and video, and acknowledge the customer's case within 3 working days to provide solution that meet customer's need. All follow up action were ensured to be strictly complied with our standard operating procedures and tickets in CRM System were created for record.

The Group considers the customers' feedback as an opportunity to improve our product quality and business operation. After the follow-up actions were taken, the root causes of complaints are analysed and review meetings with stakeholders are conducted. We implement remedy plans such as continuous quality improvement plan (CQI) and scorecard marking scheme. To ensure the effectiveness of our procedures, the Group sets relevant KPIs and reviews standard operating procedure periodically through monthly performance tracking reports, so that prompt adjustment can be made and action plan can be fine-tunes where necessary.

Customer Services

The Group maintains an open and welcoming attitude to feedback and complaints from the Group's customers and guests, as the Group views it as an opportunity to improve its service. Procedures for handling complaints are detailed in the Complaint and Suggestion Handling Policy for the reference of relevant employees. Should the Group receive any complaints, the Group will strive to act immediately to resolve the issue with effective corrective actions.

During the Reporting Period, the Group received approximately 90 complaints regarding customer services. With immediate response to the customers, investigation and interview were conducted by store operation management with the staff concerned. To ensure similar issues will be avoided, relevant staff is provided with intensive training course, while case study and field sharing are conducted by staff training department with frontline staff. The improvement plan regarding the complaints is closely monitored and reviewed by staff training department and operation management team.

Handling of Personal Data

The Group strictly adheres to regulatory requirements on data privacy, through fulfilling high security and confidentiality of personal data privacy protection. We are committed to maintaining and protecting personal data.

Internal policy has been established to govern the collection and handling of personal data received from a data subject. Under our data protection principles, a Privacy Policy Statement ("PPS") is acknowledged to enable the public to ascertain the data user's general policies and practices in relation to the collection, holding and use of individual personal data.

Furthermore, in accordance with our data protection principles, a Personal Information Collection Statement ("PICS") is acknowledged whenever there is collection of personally identifiable information from individuals to notify data subjects of certain matters in relation to specific collections of personal information from them. The Group will not use or provide personal data to any person for use in direct marketing unless we have obtained the data subject's consent in writing. Meanwhile, the Group maintains sound safety system and measures to prevent unauthorised use of personal data.

Protection of Intellectual Property Rights

Policies and measures regarding the protection of intellectual property rights are in place. For any infringement of the Group's intellectual property rights, the Group will urge infringers to cease such action. The Group shall take further action should infringement continue.

B7. Anti-corruption

The Group strives to promote and maintain the highest standards of honesty, integrity and fairness. All of our staff must ensure that the Group's reputation is not tarnished by dishonesty, disloyalty or corruption. Policies on the aforementioned matters are clearly stated within the Employee Handbook.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Bribery Ordinance of Hong Kong that would have a significant impact on the Group. During the Reporting Period, there were no concluded legal cases regarding any forms of fraud brought against the Group or its employees.

Whistle-blowing channels

The Group maintains a Whistle-blowing policy to encourage employees to report any suspected misconduct contrary to our ethical belief in confidence without the fear of recrimination. Procedures are established for employees to raise complaints directly to the Compliance Department, which will evaluate the complaint and determine whether an investigation is appropriate. Compliance Department coordinates with relevant departments for investigation where necessary and recommendations on improvements are communicated to the respective management for implementation. Audit procedures, investigation results and subsequent follow-up actions taken are reported to the Audit Committee on an annual basis.

Anti-corruption Training

Training related to anti-corruption are rendered to our management and employees to boost their awareness on the prevention of any kind of unethical behaviour such as bribery, extortion, fraud and money laundering. During the Reporting Period, 7 directors of the Group attended training on ethics legacy, while 473 employees attended training on Prevention of Bribery Ordinance for a total of 18 training sessions with 480 hours. Training for employees was carried out virtually for the sake of our employees' health and safety.

B8. Community Investment

Adhering to our core value of "Total Caring", the Group has been caring for different sectors and groups in society for many years. We and our employees are dedicated to working hand-in-hand with local communities in a variety of initiatives ranging from job creation to youth education and disaster relief.

In recognition of the Group's "People-Oriented" and "Total Caring" commitments, Pricerite Group and CFSG were honoured with the World Green Organisation's Sustainable Business Award.

"Total Caring" Amid Pandemic

During the pandemic, the Group continued to join hands with Hong Kong people in hard times, encouraging the community to fight the virus together.

- As long queues developed at many testing centers for compulsory testing across Tuen Mun in January 2022, Pricerite Home offered folding chairs to citizens in need for free.

- To support florists suffering heavy loss as a result of cancellation of the Lunar New Year Fair, Pricerite Home invited them to sell festive flowers in our stores instead, helping to reduce their burden and tide over difficulties.

- Further combating the pandemic, Pricerite Home offered free SECO CareÜ face masks in our stores in January 2022.

- Committed to contributing to improving public health, Pricerite Home together with Momax and Savewo promptly arranged installation of new air purifiers and heaters for patients waiting outside emergency rooms of public hospitals in Hong Kong in February 2022, protecting the health of medical staff and patients. Pricerite Home again joined hands with Savewo in March 2022, donating new smart air purifiers to protect medical staff and patients at Pamela Youde Nethersole Eastern Hospital.

- Helping grassroots families, the Group donated masks, rapid test kits and other anti-epidemic supplies through Christian Action in March 2022.

Community Engagement

The Group believes that contributing to society is the due responsibility of every local organisation – and we contribute to a variety of causes in Hong Kong every year. Apart from taking care of the needy during the pandemic, the Group also contributed to the community, engaging in various big and small activities.

- Caring for the underprivileged and grassroots families, the Group and its subsidiary Pricerite Group donated Lunar New Year lucky food bags through Christian Action. Extending the festive warmth, all remaining supplies were donated to Christian Action's Emergency Food Programme to help others in need.

- Embracing diversity and respecting individual needs, Pricerite Home and CFSG supported the campaign#SayYesToBreastfeeding, establishing private breastfeeding-friendly zones in our stores and offices. Our effort was recognised by UNICEF and the Department of Health with a Blue Label certificate presented to Pricerite Home.

- Promoting sustainable development and supporting local arts, Innoverse, a technology innovator under Pricerite Group, joined hands with Articoin to launch the "Green NFT and Local Art" campaign in June 2022. As a demonstration of support for the work of local artists, customers who redeemed NFT were awarded an ESG (Environmental, Social and Governance) e-certificates for their support for ESGs and SDGs (United Nations Sustainable Development Goals).

- Supporting initiatives to rescue homeless stray animals in June 2022, for each new customer who successfully opened an Alpha i trading account, CFSG made donations to "Merit Veterinary Medical Centre – House of Joy and Mercy" (阿棍屋善行動物診所), a charity offering free medical services for homeless animals.

- In additional support for furry friends, CFSG and Pricerite Pet sponsored provision of furniture for the "Merit Veterinary Medical Centre – House of Joy and Mercy" in July 2022, facilitating appropriate medical treatment for homeless strays, ensuring that every life is respected and cared for.

- Sparing no effort to respond to various needs of the community, Pricerite Home joined hands with Caring For Children Foundation In August 2022, to launch the "NFT Charity Sale" – where a number of famous local artists were invited to aid grassroots children and families through creative technology and art.

- As part of our efforts to help grassroots families, our staff volunteered at the "Food Angel" Kitchen in September 2022, preparing surplus food as nutritious meals redistributed to underprivileged communities.

On behalf of the Board
Dr Bankee P. Kwan, *JP*
Chairman & CEO

Hong Kong, 24 March 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions (Not applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources
KPI A2.2	Water consumption in total and intensity.	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group during the year consisted of (a) retail management business including sales of furniture and household items, electrical appliances, food and pets accessories through the chain stores under multi-brand names including "Pricerite Home", "TMF", "SECO", "Pricerite Food" and "Pricerite Pet" in Hong Kong; (b) the provision of asset management services to fund investors; (c) general investment holding; and (d) the financial services business carried out via CFSG (stock code: 510) that includes online and traditional brokerage of securities, futures and options as well as general and life insurance, mutual funds and mandatory provident fund products, proprietary trading of debt and equity securities and derivatives, margin financing and money lending and asset management services.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 76 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021:15 HK cents).

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and possible risks and uncertainties that the Group may be facing are provided in the sections of "Financial Review", "Management Discussion and Analysis" and "Chairman's Letter" of this annual report and note 38 to the consolidated financial statements.

The financial risk management objectives and policies of the Group are shown in note 38 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the section of "Financial Review" of this annual report.

Save as disclosed in this annual report, there is no important event affecting the Group that have occurred since the end of the financial year ended 31 December 2022.

RELATIONSHIPS WITH STAKEHOLDERS

We fully understand that our business is built on the long-term well-being of the "people" in our service areas at large.

Throughout the course of our business development, we care about the needs of our key stakeholders, inter alia, our shareholders, our employees, our customers, our suppliers and our community. As such, we strive to become a "Total Caring Organisation" to embrace the all-round needs of our key stakeholders.

The Group upholds the "People-oriented" principle as our core belief and this forms the essence of our corporate culture. We respect the various needs of these "people" as our stakeholders and we strive to balance the different spectrum of interests for the development of a better future.

Our five core values namely "People", "Customers", "Quality", "Teamwork" and "Change" serve as the guiding principles for the whole team to move ahead.

We are dedicated to creating an enjoyable work environment to highly engage our employees so as to maximise their potential, meeting the needs of our customers with quality products and innovative services and enhancing cooperation with our suppliers so as to provide high-quality products and services to our customers so as to ensure our sustainable development.

Shareholders

The Group is committed to communicating with our shareholders and the financial community proactively, transparently and effectively, and thereby ensuring consistent and timely dissemination of information to shareholders and potential investors.

We have established effective channels of communication with our shareholders to ensure that the corporate information is readily accessible. Corporate communications materials with regard to regulatory disclosures and notices of the Company, such as financial reports, results announcements, corporate announcements and circulars will be distributed according to the principles of continuous disclosure, and complies with the legal and regulatory requirement applicable to the Company. Corporate communications and other general information concerning the Company and its businesses such as press releases will be posted on the corporate website (www.cash.com.hk) and distributed to the media as soon as practicable. The Company adheres to its corporate policy of not disclosing unpublished or potentially price-sensitive information such as sales and profit forecasts.

Employees

Our staff is regarded as the most important asset of the Group. We offer a competitive remuneration package and great opportunities for career advancement based on performance-linked appraisal system. Our passion in fostering a learning culture is recognised. The honour of "Super MD" from Employees Retraining Board ("ERB") Manpower Developer Award Scheme recognises the Group's efforts and commitment to training and development. We also provide our staff with regular trainings, including internal trainings and refresher courses offered by professional organisations, so as to keep them abreast of the latest development in the market, industry and various businesses.

The Group is committed to the well-being of our employees as we believe that a healthy body and soul will have a positive impact on people's professional and personal lives.

Along with initiatives designed to improve the health, safety and well-being of our employees, the Group also offers recreational and educational activities in different topics such as professional growth, work-life balance, health and safety, rewards and recognitions, employees' families, amazing occasions to help staff to pursue their interests, explore their full potential and recharge after work. The Group is the "Family-Friendly Employer" under the scheme by the Home Affairs Bureau and the Family Council in recognition of our family-friendly employment policies and practices which have positive impact to the Company and employees' family life.

In recognition of our commitment and effort in developing employee-orientated human resources management and promoting Family-friendly Employment Practices, we have been recognised as a Signatory of Good Employer Charter under the scheme by the Labour Department.

We sincerely care about our employees' retirement needs and have gone the extra mile to provide additional retirement benefits for them. We have been awarded the accolade of "Good MPF Employer Award" by the Mandatory Provident Fund Schemes Authority (MPFA).

Customers

We value the customers' interests as the first priority. It is our mission to provide customers with a meaningful experience when utilising our services.

We value the feedback from customers and always try to understand their thoughts through Internet, daily communication, customer services and after-sale services etc. In addition, we also set up website, e-portal, email, Facebook and customer service hotline to respond to the feedback of customers.

In recognition of Pricerite Home's excellent quality service performance, the Company was accredited with Hong Kong Retail Management Association's (HKRMA) "Quality Service Recognition". Pricerite Home and TMF have been recognised as "QTS Certified Retail Shop" by Hong Kong Tourism Board for their high standards of product quality and service.

HKRMA awarded the Anti-Epidemic Measures Award to Pricerite Home in recognition of its epidemic prevention measures to safeguard customers' health and safety.

DIRECTORS' REPORT

Pricerite Home gained the honour of "No. 1 Household Retailer" at Headline No. 1 Awards 2022 and Q-Mark Elite Brand Award, proving that the service provided by the Company is excellent and well received by the public. Pricerite Pet received the honour of "Favourite Pet Brand" in the category of Online Pet Stores at MoCity Favourite Pet Brand Award 2021, and also gained the honour of "Popular Pet Retail Store" at the Popular Pet Awards organised by HK01, in recognition of the Company's outstanding online and offline business performance which has been well received by the public.

Pricerite Home and CFSG have been recognised as "Hong Kong Premier Service Brand" and "Hong Kong Top Service Brand" respectively in Hong Kong Top Brand Mark Scheme by Hong Kong Brand Development Council.

With our excellent marketing strategies, CFSG has been recognised as "The Best One-Stop Wealth Management Service" at EDigest Brand Awards 2022".

Suppliers

We firmly believe that our suppliers are equally important in building high-quality businesses. We proactively communicate with our suppliers to ensure they are committed to delivering high-quality and sustainable products and services.

Community

The Group is devoted to supporting the community in which we operate through donation, education, volunteering and encourage others to give.

Over the past years, we show our care about the community with unsparing support for wide-ranging community services and charities. We have also been encouraging our employees and their family members to take part in voluntary services after work and serve the disadvantaged in the community.

Showing the sustainability and breadth of our corporate social responsibility efforts, we have been awarded the accolade of "15 Years Plus Caring Company" by the Hong Kong Council of Social Service (HKCSS) in recognition of our achievements in "Caring for the Community", "Caring for the Employee" and "Caring for the Environment". It serves as a recognition for our contribution to community services and commitment to employee engagement. In addition, we have attained the "Hong Kong Outstanding Corporate Citizenship Logo" organised by the Hong Kong Productivity Council in recognition of the Group's devoted efforts in corporate social responsibilities.

The Group was awarded the Certificate of Excellence of the Hong Kong Sustainability Award by Hong Kong Management Association (HKMA) in recognition of the Group's significant contribution to the sustainable development of society.

The Social Capital Builder Logo Award from the Labour and Welfare Bureau recognised our active role in promoting cross-sectoral partnership and sustainable supportive network.

Pricerite Group and CFSG gained the Sustainable Business Award from the World Green Organisation in recognition of our outstanding achievement in sustainability.

ENVIRONMENTAL POLICY AND PERFORMANCE

As a total caring organisation, the Group is dedicated to keeping the environmental impact of our operations to a minimum, balancing business needs with conservation.

The Group adopted "Green Office Policy" with various measures regarding minimisation of energy and paper consumption and recycling being implemented. We also execute different types of "Green Office Campaign" in our office to enhance staff awareness and participation for environmental protection.

Over the years, the Group has participated in various environmental protection programmes and campaigns organised by reputable institutions and have been recognised with awards. Pricerite Home received Wastewi$e Certificate (Excellence Level) and the Certificate of Merit in "Shops and Retailers" sector at 2021 Hong Kong Awards for Environmental Excellence from Environmental Campaign Committee. CFSG and Pricerite Home received the Hong Kong Green Organisation Certificate from the Committee. In recognition of Pricerite Home's contribution in environmental protection, BOC Credit Card (International) Limited awarded Chill Green Merchant Award to the Company. The achievements highlighted the Group's total caring culture and commitment to responsible business.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular, those have significant impact on the Group. During the year, the Group has materially complied with the relevant laws and regulations on corporate level as well as those that have a significant impact on the operations of the Group.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited results and the assets and liabilities of the Group for the last five financial years ended 31 December 2022 is set out on pages 184 to 185 of this annual report.

PROPERTY AND EQUIPMENT

Details of movements during the year in the property and equipment of the Group are set out in note 16 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 46 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the "Consolidated Statement of Changes in Equity" of the consolidated financial statements on pages 79 to 80 of this annual report.

Details of movements in the reserves of the Company during the year are shown in note 47 to the consolidated financial statements.

At 31 December 2022, the Company's reserves available for distribution to shareholders, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to approximately HK$262,412,000.

PRE-EMPTIVE RIGHTS

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

RELATED PARTY TRANSACTION

Details of the related party transaction entered into by the Group are set out in notes 33 and 42 to the consolidated financial statements and the related party transaction which is connected transaction exempted from announcement, reporting, annual review and shareholders' approval requirement under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to the related party transaction of the Group during the year.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the Group's turnover attributable to the five largest customers accounted for less than 30% of the Group's total turnover.

In the year under review, the Group's purchases attributable to the five largest suppliers accounted for less than 30% of the Group's total purchases.

DIRECTORS' REPORT

DIRECTORS

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

Executive Directors:

Kwan Pak Hoo Bankee
Leung Siu Pong James
Li Shing Wai Lewis
Kwan Teng Hin Jeffrey

Independent Non-executive Directors:

Leung Ka Kui Johnny
Wong Chuk Yan
Chan Hak Sin

The following Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming AGM:

(i) Dr Kwan Pak Hoo Bankee, Mr Leung Siu Pong James and Mr Kwan Teng Hin Jeffrey, all being EDs, shall retire at least once in every 3 years at the AGM in accordance with the Company's bye-laws and corporate governance code; and

(ii) Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being INEDs, shall retire at the AGM in each year in accordance with their terms of office of directorship.

DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory obligation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed under the heading "Related Party Transaction" above, no transaction, arrangement, or contract of significance to which the Group was a party, and in which a Director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in note 41 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2022, the interests or short positions of each Director and chief executive of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

A. The Company

(a) Long positions in the Shares

Name	Capacity	Number of Shares		Shareholding
		Personal	Corporate interest	(%)
Kwan Pak Hoo Bankee	Beneficial owner and interested in a controlled corporation	598,501	39,599,098*	49.79
Leung Siu Pong James	Beneficial owner	37,642	–	0.05
		636,143	39,599,098	49.84

* The Shares were held by Cash Guardian. Dr Kwan Pak Hoo Bankee was deemed to be interested in all these Shares as a result of his interests in Cash Guardian as disclosed in the "Substantial Shareholders" below.

(b) Long positions in the underlying shares – options under share option scheme

Name	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	Number of options outstanding	Percentage to issued shares (%)
Kwan Pak Hoo Bankee	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1)to(3)	800,000	0.99
Li Shing Wai Lewis	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1)to(3)	800,000	0.99
Leung Siu Pong James	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1)to(3)	800,000	0.99
Kwan Teng Hin Jeffrey	16/7/2021	1/8/2021 – 31/7/2023	1.45	(1)to(3)	800,000	0.99
					3,200,000	3.96

(1) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.

(2) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the Chairman of the Board and/or the Board determined at their sole discretion.

(3) The options must be exercised within 1 month from the date on which the Board's approval of the vesting of the options.

(4) The options were held by the Directors in the capacity of beneficial owners.

B. Associated corporation (within the meaning of SFO)

CFSG

(a) Long positions in the ordinary shares of HK$0.04 each

Name	Capacity	Number of shares: Personal	Number of shares: Corporate interest	Shareholding
				(%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	2,472,000	157,989,563*	61.44
Li Shing Wai Lewis	Beneficial owner	2,472,000	–	0.95
Kwan Teng Hin Jeffrey	Beneficial owner	2,472,000	–	0.95
		7,416,000	157,989,563	63.34

* The shares were held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company). The Company was beneficially owned as to approximately 49.79% by Dr Kwan Pak Hoo Bankee, details of which were disclosed in the "Substantial Shareholders" below. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by CIGL in CFSG.

(b) Long positions in the underlying shares – options under share option scheme

Name	Date of grant	Exercise period	Exercise price per share	Notes	Number of options outstanding	Percentage to issued shares
			(HK$)			(%)
Kwan Pak Hoo Bankee	29/07/2021	01/08/2021 – 31/07/2023	0.572	(1),(2),(3)	2,400,000	0.92
Li Shing Wai Lewis	29/07/2021	01/08/2021 – 31/07/2023	0.572	(1),(2),(3)	2,400,000	0.92
Kwan Teng Hin Jeffrey	29/07/2021	01/08/2021 – 31/07/2023	0.572	(1),(2),(3)	2,400,000	0.92
					7,200,000	2.76

Notes:

(1) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.

(2) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the chairman of CFSG Board and/or the CFSG Board determined at their sole discretion.

(3) The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(4) The options were held by the Directors in the capacity of beneficial owners.

Save as disclosed above, as at 31 December 2022, none of the Directors, chief executive or their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEMES

(A) The Company

The Old Share Option Scheme adopted by the Company on 21 May 2012 was terminated pursuant to an ordinary resolution passed at the SGM held on 30 September 2021. The New Share Option Scheme was adopted pursuant to an ordinary resolution passed at the SGM held on 30 September 2021 in place of the Old Share Option Scheme dated 21 May 2012. The Old and New Share Option Schemes were adopted before the new Chapter 17 of the Listing Rules effective on 1 January 2023. The Company will comply with the new Chapter 17 of the Listing Rules in accordance with the transitional arrangements for the Old and New Share Option Schemes. The options granted under the Old Share Option Scheme before termination shall continue to be valid and exercisable in accordance with the terms of the options. Particulars of the terms of the New Share Option Scheme and the Old Share Option Scheme are set out in note 39 to the consolidated financial statements.

Details of the movements in the share options to subscribe for the Shares granted under the Old Share Option Scheme during the year ended 31 December 2022 are set out below. No option has been granted under the New Share Option Scheme during the year ended 31 December 2022.

					Number of options	
Participants	**Date of grant**	**Exercise period**	**Exercise price per share** (HK$)	**Notes**	**Outstanding as at 1 January 2022**	**Outstanding as at 31 December 2022**
Directors						
	16/7/2021	01/08/2021 – 31/07/2023	1.450	(1)	3,200,000	3,200,000
Service Providers (including consultants)						
	16/07/2021	01/08/2021 – 31/07/2023	1.450	(2),(3),(5)	550,000	550,000
					3,750,000	3,750,000

Notes:

(1) Details of the options granted to the Directors are set out in the section headed "Director's Interests in Securities" above.

(2) The vesting of options is subject to the satisfactory delivery of services to members of the Group as approved by the chairman of the Board and/or the Board determined at their sole discretion.

(3) The options must be exercised within 1 month from the date on which the Board's approval of the vesting of the options.

(4) No option was granted, exercised, lapsed or cancelled during the year.

(5) The options were granted to Mr Law Ping Wah Bernard ("Mr Law") as consultant of the Group for provision of advisory services to the Group in relation to financial planning and analysis, risk management, business restructuring, mergers and acquisitions etc. Mr Law is a former executive director and chief financial officer of the Company with extensive experience in financial management and accountancy and is familiar with the Group's financial and corporate structure and management system. The Board is of the view that the grant of options will provide incentives for Mr Law to provide professional financial advisory services and planning to cater for business needs of the Group which will align his interests with the Group and secure his long-term support and commitment to the Group.

(6) The total number of Shares available for issue under Old Share Option Scheme and the New Share Option Scheme is 11,822,018 representing approximately 14.65% of the issued Shares as at the date of this annual report.

(7) The number of options available for grant under the mandate of the New Share Option Scheme as at 1 January 2022 and 31 December 2022 was 8,072,018. The Old Share Option Scheme was terminated on 30 September 2021 and therefore no options were available for grant as at 1 January 2022 and 31 December 2022.

(B) The subsidiary

CFSG

The CFSG Share Option Scheme was adopted pursuant to an ordinary resolution passed at the annual general meeting of CFSG held on 8 June 2018. The CFSG Share Option Scheme was adopted before the new Chapter 17 of the Listing Rules effective on 1 January 2023. CFSG will comply with the new Chapter 17 of the Listing Rules in accordance with the transitional arrangements for the CFSG Share Option Scheme.

Details of the movements in the share options to subscribe for shares of HK$0.04 each in CFSG granted under the CFSG Share Option Scheme during the year ended 31 December 2022 are set out below:

					Number of options		
Participants	**Date of grant**	**Exercise period**	**Exercise price per share** (HK$)	**Notes**	**outstanding as at 1 January 2022**	**lapsed during the year** (Note (8))	**outstanding as at 31 December 2022**
Directors							
	29/03/2019	01/05/2019–30/04/2022	1.420	(1)	3,037,500	(3,037,500)	–
	29/04/2020	01/05/2020–30/04/2022	0.480	(1)	2,472,000	(2,472,000)	–
	29/07/2021	01/08/2021–31/07/2023	0.572	(1)	7,200,000	–	7,200,000
Other Employee Participants							
	29/03/2019	01/05/2019–30/04/2022	1.420	(2),(5),(7)	4,603,500	(4,603,500)	–
	29/07/2021	01/08/2021–31/07/2023	0.572	(3),(5),(7)	2,700,000	(2,700,000)	–
	29/07/2021	01/08/2021–31/07/2025	0.572	(4),(5),(7)	10,740,000	(6,240,000)	4,500,000
Service Providers (including consultants)							
	29/03/2019	01/05/2019–30/04/2022	1.420	(2),(6),(7),(12)	1,602,000	(1,602,000)	–
	04/06/2019	04/06/2019–03/06/2022	1.040	(6),(7),(12)	2,790,000	(2,790,000)	–
	29/04/2020	01/05/2020–30/04/2022	0.480	(6),(7),(12)	2,472,000	(2,472,000)	–
	29/07/2021	01/08/2021–31/07/2023	0.572	(6),(7),(12)	3,810,000	–	3,810,000
					41,427,000	(25,917,000)	15,510,000

Notes:

(1) Details of the options granted to the Directors are set out in the section headed "Directors' interests in securities" above.

(2) The options are vested in 3 tranches as to 25% exercisable from 1 May 2019 to 30 April 2020, 25% exercisable from 1 May 2020 to 30 April 2021 and 50% exercisable from 1 May 2021 to 30 April 2022 respectively.

(3) The options are vested in 2 tranches as to 50% exercisable from 1 August 2021 to 31 July 2023 and 50% exercisable from 1 August 2022 to 31 July 2023 respectively.

(4) The options are vested in 4 tranches as to 25% exercisable from 1 August 2021 to 31 July 2022, 25% exercisable from 1 August 2022 to 31 July 2023, 25% exercisable from 1 August 2023 to 31 July 2024 and 25% exercisable from 1 August 2024 to 31 July 2025 respectively.

(5) The options are subject to the achievement of agreed milestones/performance indicators and/or business budget plan for the relevant year during the option period as approved by the chairman of CFSG Board and/or the CFSG Board determined at their sole discretion.

(6) The vesting of the options is subject to the satisfactory delivery of services to members of the Group as approved by the Chairman of the CFSG Board and/or the CFSG Board determined at their sole discretion.

(7) The options must be exercised within 1 month from the date on which the CFSG Board's approval of the vesting of the options.

(8) The lapsed options were due to expiry of the options in accordance with the terms of the share options.

(9) The total number of shares of CFSG available for issue under CFSG Share Option Scheme is 41,627,477, representing approximately 15.94% of the issued shares of CFSG as at the date of this annual report.

(10) The number of options available for grant under the mandate of the CFSG Share Option Scheme as at 1 January 2022 and 31 December 2022 were 26,117,477.

(11) No option was granted, exercised or cancelled during the year.

(12) There were share options granted to consultants on 29 March 2019, 4 June 2019, 29 April 2020 and 29 July 2021 respectively. The grantee of the share options granted on 29 March 2019 was Mr Law Ping Wah Bernard and Ms Luke Wing Sheung Suzanne (the former executive director of the Company and the former company secretary of the Company, respectively). The grantees of the share options granted on 4 June 2019 were Mr Yao Cho Fai Andrew, Mr Ma King Huen Philip and Mr Lai Wing Hung Alfred. The grantees of the share options granted on 29 April 2020 were Mr Law Ping Wah Bernard and Mr Lai Wing Hung Alfred. The grantees of the share options granted on 29 July 2021 were Mr Law Ping Wah Bernard, Mr Lai Wing Hung Alfred and Ms Luke Wing Sheung. The rationale for granting the share options to consultants was to reward each of them for their quality service, professional advice, expertise and contribution to the Group by introducing potential business opportunities to the Group. The CFSG Board is of the view that the grant of options will provide incentives for them to provide professional financial and new business opportunities advisory services and planning to cater for business needs of the Group, which will align their interests with the Group and secure their long-term support and commitment to the Group.

SHARE AWARD SCHEME

The subsidiary

CFSG

CFSG has adopted a share award scheme on 1 December 2022 (the "Share Award Scheme"). The Share Award Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules and is a discretionary scheme of CFSG. However, it shall constitute a share scheme that is funded by existing CFSG Shares and shall be subject to the applicable disclosure requirements when the new Chapter 17 of the Listing Rules comes in effect on 1 January 2023.

Particulars of the terms of the Share Award Scheme are set out in note 40 to the consolidated financial statements.

Further details of the Share Award Scheme were disclosed in the CFSG's announcement dated 1 December 2022.

No share awards has been granted under the Share Award Scheme during the period from the date of adoption to the end of the year ended 31 December 2022.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2022, so far as is known to the Directors and chief executive of the Company, the persons/companies (other than a Director or chief executive of the Company) who had, or were deemed or taken to have an interest or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	Capacity	Number of Shares	Shareholding (%)
Hobart Assets Limited (Notes (1) & (2))	Interest in a controlled corporation	39,599,098	49.05
Cash Guardian (Notes (1) & (2))	Interest in a controlled corporation	39,599,098	49.05
Mr Wang Shui Ming (Note (3))	Beneficial owner, interest in a controlled corporation and other interest	4,110,245	5.09

Notes:

(1) This refers to the same number of the Shares held by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Dr Kwan Pak Hoo Bankee. Pursuant to the SFO, Dr Kwan Pak Hoo Bankee and Hobart Assets Limited were deemed to be interested in the Shares held by Cash Guardian.

(2) Dr Kwan Pak Hoo Bankee (a Director whose interests is not shown in the above table) was interested and/or deemed be interested in a total of 40,197,599 Shares (49.79%), which were held as to 39,599,098 Shares by Cash Guardian and as to 598,501 Shares in his personal name. Detail of his interest is set out in the section "Directors Interests in Securities" above.

(3) The shareholding interest of Mr Wang Shui Ming was based on the notice dated 7 September 2020 (filed by him on 9 September 2020) pursuant to Divisions 2 and 3 of Part XV of the SFO after adjusting the number of Shares held by him due to the 20-to-1 share consolidation of the Company which took effect on 7 September 2020. Based on the said notice filed by Mr Wang Shui Ming, the Shares were held as to 1,022,061 in his personal name, as to 2,223,607 held by Mingtak Holdings Limited (a 100%-owned controlled corporation of Mr Wang Shui Ming), and 864,577 held by him as nominee under a power of attorney. Pursuant to the SFO, Mr Wang Shui Ming was deemed to be interested in all these Shares.

DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2022, the Directors and chief executive of the Company were not aware of any other parties or corporation (other than a Director or chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of its Shares in the hands of the public in accordance with the Listing Rules as at the latest practicable date prior to the issue of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2022.

EQUITY-LINKED AGREEMENTS

Save as the share option schemes and share award scheme of the Group as disclosed in notes 39 and 40 to the consolidated financial statements, no equity-linked agreements were entered into by the Group during the year ended 31 December 2022 or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the financial year.

CONFIRMATION OF INDEPENDENCE

The Company has received a written confirmation in respect of independence from each of the INEDs in compliance with rule 3.13 of the Listing Rules, and the Company still considers that each of them to be independent.

AUDITOR

There have been no changes of auditor in the preceding three years.

The consolidated financial statements of the Company for the year were audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Dr Bankee P. Kwan, *JP*
Chairman & CEO

Hong Kong, 24 March 2023

Deloitte. 德勤

TO THE MEMBERS OF CELESTIAL ASIA SECURITIES HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Celestial Asia Securities Holdings Limited ("Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 76 to 183, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the 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 ("Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets at fair value through other comprehensive income ("FVTOCI") classified as level 3 under fair value hierarchy	
We identified the valuation of level 3 financial assets measured at FVTOCI as a key audit matter due to the significance of the judgment and estimates made by the management and the subjectivity in determination of level 3 fair value given the lack of availability of market-based data and the significant unobservable inputs. The total fair value of financial assets at FVTOCI classified as level 3 amounted to HK$24,328,000 as at 31 December 2022 and the key source of estimation uncertainty are disclosed in notes 4 and 38 to the consolidated financial statements.	Our audit procedures for the valuation of the level 3 financial assets at FVTOCI include: • assessing the independence, competence, capabilities and objectivity of the professional valuer engaged by the Group and its experience in conducting similar valuation; • evaluating the appropriateness of the valuation methodologies and assumptions based on the industry knowledge; • evaluating the appropriateness and consistency of the valuation techniques used by the management; • evaluating the rationale and reasonableness of management's judgment on the significant inputs; • examining supporting documents and assessing the reasonableness of significant inputs; and • performing sensitivity analysis to evaluate the reasonableness of the valuation and performing independent valuation together with our internal valuation specialist and comparing the valuation with the Group's valuation.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

As part of an audit in accordance with HKSAs, we exercise professional 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.

Auditor's Responsibilities for the Audit of the Consolidated 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Poon Kam Chuen.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

24 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Revenue	5	**1,210,887**	1,368,066
Cost of inventories	13	**(691,433)**	(793,738)
Other income	7	**15,601**	13,215
Other gains and losses	7	**65,661**	7,342
Salaries, allowances and related benefits	8	**(199,011)**	(195,732)
Other operating, administrative and selling expenses	10	**(237,651)**	(234,843)
Depreciation of property and equipment	16	**(23,742)**	(18,020)
Depreciation of right-of-use assets and related rent concessions	13	**(138,308)**	(149,465)
Finance costs	9	**(20,755)**	(16,995)
Share of loss of associates	22	**(25,984)**	(19,671)
Loss before taxation		**(44,735)**	(39,841)
Income tax credit (expense)	12	**9,486**	(3,426)
Loss for the year	13	**(35,249)**	(43,267)
Other comprehensive (expense) income for the year, net of income tax			
Items that will not be reclassified to profit or loss:			
Share of fair value (loss) gain on financial assets at fair value through other comprehensive income ("FVTOCI") of an associate		**(198)**	724
Fair value gain on financial assets at FVTOCI		**1,058**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**(1,994)**	3,637
Share of exchange difference on translation of foreign operation of an associate		**113**	421
		(1,021)	4,782
Total comprehensive expense for the year		**(36,270)**	(38,485)
Loss for the year attributable to:			
Owners of the Company		**(33,641)**	(43,050)
Non-controlling interests		**(1,608)**	(217)
		(35,249)	(43,267)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(34,662)**	(38,268)
Non-controlling interests		**(1,608)**	(217)
		(36,270)	(38,485)
Loss per share	14		
– Basic (HK cents)		**(41.68)**	(53.33)
– Diluted (HK cents)		**(41.68)**	(53.33)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property and equipment	16	**40,495**	27,364
Right-of-use assets	17	**193,590**	187,060
Goodwill	18	**39,443**	39,443
Intangible assets	19	**52,552**	43,460
Interests in associates	22	**–**	183,535
Rental and utilities deposits		**24,387**	23,121
Financial assets at FVTOCI	25	**24,328**	–
Financial assets at fair value through profit or loss ("FVTPL")	26	**4,812**	–
Other assets		**6,846**	–
Deferred tax assets	21	**5,450**	5,450
		391,903	509,433
Current assets			
Inventories - finished goods held for sale		**56,623**	65,761
Accounts and other receivables	23	**396,548**	192,352
Contract assets		**2,617**	–
Loans receivable	24	**12,194**	1,500
Tax recoverable		**4,297**	4,234
Financial assets at FVTPL	26	**51,594**	15,951
Pledged bank deposits	27	**54,159**	55,458
Bank balances - trust and segregated accounts	27	**482,196**	–
Bank balances (general accounts) and cash	27	**334,411**	167,274
		1,394,639	502,530
Current liabilities			
Accounts payable	28	**684,467**	230,923
Financial liabilities arising from consolidated investment funds	29	**5,757**	5,551
Accrued liabilities and other payables	30	**156,518**	74,099
Contract liabilities	31	**48,728**	33,309
Amount due to an associate	22	**–**	1,001
Taxation payable		**7,636**	14,338
Lease liabilities	32	**142,031**	126,494
Borrowings	33	**375,245**	195,442
		1,420,382	681,157
Net current liabilities		**(25,743)**	(178,627)
Total assets less current liabilities		**366,160**	330,806

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Capital and reserves			
Share capital	34	**16,144**	16,144
Reserves		**179,950**	224,496
Equity attributable to owners of the Company		**196,094**	240,640
Non-controlling interests	35	**95,180**	(37,946)
Total equity		**291,274**	202,694
Non-current liabilities			
Deferred tax liabilities	21	**6,825**	6,825
Lease liabilities	32	**68,061**	81,112
Borrowings	33	**–**	40,175
		74,886	128,112
		366,160	330,806

The consolidated financial statements on pages 76 to 183 were approved and authorised for issue by the board of directors on 24 March 2023 and are signed on its behalf by:

KWAN PAK HOO BANKEE
DIRECTOR

LI SHING WAI LEWIS
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

		Attributable to owners of the Company											
	Notes	**Share capital** HK$'000	**Share premium** HK$'000 (Note (a))	**Contributed surplus** HK$'000 (Notes (b)&(c))	**General reserve** HK$'000	**Other reserve** HK$'000 (Note (d))	**Share option reserve** HK$'000	**Translation reserve** HK$'000	**Revaluation reserve** HK$'000 (Note (e))	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000 (note 46)	**Total** HK$'000
At 1 January 2021		16,144	629,127	88,926	1,160	64,097	–	19,031	6,242	(527,863)	296,864	(37,729)	259,135
Loss for the year		–	–	–	–	–	–	–	–	(43,050)	(43,050)	(217)	(43,267)
Other comprehensive income for the year		–	–	–	–	–	–	4,058	724	–	4,782	–	4,782
Total comprehensive income (expense) for the year		–	–	–	–	–	–	4,058	724	(43,050)	(38,268)	(217)	(38,485)
Recognition of equity-settled share-based payments		–	–	–	–	–	2,224	–	–	–	2,224	–	2,224
Amount transferred to accumulated losses (Note (f))		–	(550,000)	–	–	–	–	–	–	550,000	–	–	–
Dividend recognised as distribution during the year	15	–	–	–	–	–	–	–	–	(20,180)	(20,180)	–	(20,180)
At 31 December 2021		16,144	79,127	88,926	1,160	64,097	2,224	23,089	6,966	(41,093)	240,640	(37,946)	202,694
Loss for the year		–	–	–	–	–	–	–	–	(33,641)	(33,641)	(1,608)	(35,249)
Other comprehensive (expense) income for the year		–	–	–	–	–	–	(1,881)	860	–	(1,021)	–	(1,021)
Total comprehensive (expense) income for the year		–	–	–	–	–	–	(1,881)	860	(33,641)	(34,662)	(1,608)	(36,270)
Deemed disposal of associates		–	–	–	–	–	–	–	(6,768)	6,768	–	–	–
Acquisition of subsidiary	36	–	–	–	–	–	–	–	–	–	–	134,734	134,734
Recognition of equity-settled share-based payments		–	–	–	–	–	2,224	–	–	–	2,224	–	2,224
Amount transferred to accumulated losses (Note (f))		–	(75,000)	–	–	–	–	–	–	75,000	–	–	–
Transfer between reserves		–	–	–	–	–	–	(9,000)	–	9,000	–	–	–
Dividend recognised as distribution during the year	15	–	–	–	–	–	–	–	–	(12,108)	(12,108)	–	(12,108)
At 31 December 2022		**16,144**	**4,127**	**88,926**	**1,160**	**64,097**	**4,448**	**12,208**	**1,058**	**3,926**	**196,094**	**95,180**	**291,274**

Notes:

(a) Under the Companies Act 1981 of Bermuda, the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

(b) Under the Companies Act 1981 of Bermuda, contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contribution surplus, if:

  (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

  (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(c) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1994 and the nominal value of the issued share capital of the Company issued in exchange thereof, and the net amount arising from the reduction of share premium account, capital reduction and the amounts transferred to set-off accumulated losses.

(d) The other reserve of the Group represents the reserve arising from the distribution of shares of CASH Financial Services Group Limited ("CFSG") (formerly known as CASH on-line Limited) in year 2000 and the effect arising from the change in the Group's ownership interest in existing subsidiaries without losing control.

(e) Revaluation reserve of the Group as at 31 December 2022 represented the adjustment to the fair value of trademark (included in the intangible assets) related to previously held interest in an associate and fair value changes on financial assets at FVTOCI held by the associate were reclassified to accumulated losses upon demand disposal of the associates and fair value gain on financial assets at FVTOCI during the year ended 31 December 2022.

(f) Pursuant to ordinary resolution passed on 11 May 2021, the amount of HK$550,000,000 standing to the credit of the share premium account of the Company be reduced and that the credit arising therefrom be transferred to the contributed surplus account of the Company. On 12 May 2021, the amount of HK$550,000,000 was further transferred from the contributed surplus account to the accumulated losses of the Company.

  Pursuant to ordinary resolution passed on 1 June 2022, the amount of HK$75,000,000 standing to the credit of the share premium account of the Company be reduced and that the credit arising therefrom be transferred to the contributed surplus account of the Company. On 1 June 2022, the amount of HK$75,000,000 was further transferred from the contributed surplus account to the accumulated losses of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Operating activities			
Loss before taxation		**(44,735)**	(39,841)
Adjustments for:			
Depreciation of property and equipment	16	**23,742**	18,020
Depreciation of right-of-use assets	17	**148,642**	161,165
Write-down of inventories	13	**3,587**	5,801
Finance costs	9	**20,755**	16,995
Interest income	7	**(2,058)**	(1,984)
Dividend income	7	**(122)**	(142)
Share-based payments		**2,224**	2,224
Loss on disposal/write-off of property and equipment	7	**746**	1,364
Net gain on deemed disposal of associates and acquisition of subsidiary	7	**(22,585)**	–
Share of loss of associates	22	**25,984**	19,671
Impairment loss recognised on interests in an associate	7	**–**	2,850
Operating cash flow before movements in working capital		**156,180**	186,123
Decrease in other assets		**2,842**	–
Decrease in inventories		**5,551**	2,779
Decrease in accounts and other receivable		**22,210**	2,034
Increase in contract assets		**(374)**	–
Decrease (increase) in financial assets at FVTPL		**5,496**	(4,124)
Decrease in bank balances - trust and segregated accounts		**47,505**	–
Decrease in accounts payable		**(100,043)**	(5,611)
Increase (decrease) in financial liabilities arising from consolidated investment funds		**206**	(25,009)
Decrease (increase) in accrued liabilities and other payables		**77,883**	(7,686)
Increase in contract liabilities		**15,419**	13,197
Net cash generated from operations		**232,875**	161,703
Income taxes paid		**(279)**	(12,042)
Net cash from operating activities		**232,596**	149,661

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Investing activities			
Interest received		**2,058**	291
Dividend received		**122**	142
Placement of pledged bank deposits		**–**	(281)
Withdrawal of pledged bank deposits		**1,299**	19,020
Advance of loans receivable		**1,352**	–
Repayment of loans receivable		**–**	300
Purchase of property and equipment		**(30,623)**	(5,996)
Payments for rental deposits		**–**	(2,089)
Refund of rental deposits		**620**	1,632
Purchase of financial assets at FVTOCI		**(1,058)**	–
Purchase of financial assets at FVTPL		**(4,812)**	–
Acquisition of additional interests in an associate	22	**(4,968)**	(8,856)
Acquisition of subsidiary	36	**168,069**	–
Net cash from investing activities		**132,059**	4,163
Financing activities			
Dividends paid		**(12,108)**	(20,180)
Drawdown of borrowings		**119,780**	610,620
Repayment of borrowings		**(126,540)**	(537,527)
Repayment of lease liabilities		**(157,826)**	(163,729)
Interest paid on lease liabilities		**(8,815)**	(10,622)
Interest paid on borrowings		**(11,940)**	(6,198)
Repayment to an associate		**(1,001)**	(340)
Net cash used in financing activities		**(198,450)**	(127,976)
Net increase in cash and cash equivalents		**166,205**	25,848
Cash and cash equivalents at beginning of year		**167,274**	141,246
Effect of foreign exchange rate changes		**932**	180
Cash and cash equivalents at end of year		**334,411**	167,274
Being:			
Bank balances (general accounts) and cash		**334,411**	167,274

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). As at 31 December 2022, Mr. Kwan Pak Hoo Bankee hold 50.78% of ordinary share capital of the Company and he is the ultimate controlling shareholder. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information of this annual report.

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

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 46.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

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

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 "Business Combinations" so that it refers to the "Conceptual Framework for Financial Reporting 2018" issued in June 2018 (the "Conceptual Framework") instead of "Framework for the Preparation and Presentation of Financial Statements" (replaced by the "Conceptual Framework for Financial Reporting 2010" issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or HK(IFRIC)-Int 21 "Levies", an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

Except the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants(the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants(the "2022 Amendments") (continued)

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2022, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty - that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

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

Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Company's current liabilities exceeded its current assets by HK$25,743,000 (2021: HK$178,627,000) as at 31 December 2022. The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has sufficient working capital, including the banking facilities available, to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below.

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

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

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

Basis of preparation of the consolidated financial statements (continued)

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

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

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

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

Significant accounting policies

Basis of consolidation

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

- has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

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

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

Significant accounting policies (continued)

Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Group is exposed, or has rights, to variable returns of an investee, in which the Group also acts as a general partner, or the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

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

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

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

Significant accounting policies (continued)

Basis of consolidation (continued)

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets and liabilities of the subsidiary attributable to owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

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

Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKAS 28 Investments in Associates and Joint Ventures would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

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

Significant accounting policies (continued)

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investment in associates are initially recognised in the consolidated statement of financial position at cost, and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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

Significant accounting policies (continued)

Investment in associates (continued)

Acquisition of additional interests in associates

Goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired.

Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired, net of impairment loss, if applicable.

Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

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

Output method - asset management services

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Input method - tailor-made furniture

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

Variable consideration

For contracts that contain variable consideration, such as management fee from asset management services, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

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

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

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

For contracts that contain more than one performance obligations (sales of goods and award credits for customers under the Group's customer loyalty scheme), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

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

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

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Principal versus agent

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

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

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

Leases

Definition of a lease

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

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

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components to a lease

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

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

Refundable rental deposits

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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

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

Lease modifications

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

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Covid-19-related rent concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

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

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rates of exchanges prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

Significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

Retirement benefit costs

Payments to defined contribution plans including state-managed benefit scheme and the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

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

Significant accounting policies (continued)

Taxation

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

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

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

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

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

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

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

Significant accounting policies (continued)

Property and equipment

Property and equipment held for use in supply of goods or services, or for administrative purpose are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their costs).

Subsequent to initial recognition, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

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

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

Significant accounting policies (continued)

Impairment losses on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

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

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

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

Significant accounting policies (continued)

Cash and cash equivalents

Bank balances (general accounts) and cash presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances (general accounts) and cash as defined above. Bank balances held under trust and segregated accounts are excluded from the Group's cash and cash equivalents and presented under operating activities.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

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

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

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

Significant accounting policies (continued)

Provisions (continued)

Restoration provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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

A financial asset is held for trading if:

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

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

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses. Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(iii) Financial assets at FVTPL

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

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including accounts receivable arising from retailing business and financial services, loans receivable, receivables from securities brokers, other receivables and deposits, pledged bank deposits and bank balances and cash) which are subject to impairment assessment under HKFRS 9. The assessment of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for accounts receivable arising from retailing business, contract assets and commission receivable from brokerage of general and life insurance, mutual funds and MPF products. The ECL on these assets are assessed based on the Group's historical default rates or default rates by reference to the probability of default, loss given default over the expected life and is adjusted for forward-looking estimates and are assessed individually for each debtor.

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

(i) Significant increase in credit risk

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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

a. an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

b. significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

c. existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;

d. an actual or expected significant deterioration in the operating results of the debtor; and

e. an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when 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, 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.

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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 borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Lifetime ECL for contract assets and accounts receivable except for those from margin clients are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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

- Nature of financial instruments;
- Loan to collateral value ratio;
- Past-due status; and
- External credit ratings where available.

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of accounts receivable arising from retailing business and loans receivable where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

(i) Financial liabilities at FVTPL arising from consolidated investment funds

A financial instrument that gives the holder the right to put it back to the Group for cash or another financial asset (a "puttable instrument") is a financial liability. The financial instrument is a financial liability even when the amount of cash or other financial assets is determined on the basis that has the potential to increase or decrease.

Net assets attributable to holders of consolidated investment funds are determined based on the attributable shares or units of the residual assets of the consolidated investment fund after deducting the consolidated investment fund's other liabilities. The holders have the right to put their attributable shares to the fund for cash with no cause.

Financial liabilities at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the "other gains and losses" line item.

As at the end of the reporting period, such financial liability of net assets attributable to holders of non-controlling interests in consolidated investment funds is presented as "financial liabilities arising from consolidated investment funds" in the consolidated statement of financial position.

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

(ii) Financial liabilities at amortised cost

Financial liabilities (including accounts payable, other payables, amount due to an associate and borrowings) are subsequently measured at amortised, cost using the effective interest method.

Derecognition of financial liabilities

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

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Equity-settled share-based payment transactions

Share options granted to employees of the Group for their services to the Group

The fair value of services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of share options granted at the grant date without taking into account any service and non-market performance vesting conditions. Services and non-market performance vesting conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share option reserve.

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

In case of share options granted by a subsidiary, the share options reserve of the subsidiary is classified as and grouped under non-controlling interests by the Group on consolidation. At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium of that subsidiary. The Group will account for the dilution as an equity transaction if the exercise of share options does not constitute a loss of the Group's control over that subsidiary. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits of the Group and non-controlling interests' share of net assets of that subsidiary according to the proportion of interests held by the Group and non-controlling shareholders on consolidation.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an 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.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination on lease term of contracts with renewal options

The Group applies judgment to determine the lease term for lease contracts in which it is a lease that include renewal option, specifically, the leases relating to certain retail stores. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgments in applying accounting policies (continued)

Determination on lease term of contracts with renewal options (continued)

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates;
- the extent of leasehold improvements undertaken by Group; and
- costs relating to termination of the lease (e.g. relocation costs and costs of identifying another underlying asset suitable for the Group's needs).

As at 31 December 2022, the potential exposures to future lease payments for extension options in which the Group is not reasonably certain to exercise was approximately HK$51,471,000 (2021: HK$56,942,000). Details of the extension options are detailed in note 17.

Determination of consolidation of investment funds

The Group set up certain investment funds in which the Group is a general partner and also the fund manager. The relevant activities are directed by means of contractual arrangements and the Group, acts as the fund manager, has the power and authority to make decisions.

All facts and circumstances are taken into consideration in the assessment of whether the Group, as an investor, controls the investment funds. The principle of control sets out the following three elements of control: (a) power over the investment funds; (b) exposure, or rights, to variable returns from involvement with the investment funds; and (c) the ability to use power over the investment funds to affect the amount of the investor's returns.

The Group's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent.

For these investment funds, the Group assesses whether (i) there are any other holders in these investment funds which have practical ability to remove the Group, and prevent the Group to direct the relevant activities of the investment funds; and (ii) the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the investment funds that is of such significance that it indicates the Group is a principal.

As at 31 December 2022, the directors of the Company concluded that the Group had control over one (2021: two) of the investments funds and acted as agent for the remaining investment funds. Details of these investment funds are disclosed in notes 26 and 29.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

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

Impairment assessment under ECL model for accounts receivable arising from margin financing

The impairment assessment under ECL model for accounts receivable arising from margin financing is an area that requires the use of models and management assumptions about future economic conditions and the credit risk of the margin clients.

In applying the accounting requirements for measuring ECL, the management involves significant judgements, estimates and assumptions to determine criteria for significant increase in credit risk, select appropriate models and assumptions for the measurement of ECL and consider the forward-looking scenarios.

Inputs, assumptions and estimation techniques

ECL of accounts receivable arising from margin financing is measured by the Group on either a 12-month or lifetime basis depending on whether they are in Stage 1, 2 (credit risk has increased significantly since initial recognition) or 3 (credit-impaired) as defined in note 38. In assessing whether the credit risk of a financial asset has significantly increased, the Group considered the historical trend in Loan-to-Value ("LTV") ratio as well as qualitatively and quantitatively reasonable and supportable forward-looking information available without undue cost or effort. ECL is the discounted product of expected future cash flows by using the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD"), of which PD and LGD are based on significant management judgement and estimates. For non-credit impaired accounts receivable arising from margin financing, the management performed collective assessment and ECL are estimated on a portfolio basis based on the Group's historical default and loss data and adjusted for forward-looking factors that are available without undue cost or effort. For credit-impaired accounts receivable arising from margin financing, the management performed individual assessment for each client by considering various factors, including the realisable value of securities or collaterals held by the Group.

Forward-looking information

The calculation of ECL considers forward-looking information through the use of publicly available economic data and forecasts and management judgement to reflect the qualitative factors and through the use of multiple probability weighted scenarios of the market performance. Due to greater financial uncertainty triggered by the market volatility, the Group has increased the PD in the current year as there is higher risk that a significant market volatility could led to increased credit default rates. Details of the impairment assessment of accounts receivable arising from margin financing are disclosed in note 38.

Income taxes

No deferred tax asset was recognised in the Group's consolidated statement of financial position in relation to the estimated unused tax losses of approximately HK$1,457,216,000 (2021: HK$854,068,000) and deductible temporary differences of HK$100,433,000 (2021: HK$67,211,000). The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially the uncertainty on how the market volatility may progress and evolve. In case where the actual future profits generated are more than expected, recognition of deferred tax asset in relation to estimated unused tax losses and deductible temporary differences may arise, which would be recognised in the profit or loss for the period in which such a recognition takes place.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value of financial assets at FVTOCI

The Group holds financial instruments that are not listed and are not traded in active markets. The Group employs valuation methods and makes assumptions that are based on market conditions as at the reporting date. These investments are valued by independent external valuation specialists based on generally accepted valuation models. The model may employ observable data where available and to the extent practicable. However, the model may also use unobservable data such as the discount rate for lack of marketability and discount rate, the determination of these unobservable inputs and other assumptions used in the model may involve subjective judgement and estimates.

Whilst the Group considers these valuations are the best estimates, the ongoing market volatility may cause uncertainty to the investees' businesses, which have led to higher degree of uncertainties in respect of the valuations in the current year. Changes in assumptions or inputs could affect the reported fair values of these instruments. Details of valuation methodologies or inputs are set out in note 38 to the consolidated financial statements.

Estimated impairment of goodwill and intangible assets with indefinite life

Determining whether goodwill and intangible assets with indefinite life are impaired requires an estimation of recoverable amounts of relevant intangible assets and the respective group of CGUs in which the goodwill and intangible assets with indefinite life have been allocated, which is the higher of value in use and fair value less costs of disposal. The management of the Group estimates the value in use using the present value of the future cash flows expected to arise from the group of CGUs based on the cash flows from operations, taking into account revenue growth rates, gross margin and long term growth rate used in the cash flow projections and a suitable discount rate by reference to comparable companies. The discount rate reflects current market assessments of time value of money and the risks specific to the asset or the group of CGUs for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, a material impairment loss may arise.

Furthermore, the revenue growth rate and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the market volatility may progress and evolve, including potential disruptions of the Group's retail operations. Details of the recoverable amount calculation of the group of CGUs are disclosed in note 20.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2022 HK$'000	2021 HK$'000
Types of goods or service		
Sales of furniture and household goods	**997,004**	1,130,420
Sales of electrical appliances	**131,448**	146,629
Sales of tailor-made furniture	**70,855**	84,979
Revenue from retailing segment	**1,199,307**	1,362,028
Management fee from asset management services	**4,334**	6,038
Broking and wealth management services	**7,246**	–
	1,210,887	1,368,066
Timing of revenue recognition		
A point in time	**1,135,698**	1,277,049
Over time	**75,189**	91,017
	1,210,887	1,368,066
Geographical market		
Hong Kong	**1,206,553**	1,362,028
The People's Republic of China (the "PRC")	**4,334**	6,038
	1,210,887	1,368,066

(ii) Performance obligations for contracts with customers

Sales of furniture and household goods and electronic appliances

The Group makes sales transactions of furniture and household goods and electronic appliances with customers both through its own retail stores directly and through internet sales.

For sales of furniture and household goods and electronic appliances to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchased and took the goods at the retail stores directly or being when the goods have been transported to the customers' specific location (delivery). Transportation and other related activities that occur before customers obtain control of the related products are considered as fulfilment activities. Payment of the transaction price is due immediately at the point the customer purchases the goods in the retail stores, except for corporate customers that the Group allows an average credit period of 30 days for their accounts receivable. The transaction price received by the Group for goods that require delivery is recognised as a contract liability until the goods have been delivered to the customer.

5. REVENUE (continued)

(ii) Performance obligations for contracts with customers (continued)

Sales of furniture and household goods and electronic appliances (continued)

For internet sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been transported to the customer's specific location. Transportation and other related activities that incurred before customers obtain control of the related products are considered as fulfilment activities. When the customer initially purchases the goods online, the transaction price is due immediately and amount received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

Sales of tailor-made furniture

The Group makes sales transactions of tailor-made furniture through its own retail stores.

Revenue are recognised over time as the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised for these tailor-made orders based on the stage of completion of the contract using input method.

The Group requires customers to provide full amount of upfront payments. When the Group receives the advance payments in the retail stores, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

Customer loyalty programme

The Group operates a customer loyalty programme for sales through the Group's retail stores and internet sales where retail customer award points for purchases made which entitle them to redeem award points as sales discounts in the future. The transaction price is allocated to the product and the award points on a relative stand-alone selling price basis. The customer loyalty award points expire every year and customers can redeem the award points any time before the specified expiration date. Revenue from the award points is recognised when the award points are redeemed or expired. Contract liabilities are recognised until the award points are redeemed or expired. The sales discounts is recognised and net to the revenue.

Asset management services

Asset management services to non-consolidated investment funds are recognised over time as the Group provides asset management services. The asset management income is charged at (1) a fixed percentage per annum of the asset value under management of the Group on a daily basis; and (2) a variable consideration when pre-set performance target for the relevant performance period is met. The variable consideration is recognised when it is highly probable that a significant reversal in the revenue recognised will not occur when the performance target is evaluated on a quarterly basis for each of the funds. Fixed management fee is normally due monthly or quarterly while the variable consideration is normally due quarterly.

5. REVENUE (continued)

(ii) Performance obligations for contracts with customers (continued)

Broking services

The Group provides broking services to customers on securities, futures and options trading. Commission income from broking services is determined at a certain percentage of the transaction value of the trades executed and is recognised as income on the date the trades are executed. Normal settlement terms are one or two days after trade date, unless specifically agreed with counterparties.

Wealth management services

The Group provides placement services for general and life insurances, mutual funds and MPF products to customers. Revenue is recognised at a point in time when the placement is successful. Revenue is calculated at a certain percentage of the premium receivable for certain period of the mutual funds and insurance-linked investment products, subject to constraints on variable consideration. The Group receives a certain percentage of the premium paid for a certain period over the life of the underlying products after satisfying its performance obligation, depending on the payment terms of the products. The Group has considered the effects of financing component on the consideration as insignificant.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

As at 31 December 2022 and 2021, contracts with customers with unsatisfied performance obligations, including customer loyalty award points, have original expected durations of one year or less. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts or customer loyalty programmes are not disclosed.

6. SEGMENT INFORMATION

Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered or services provided, except for the business operations of CFSG, which was acquired during the year and is assessed by the CODM as a separate operating segment.

Specifically, the Group's operating and reportable segments are as follows:

Retailing	Sales of furniture and household goods and electrical appliances
Asset Management	Provision of asset management services to the fund investors
Financial Services	Provision of broking, investment banking and wealth management services under the business operations of CFSG

6. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 December 2022

	Retailing HK$'000	Asset Management HK$'000	Financial Services HK$'000	Consolidated HK$'000
Revenue	**1,199,307**	**4,447**	**7,133**	**1,210,887**
Segment (loss) profit	**(13,033)**	**13,814**	**(7,779)**	**(6,998)**
Unallocated other income				**5,523**
Unallocated gains and losses				**20,844**
Corporate expenses				**(34,232)**
Share of loss of associates				**(25,984)**
Unallocated finance costs				**(3,888)**
Loss before taxation				**(44,735)**

For the year ended 31 December 2021

	Retailing HK$'000	Asset Management HK$'000	Consolidated HK$'000
Revenue	1,362,028	6,038	1,368,066
Segment profit	13,267	2,317	15,584
Unallocated other income			2,149
Unallocated gains and losses			(5,470)
Corporate expenses			(31,684)
Share of loss of associates			(19,671)
Unallocated finance costs			(749)
Loss before taxation			(39,841)

All the segment revenue is derived from external customers.

Segment result represents the profit earned/loss incurred by each segment without allocation of certain other income, gains and losses, corporate expenses, share of loss of associates and certain finance costs. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

As at 31 December 2022

	Retailing HK$'000	Asset Management HK$'000	Financial Services HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	**519,751**	**126,559**	**1,037,343**	**1,683,653**
Unallocated property and equipment				**159**
Unallocated right-of-use assets				**16,516**
Tax recoverable				**4,297**
Deferred tax asset				**5,450**
Loans receivable				**12,194**
Unallocated financial assets at FVTPL				**4,812**
Unallocated prepayments, deposits and other receivables				**51,672**
Unallocated bank balances and cash				**7,789**
Total assets				**1,786,542**
LIABILITIES				
Segment liabilities	**599,647**	**26,422**	**644,119**	**1,270,188**
Unallocated accrued liabilities and other payables				**52,651**
Taxation payable				**7,636**
Deferred tax liabilities				**6,825**
Unallocated lease liabilities				**31,107**
Unallocated borrowings				**126,861**
Total liabilities				**1,495,268**

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

As at 31 December 2021

	Retailing HK$'000	Asset Management HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	664,938	63,592	728,530
Unallocated property and equipment			147
Unallocated right-of-use assets			8,307
Interests in associates			183,535
Tax recoverable			4,234
Deferred tax assets			5,450
Loans receivable			1,500
Unallocated financial assets at FVTPL			7,668
Unallocated prepayments, deposits and other receivables			54,232
Unallocated pledged bank deposits			416
Unallocated bank balances and cash			17,944
Total assets			1,011,963
LIABILITIES			
Segment liabilities	707,625	9,751	717,376
Unallocated accrued liabilities and other payables			21,005
Amount due to an associate			1,001
Taxation payable			14,338
Deferred tax liabilities			6,825
Unallocated lease liabilities			8,549
Unallocated borrowings			40,175
Total liabilities			809,269

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to the reportable and operating segment other than certain property and equipment, certain right-of-use assets, interests in associates, tax recoverable, deferred tax assets, loans receivable, certain financial assets at FVTPL, certain prepayments, deposits and other receivables, certain pledged bank deposits and certain bank balances and cash; and

- all liabilities are allocated to reportable and operating segment other than certain accrued liabilities and other payables, amount due to an associate, taxation payable, deferred tax liabilities, certain borrowings and certain lease liabilities.

6. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2022

	Retailing HK$'000	Asset Management HK$'000	Financial Services HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property and equipment	**28,948**	**178**	**1,493**	**4**	**30,623**
Additions of right-of-use assets	**114,460**	**3,389**	**124**	**16,017**	**133,990**
Interest income	**1,708**	**350**	**–**	**–**	**2,058**
Depreciation of property and equipment	**22,256**	**12**	**1,409**	**65**	**23,742**
Depreciation of right-of-use assets and related rent concessions	**128,746**	**1,280**	**989**	**7,293**	**138,308**
Finance costs	**15,170**	**115**	**1,582**	**3,888**	**20,755**
Net (gain) loss on financial assets/liabilities at FVTPL	**–**	**(43,072)**	**(9,366)**	**9,052**	**(43,386)**
Write-down on inventories	**3,587**	**–**	**–**	**–**	**3,587**
Loss on disposal/write-off of property and equipment	**746**	**–**	**–**	**–**	**746**

For the year ended 31 December 2021

	Retailing HK$'000	Asset Management HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment	6,538	111	6	6,655
Additions of right-of-use assets	83,773	1,450	1,263	86,486
Interest income	1,708	190	86	1,984
Depreciation of property and equipment	17,883	88	49	18,020
Depreciation of right-of-use assets and related rent concessions	139,256	768	9,441	149,465
Finance costs	16,197	49	749	16,995
Net (gain) loss on financial assets/liabilities at FVTPL	–	(23,913)	12,878	(11,035)
Write-down on inventories	5,801	–	–	5,801
Loss on disposal/write-off of property and equipment	1,364	–	–	1,364

6. SEGMENT INFORMATION (continued)

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2022 **HK$'000**	2021 HK$'000
Sales of furniture and household goods	**1,067,859**	1,215,399
Sales of electrical appliances	**131,448**	146,629
Broking and wealth management services	**7,246**	–
Management fee from asset management services		
– Fixed	**1,495**	1,677
– Variable	**2,839**	4,361
	1,210,887	1,368,066

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's segment revenue from external customers determined based on location of the group entities' operations and information about its non-current assets (excluding financial assets, financial instruments and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue		**Non-current assets**	
	2022 **HK$'000**	2021 HK$'000	**2022** **HK$'000**	2021 HK$'000
Hong Kong	**1,206,553**	1,362,028	**328,272**	478,846
PRC	**4,334**	6,038	**4,654**	2,016
	1,210,887	1,368,066	**332,926**	480,862

No customers individually contributed over 10% of the Group's revenue during both years.

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2022 HK$'000	2021 HK$'000
Other income		
Dividends from financial assets at FVTPL	**122**	142
Interest income from banks and loans receivable	**671**	291
Interest income from rental deposits	**1,387**	1,693
Sundry income (Note)	**13,421**	11,089
	15,601	13,215

Note: Sundry income mainly represented the rebates from the suppliers or services providers.

	2022 HK$'000	2021 HK$'000
Other gains and losses		
Net gain on financial assets at FVTPL	**43,386**	11,188
Net loss on remeasurement of liabilities arising from investment funds	**–**	(153)
Loss on disposal/write-off of property and equipment	**(746)**	(1,364)
Net gain on deemed disposal of associates and acquisition of subsidiary (Note 36)	**22,585**	–
Impairment loss recognised on interests in an associate	**–**	(2,850)
Net foreign exchange gain	**436**	521
	65,661	7,342

8. SALARIES, ALLOWANCES AND RELATED BENEFITS

	2022 HK$'000	2021 HK$'000
Salaries, allowances and related benefits represent the amounts paid and payable to the directors of the Company and employees comprises of:		
Salaries and allowances	**168,761**	158,359
Sales commission	**20,207**	27,947
Contributions to retirement benefits schemes	**7,819**	7,202
Share-based payments	**2,224**	2,224
	199,011	195,732

For the year ended 31 December 2022, government grants in respect of the Employment Support Scheme launched by the Hong Kong SAR government of approximately HK$15,243,000 (2021: nil) have been offset against salaries and allowances.

9. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on:		
– bank borrowings	**9,513**	6,198
– lease liabilities	**8,815**	10,622
– loan from a related party	**2,427**	175
	20,755	16,995

10. OTHER OPERATING, ADMINISTRATIVE AND SELLING EXPENSES

	2022 HK$'000	2021 HK$'000
Auditor's remuneration	**2,000**	2,000
Handling expenses for securities dealing	**3,194**	5,817
Advertising and promotion expenses	**31,987**	27,368
Utilities expenses	**22,583**	22,554
Telecommunication expenses	**6,743**	4,622
Repair and maintenance expenses	**6,670**	6,986
Printing and stationery expenses	**2,551**	3,225
Licence and registration fee	**12,653**	10,430
Legal and professional fees	**9,869**	15,010
Travelling and entertainment expenses	**12,009**	12,867
Other selling and distribution expenses	**56,465**	58,168
Expenses relating to short-term and low-value leases	**3,027**	6,472
Variable lease payments	**4,773**	4,269
Rates and building management fee	**44,458**	41,397
Insurance	**3,075**	3,532
Others	**15,594**	10,126
	237,651	234,843

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

Directors' and chief executive's remuneration

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

	Executive directors				Independent non-executive directors			
	Kwan Pak Hoo Bankee HK$'000 (Note (1))	Leung Siu Pong James HK$'000	Li Shing Wai Lewis HK$'000	Kwan Teng Hin Jeffrey HK$'000	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2022								
Fee	–	–	–	–	150	150	–	300
Other remuneration:								
Salaries and allowances	2,650	1,680	1,008	670	–	–	–	6,008
Contributions to retirement benefits scheme	21	36	18	21	–	–	–	96
Share-based payments	556	556	556	556	–	–	–	2,224
Total remuneration	3,227	2,272	1,582	1,247	150	150	–	8,628

	Executive directors				Independent non-executive directors			
	Kwan Pak Hoo Bankee HK$'000 (Note (1))	Leung Siu Pong James HK$'000	Li Shing Wai Lewis HK$'000	Kwan Teng Hin Jeffrey HK$'000	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2021								
Fee	–	–	–	–	150	150	–	300
Other remuneration:								
Salaries and allowances	2,400	1,800	600	840	–	–	–	5,640
Contributions to retirement benefits scheme	18	18	18	18	–	–	–	72
Share-based payments	556	556	556	556	–	–	–	2,224
Total remuneration	2,974	2,374	1,174	1,414	150	150	–	8,236

Note:

(1) Dr Kwan Pak Hoo Bankee is also the Company's chief executive and his remunerations disclosed above include those for services rendered by him as chief executive.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (continued)

Directors' and chief executive's remuneration (continued)

The emoluments of executive directors are for their services in connection with the management of the affairs of the Company and the Group. The emoluments of independent non-executive directors are for their services as directors of the Company.

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

The performance related bonuses (if any) of executive directors are based on the review and recommendation from the remuneration committee of the Company with reference to the performance in discharging their duties and responsibilities within the Group, the Group's performance and prevailing market situation.

Employees' remuneration

The five highest paid employees of the Group during the year included two directors (2021: two directors), details of whose remuneration are set out in the disclosures above. Details of the remuneration for the year of the remaining three (2021: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries and allowances	**2,672**	3,383
Performance related bonus (Note)	**2,960**	446
Contributions to retirement benefits scheme	**51**	54
	5,683	3,883

Note: The performance related bonus are based on the performance of individuals and market trends.

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

	Number of employees	
	2022	2021
HK$500,001 to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**1**	3
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**1**	–

12. INCOME TAX (CREDIT) EXPENSE

	2022 **HK$'000**	2021 HK$'000
Current tax:		
– Hong Kong Profits Tax	**166**	3,505
– PRC Enterprise Income Tax	**47**	97
Overprovisions in prior years	**(9,699)**	(176)
	(9,486)	3,426

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

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

	2022 **HK$'000**	2021 HK$'000
Loss before taxation	**(44,735)**	(39,841)
Tax at domestic income tax rate of 16.5% (2021: 16.5%)	**(7,381)**	(6,574)
Tax effect of share of loss of associates	**4,287**	3,246
Overprovisions in prior years	**(9,699)**	(176)
Tax effect of expenses not deductible for tax purpose	**12,281**	4,868
Tax effect of income not taxable for tax purpose	**(15,179)**	(3,717)
Tax effect of deductible temporary difference not recognised	**252**	922
Tax effect of utilisation of deductible temporary difference previously not recognised	**(1,212)**	(475)
Tax effect of estimated tax losses not recognised	**9,003**	5,865
Tax effect of utilisation of estimated tax losses previously not recognised	**(1,818)**	(396)
Effect of different tax rates of subsidiaries operating in an other jurisdiction	**–**	16
Tax effect on two-tiered tax rate	**(165)**	(165)
Others	**145**	12
Income tax (credit) expense	**(9,486)**	3,426

13. LOSS FOR THE YEAR

	2022 HK$'000	2021 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Depreciation of right-of-use assets (note 17)	**148,642**	161,165
Covid-19-related rent concessions (note 17)	**(10,334)**	(11,700)
Depreciation of right-of-use assets and related rent concessions	**138,308**	149,465
Cost of inventories in retailing business (including write-down of inventories of HK$3,587,000 (2021: HK$5,801,000))	**691,433**	793,738

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2022 HK$'000	2021 HK$'000
Loss		
Loss for the purposes of basic and diluted loss per share	**(33,641)**	(43,050)

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**80,720**	80,720

The incremental shares from assumed exercise of share options granted by the Company are excluded in calculating the diluted loss per share during the years ended 31 December 2022 and 2021 because they are antidilutive in calculating the diluted loss per share.

The effect of assumed exercise of share options granted by CFSG are excluded in calculating the diluted loss per share for years of 2022 and 2021 because they are antidilutive.

15. DIVIDENDS

	2022 HK$'000	2021 HK$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2021 - HK15 cents per share (2020 - HK25 cents per share)	**12,108**	20,180

No dividend was paid or proposed during 2022, nor has any dividend been proposed since the end of the reporting period. A dividend in respect of the year ended 31 December 2021 of HK15 cents (2020: HK25 cents) per ordinary share, in an aggregate amount of HK$12,108,000 (2020: HK$20,180,000), had been proposed by the directors of the Company and was approved by the shareholders in the general meeting.

16. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 January 2021	112,023	22,417	3,311	137,751
Additions	2,715	3,940	–	6,655
Disposals/written off	(12,410)	(5,259)	–	(17,669)
Exchange adjustments	–	15	–	15
At 31 December 2021	102,328	21,113	3,311	126,752
Additions	18,424	11,363	836	30,623
Acquisition of subsidiary (Note 36)	6,116	881	–	6,997
Disposals/written off	(32,427)	(5,209)	–	(37,636)
Exchange adjustments	–	(61)	–	(61)
At 31 December 2022	94,441	28,087	4,147	126,675
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2021	88,223	6,168	3,270	97,661
Provided for the year	11,678	6,317	25	18,020
Eliminated on disposals/written off	(12,410)	(3,895)	–	(16,305)
Exchange adjustments	–	12	–	12
At 31 December 2021	87,491	8,602	3,295	99,388
Provided for the year	14,808	8,864	70	23,742
Eliminated on disposals/written off	(31,681)	(5,209)	–	(36,890)
Exchange adjustments	–	(60)	–	(60)
At 31 December 2022	70,618	12,197	3,365	86,180
CARRYING AMOUNTS				
At 31 December 2022	23,823	15,890	782	40,495
At 31 December 2021	14,837	12,511	16	27,364

The above property and equipment are depreciated on a straight-line basis over the following years:

Leasehold improvements	Shorter of the lease terms or 5 years
Furniture, fixtures and equipment	3 to 7 years
Motor vehicles	3 to 5 years

17. RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
COST			
At 1 January 2021	770,641	2,322	772,963
Additions	86,486	–	86,486
Exchange adjustments	330	–	330
At 31 December 2021	857,457	2,322	859,779
Additions	133,990	–	133,990
Acquisition of subsidiary (Note 36)	21,385	–	21,385
Written off upon end of leases	(3,241)	–	(3,241)
Exchange adjustments	(718)	–	(718)
At 31 December 2022	1,008,873	2,322	1,011,195
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 January 2021	510,109	1,250	511,359
Provided for the year	160,701	464	161,165
Exchange adjustments	195	–	195
At 31 December 2021	671,005	1,714	672,719
Provided for the year	148,177	465	148,642
Written off upon end of leases	(3,241)	–	(3,241)
Exchange adjustments	(515)	–	(515)
At 31 December 2022	815,426	2,179	817,605
CARRYING VALUES			
At 31 December 2022	193,447	143	193,590
At 31 December 2021	186,452	608	187,060

The Group has the following expenses and cash outflow in relation to leases:

	2022 HK$'000	2021 HK$'000
Additions	**155,375**	86,486
Expense relating to short-term leases	**2,987**	6,447
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**40**	31
Variable lease payments not included in the measurement of lease liabilities	**4,773**	4,269
Total cash outflow of the leases	**174,441**	185,098

17. RIGHT-OF-USE ASSETS (continued)

For both years, the Group leases various retail stores, warehouses, office premises and motor vehicles for its operations. Lease contracts are entered into for fixed term of 1 year to 6 years, but may have extension options for certain lease contracts as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for smaller office premises and office equipment. For the year ended 31 December 2022, the Group also entered into several short-term leases for advertising billboards. The short-term lease expense disclosed above, which excluded expenses relating to leases with a lease term of one month or less.

Variable lease payments

Leases of retail stores are either with only fixed lease payments or higher of variable lease payment that are based on 5% to 13% (2021: 5% to 13%) of sales and minimum annual lease payment that are fixed over the lease term. The payment terms are common in retail stores in Hong Kong where the Group operates. The amount of fixed and variable lease payments paid/payable to relevant lessors:

	Number of retail stores	**Fixed payments** HK$'000	**Variable payments** HK$'000	**Total** HK$'000
Year ended 31 December 2022				
Retail stores without variable lease payments	10	**34,521**	**N/A**	**34,521**
Retail stores with variable lease payments	21	**90,831**	**4,773**	**95,604**
		125,352	**4,773**	**130,125**
Year ended 31 December 2021				
Retail stores without variable lease payments	8	33,126	N/A	33,126
Retail stores with variable lease payments	24	108,851	4,269	113,120
		141,977	4,269	146,246

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of retail store sales in future years.

17. RIGHT-OF-USE ASSETS (continued)

Extension and termination options

The Group has extension option in certain leases for office premise and retail stores as at 31 December 2022 and 2021. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise is summarised below:

	Lease liabilities recognised as at 31 December 2022 HK$'000	**Potential future lease payments not included in lease liabilities (undiscounted) as at 31 December 2022 HK$'000**	Lease liabilities recognised as at 31 December 2021 HK$'000	Potential future lease payments not included in lease liabilities (undiscounted) as at 31 December 2021 HK$'000
Office premise - Hong Kong	**–**	**–**	7,605	16,271
Retail stores - Hong Kong	**9,758**	**11,875**	787	1,075
Warehouse - Hong Kong	**35,332**	**39,596**	35,854	39,596

During the year ended 31 December 2022, the Group has exercised one (2021: one) extension option included in the Group's lease contracts and recognised HK$8,890,000 (2021: HK$9,079,000) of additional lease liabilities. In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2022 and 2021, there is no such triggering event.

Rent concessions

During the year ended 31 December 2022 and 2021, lessors of retail stores provided rent concessions to the Group through rent reduction ranging from 10% to 57% (2021: 10% to 75%) over one to six months (2021: one month to one year).

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$10,334,000 (2021: HK$11,700,000) were recognised as negative variable lease payments.

17. RIGHT-OF-USE ASSETS (continued)

Restrictions or covenants on leases

In addition, lease liabilities of HK$210,092,000 are recognised with related right-of-use assets of HK$193,590,000 as at 31 December 2022 (2021: lease liabilities of HK$207,606,000 are recognised with related right-of-use assets of HK$187,060,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in notes 32 and 38.

18. GOODWILL

	HK$'000
COST	
At 1 January 2021, 31 December 2021 and 31 December 2022	238,440
IMPAIRMENT	
At 1 January 2021, 31 December 2021 and 31 December 2022	198,997
CARRYING AMOUNTS	
At 31 December 2022 and 2021	39,443

The carrying amounts of goodwill are allocated to the retailing CGU. Particulars regarding impairment testing on goodwill as at 31 December 2022 and 2021 are disclosed in note 20.

19. INTANGIBLE ASSETS

	Online game development costs HK$'000	**Domain name** HK$'000 (Note (a))	**Trademark** HK$'000 (Note (b))	**Gaming licences** HK$'000	**Trading rights of financial services** HK$'000 (Note (c))	**Total** HK$'000
COST						
At 1 January 2021 and 31 December 2021	63,271	5,460	38,000	40,295	–	147,026
Acquisition of subsidiary (Note 36)	–	–	–	–	9,092	9,092
At 31 December 2022	63,271	5,460	38,000	40,295	9,092	156,118
AMORTISATION AND ACCUMULATED IMPAIRMENT						
At 1 January 2021, 31 December 2021 and 31 December 2022	63,271	–	–	40,295	–	103,566
CARRYING AMOUNTS						
At 31 December 2022	–	5,460	38,000	–	9,092	52,552
At 31 December 2021	–	5,460	38,000	–	–	43,460

19. INTANGIBLE ASSETS (continued)

Notes:

(a) At 31 December 2022, intangible assets with carrying amounts of HK$5,460,000 (2021: HK$5,460,000) represent domain name. It represents the legal and beneficial ownership of domain name "www.shanghai.com" and has indefinite useful life. The domain name is considered by management of the Group as having an indefinite useful life because it is expected to be used indefinitely. The domain name will not be amortised until its useful life is determined to be finite, instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing on domain name at 31 December 2022 and 2021, the recoverable amount has been determined based on fair value less costs of disposal. The fair value less costs of disposal is arrived at by market approach, with reference to the desirability of the domain name through recent sales or offering of similar domain name currently on the market in order to arrive at an indication of the most probable selling price for the domain name. The fair value less costs of disposal at 31 December 2022 and 2021 was supported by a valuation carried out by Peak Vision Appraisals Limited, an independent qualified professional valuer not connected with the Group.

(b) At 31 December 2022, trademark amounting to HK$38,000,000 (2021: HK$38,000,000) represents the perpetual right for the use of the brand name 'Pricerite' in Hong Kong which takes the form of a sign, symbol, name, logo design or any combination thereof arising from acquisition of retail business. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the products are expected to generate future economic benefits for the Group. As a result, the trademark is considered by the management of the Group as having an indefinite useful life. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars regarding impairment testing on trademark are disclosed in note 20.

(c) At 31 December 2022, intangible assets amounting to HK$9,092,000 represent trading rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange. The trading rights have no foreseeable limit to the period over which the Group can use to generate future economic benefits. As a result, the trading rights were considered by the management of the Group as having an indefinite useful life. The trading rights will not be amortised until their useful life is determined to be finite. Instead these will be tested for impairment annually and whenever there is an indication that they may be impaired.

For impairment testing purpose, the recoverable amount of the trading rights is determined based on the fair value less cost of disposal. The directors of the Company consider that the fair value less cost of disposal of the trading rights is more than the carrying amounts and accordingly, no impairment is recognised in profit or loss during the year ended 31 December 2022.

20. IMPAIRMENT ASSESSMENT ON PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS, INTANGIBLE ASSETS AND GOODWILL

(a) Retailing CGU

For the purpose of impairment testing, the carrying amounts of goodwill and trademark set out in notes 18 and 19 have been allocated to the group of retailing CGUs.

Goodwill of HK$39,443,000 (2021: HK$39,443,000) and trademark of HK$38,000,000 (2021: HK$38,000,000) are allocated to the group of CGUs of retailing business in Hong Kong. In addition to goodwill and trademark, property and equipment of HK$33,140,000 (2021: HK$27,364,000) and right-of-use assets (including allocation of corporate assets) of HK$173,070,000 (2021: HK$187,060,000) that generate cash flows together with the related goodwill and trademark are also included in the group of CGUs of retailing business for the purpose of impairment assessment.

20. IMPAIRMENT ASSESSMENT ON PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS, INTANGIBLE ASSETS AND GOODWILL (continued)

(a) Retailing CGU (continued)

The recoverable amount of the group of CGUs of retailing business has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a three-year period having an average annual growth rate of 2.5% and pre-tax discount rate of 16.2% (2021: three-year period, average annual growth rate of 2.7% and pre-tax discount rate of 13.8%) and projection of terminal value using the perpetuity method at a growth rate of 2.5% (2021: 3%). A key assumption for the value in use calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development in Hong Kong.

The cash flow projections and growth rates have been taking reference to the Group's financial performance under Covid-19 pandemic for the years ended 31 December 2022 and 2021 and management's expectations using market data.

No impairment on this group of CGUs is made for both years as the recoverable amount exceeded the carrying amount. Management of the Group believes that any reasonably possible change in any of the assumptions would not cause the carrying amount of the group of CGUs to exceed the recoverable amount of the above CGUs.

(b) Financial Services CGU

For the year ended 31 December 2022, as a result of the recurring losses of this CGU and significant uncertainty on global and local economic environment, the management of the Group concluded there was indicator for impairment on property and equipment and right-of-use assets of HK$7,355,000 (2021: Nil) and HK$20,520,000 (2021: Nil) respectively. The Group estimates the recoverable amount of the various CGUs of broking, asset management and wealth management which in aggregate are reported as financial services segment to which the asset belongs, using the higher of value in use and fair value less cost of disposal of the respective CGU.

As at 31 December 2022, the Group estimates the recoverable amount of the CGUs to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of cash-generating unit has been determined based on a fair value less costs of disposal. The cash-generating units were measured at fair value based on Level 3 hierarchy using the discount cash flow method. The calculation uses cash flow projections were based on financial forecast approved by the management of the Group covering the following 3 years with a pre-tax discount rate of 8.75% (2021: 6.59%) as at 31 December 2022. The annual growth rates used range is from 0% to 30% (2021: 0% to 30%), which are based on the forecast of business activities prepared by the management. The cash flows beyond the three-year period are extrapolated using 2.4% growth rate. The growth rates and discount rate as at 31 December 2022 have been reassessed taking into consideration higher degree of estimation uncertainties in due to uncertainty on how the inflationary environment and interest rates hike may progress and evolve.

For the year ended 31 December 2022, based on the results of the assessment, management of the Group determined that no impairment on property and equipment and right-of-use assets is required.

21. DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 **HK$'000**	2021 HK$'000
Deferred tax assets	**5,450**	5,450
Deferred tax liabilities	**(6,825)**	(6,825)
	(1,375)	(1,375)

The following are the major deferred tax assets and liabilities recognised and the movements thereon during the current and prior years:

	Decelerated tax depreciation HK$'000	**Unrealised gain on financial assets at FVTPL** HK$'000	**Fair value adjustment on intangible assets under business combination** HK$'000	**Total** HK$'000
At 1 January 2021, 31 December 2021 and 31 December 2022	5,450	(176)	(6,649)	(1,375)

As at 31 December 2022, the Group has deductible temporary differences in respect of decelerated tax depreciation and estimated unused tax losses of approximately HK$100,433,000 and HK$1,468,310 (2021: HK$67,211,000 and HK$854,068,000) available for offset against future profits, while HK$2,265,000 (2021: HK$6,740,000) of estimated unused tax losses from certain subsidiaries operating in the PRC expired during the year ended 31 December 2022. No deferred tax asset has been recognised as at 31 December 2022 and 31 December 2021 in respect of these deductible temporary differences and estimated unused tax losses as it is not probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

For certain subsidiaries operating in the PRC, unrecognised tax losses of HK$7,634,000 (2021: HK$6,210,000) will expire in various dates up to 2026 (2021: 2025). The remaining unrecognised tax losses of the Group can be carried forward indefinitely.

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE

Interests in associates

	2021 HK$'000
Cost of investment in associates	
Listed in Hong Kong	511,944
Unlisted	9,240
Share of post-acquisition loss and other comprehensive expense	(127,847)
Less: Impairment loss recognised on interests in associates	(209,802)
	183,535
Fair value of listed investments (Note)	23,804

Note: The fair value of the listed investments was determined based on the quoted market bid price available on the Stock Exchange multiplied by the quantity of shares held by the Group.

The Group had interests in the following associates as at 31 December 2021:

Name of entity	Form of business structure	Country of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group 2021 %	Proportion of voting power held 2021 %	Principal activities
CFSG (Note (i))	Incorporated	Bermuda	Hong Kong	Ordinary	37.50	37.50	Investment holding with its subsidiaries engaged in provision of financial services
Weever Fintech Limited (Note (ii))	Incorporated	Hong Kong	Hong Kong	Ordinary	18.91	18.91	Investment trading

Notes:

(i) CFSG's shares were listed on the Stock Exchange.

(ii) Weever FinTech Limited ("Weever") was a non-wholly owned subsidiary of CFSG. The Group considered Weever was an associate of the Group as the Group exercised significant influence over Weever through its representation on the board of directors and its participation in the financial and operating policy decisions.

During the period from 1 January 2022 to 21 October 2022, the Group acquired additional interests in CFSG with consideration of HK$4,968,000. Upon the completion of the acquisition by the Group and the repurchase by CFSG, the Group's interests in CFSG increased from 37.50% to 39.41%.

On 21 October 2022, the Group further acquired 21.08% equity interest in CFSG at a total consideration of HK$23,125,000. CFSG has ceased to be an associate since that date (Note 36).

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE (continued)

Interests in associates (continued)

At 31 December 2021, the carrying amount of the Group's interests in CFSG was higher than their fair value determined based on the quoted market price of CFSG on the same date. Management of the Group carried out impairment review on the carrying amount of its interests in CFSG as a single asset by comparing to its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

The value in use estimation was assessed by the management based on a valuation performed by an independent professional qualified valuer using income approach, which estimates the present value of the estimated future cash flows expected to be arisen from dividends to be received from CFSG and proceeds on the ultimate disposal of CFSG, together with pre-tax discount rate of 12%.

During the year ended 31 December 2021, the management of the Group determined that the recoverable amount, which represented the value in use estimation, was lower than the carrying amount of the interests in CFSG. Impairment loss of HK$2,850,000 in respect of interests in CFSG was recognised in profit or loss during the year ended 31 December 2021.

Summarised financial information of associates

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associates' consolidated financial statements prepared in accordance with HKFRSs.

CFSG

	31 December 2021 HK$'000
Non-current assets	56,112
Current assets	1,239,465
Current liabilities	(814,301)
Non-current liabilities	(68,908)
Net assets	412,368

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE (continued)

Summarised financial information of associates (continued)

CFSG (continued)

	From 1 January 2022 to 21 October 2022 HK$'000	From 1 January 2021 to 31 December 2021 HK$'000
Revenue	**61,545**	96,863
Loss for the year attributable to owners of CFSG	**(67,629)**	(53,470)
Other comprehensive expense for the period/year attributable to owners of CFSG	**(919)**	3,052
Total comprehensive expense for the period/year attributable to owners of CFSG	**(68,548)**	(50,418)
The Group's share of loss	**(25,984)**	(19,671)
The Group's share of other comprehensive expense	**(85)**	1,145
	(26,069)	(18,526)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	31 December 2021 HK$'000
Net assets	412,368
Non-controlling interests of CFSG's subsidiaries	(8,538)
	403,830
Proportion of the Group's ownership interest	37.50%
The Group's share of net assets of CFSG	151,437
Unrecognised reserves of CFSG	(9,460)
Goodwill	244,684
Accumulated impairment loss recognised	(209,802)
Carrying amount of the Group's interest	176,859

22. INTERESTS IN ASSOCIATES AND AMOUNT DUE TO AN ASSOCIATE (continued)

Summarised financial information of associates (continued)

Weever

	2021 HK$'000
Current assets	35,377
Current liabilities	(61)
Net assets	35,316

	From 1 January 2022 to 21 October 2022	From 1 January 2021 to 31 December 2021
Revenue	**–**	–
Loss and total comprehensive expense for the year	**–**	–
The Group's share of loss and total comprehensive expense	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associate recognised in the consolidated financial statements:

	2021 HK$'000
Net assets	35,316
Proportion of the Group's ownership interest	18.905%
The Group's share of net assets of Weever	6,676
Carrying amount of the Group's interests	6,676

Amount due to an associate

Amount was non-trade nature, unsecured, interest-free and repayable on demand.

23. ACCOUNTS AND OTHER RECEIVABLES

	Notes	**2022** **HK$'000**	2021 HK$'000
Accounts receivable arising from retailing business	(a)	**1,268**	33,150
Accounts receivable arising from the business of dealing in securities	(b)	**48,207**	–
Accounts receivable arising from the business of margin financing	(b)	**116,726**	–
Accounts receivable arising from the business of dealing in futures and options	(b)	**23,638**	–
Receivables from securities brokers		**145,914**	89,399
Prepayments		**10,801**	7,736
Rental deposits		**15,979**	26,988
Other deposits	(c)	**23,043**	25,220
Other receivables	(c)	**10,972**	9,859
		396,548	192,352

As at 1 January 2021, the accounts receivable arising from retailing business were amounted to HK$15,399,000.

Notes:

(a) The Group allows an average credit period of 30 - 60 days to its corporate customers on retailing business. The ageing analysis based on the invoice date, which is approximately the revenue recognition date, is as follows:

	2022 **HK$'000**	2021 HK$'000
0 - 30 days	**685**	8,361
31 - 60 days	**119**	4,502
61 - 90 days	**161**	4,066
Over 90 days	**303**	16,221
	1,268	33,150

Included in the Group's accounts receivable arising from retailing business are government grants granted to the Group's customers of approximately HK$31,952,000 as at 31 December 2021 in respect of the "Assistance Programme to Improve the Living Environment of Low-income Subdivided Unit Households" (the "Community Care Programme") under the Community Care Fund launched by the Hong Kong government. The consideration of the products sold to these qualified customers were receivable from the government.

23. ACCOUNTS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(a) (continued)

As at 31 December 2022, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of HK$464,000 (2021: HK$20,287,000) which are past due as at the reporting date. Out of the past due balances, HK$303,000 (2021: HK$9,626,000), which is mainly contributed from the Community Care Programme, has been past due 90 days or more and is not considered as in default since the directors of the Company are of the opinion that the balances are still considered fully recoverable due to the management's historical experience on the settlement pattern or record from these debtors. The Group does not hold any collateral over these balances.

(b) Accounts receivable from clients, brokers, dealers and clearing houses arising from the business of dealing in securities are repayable on demand subsequent to settlement date. The normal settlement terms of accounts receivable arising from the business of dealing in securities are two days after trade date or at specific terms agreed with clients, brokers, dealers and accounts receivable arising from the business of dealing in futures and options are one day after trade date.

The Group provides customers with margin financing for securities transactions secured by customers' securities held as collateral. Securities are assigned with specific margin ratios for calculating margin values. Additional funds or collateral are required if the amount of accounts receivable from margin clients outstanding exceeds the eligible margin value of the securities deposited.

The customers' listed securities can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The Group is able to use clients' securities up to the amount of 140% of the accounts receivable from margin clients as collateral of the Group's borrowings. The accounts receivable from margin clients are repayable on demand and bear interest at commercial rates. As at 31 December 2022, accounts receivable from margin clients are secured by clients' pledged securities with fair value of approximately HK$315,752,000, of which 58% of accounts receivable arising from the business of margin financing are fully collateralised.

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously. Details are set out in note 38.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business in margin financing.

(c) Other deposits and other receivables are non-interest bearing and repayable on demand or within one year.

24. LOANS RECEIVABLE

	2022 HK$'000	2021 HK$'000
Revolving loans receivable denominated in:		
Hong Kong dollars	**7,527**	1,500
Renminbi	**4,667**	–
	12,194	1,500

The Group has policy for assessing the impairment of loans receivable on an individual basis. The assessment is based on a close monitoring and evaluation of collectability and on management's judgment, including the current creditworthiness, collateral value (if any), the past collection history of each client and supportive forward-looking information.

At the end of the reporting period, the Group's loans receivable were individually assessed for impairment. In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivable from the date of the credit was initially granted up to the reporting date.

As at 31 December 2022, loans receivable are unsecured and have contractual interest rates ranging from 2% to 10% (2021: 2%) per annum. The Group has concentration of credit risk from one (2021: nil) senior management and one (2021: nil) staff, of the Group, in which the loans receivable included a total carrying amount of HK$2,335,000 (2021: nil) and HK$2,332,000 (2021: nil) respectively.

Details of impairment assessment at 31 December 2022 and 2021 are set out in note 38.

The carrying amount of the loans receivable has remaining contractual maturity dates as follows:

	2022 HK$'000	2021 HK$'000
On demand or within one year	**12,194**	1,500

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 HK$'000	2021 HK$'000
Unlisted equity investments at fair value	**24,328**	–

The unlisted investments are not held for trading, instead, they are held for long-term strategic purposes. These unlisted investments are designated as at FVTOCI, as recognising short-term fluctuations in the investments' fair value in profit or loss would not be consistent with the Group's strategy of holding the investments for long-term purposes and realising their performance potential in the long run.

26. FINANCIAL ASSETS AT FVTPL

	2022 HK$'000	2021 HK$'000
Equity securities listed in Hong Kong (Note (1))	**40,939**	3,768
Equity securities listed in the PRC (Note (1))	**–**	280
Unlisted equity securities	**–**	3,900
Unlisted investment funds (Note (2))	**15,467**	8,003
	56,406	15,951

	2022 HK$'000	2021 HK$'000
Analysed for reporting purposes as:		
Current assets	**51,594**	15,951
Non-current assets	**4,812**	–
	56,406	15,951

Notes:

(1) The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant exchange.

(2) The amount represented the investment in certain unconsolidated investment funds ("Unconsolidated Investment Funds") with primary objectives for capital appreciation, investment income and selling in the near future for profit. These Unconsolidated Investment Funds are set up and managed by an indirect wholly-owned subsidiary acting as fund manager who has the power and authority to manage and make decisions for these Unconsolidated Investment Funds.

Among those Unconsolidated Investment Funds held by the Group where the Group directly involves as fund manager, the Group assesses and determines whether:

- the Group is acting as an agent or a principal in these Unconsolidated Investment Funds;
- substantive removal rights held by other parties may remove the Group as a fund manager; and
- the investment interests held together with its remuneration from servicing and managing these Unconsolidated Investment Funds create significant exposure to variability of returns in these Unconsolidated Investment Funds.

In the opinion of the directors of the Company, the combination of remuneration from the asset management services and variable returns the Group is exposed to the Group's investments, if any, are not significant, the Group therefore considers such the decision-making rights is acting an agent and hence did not consolidate these Unconsolidated Investment Funds.

26. FINANCIAL ASSETS AT FVTPL (continued)

Notes: (continued)

(2) (continued)

The total assets and liabilities of Unconsolidated Investment Funds managed by the Group amounted to HK$290,011,000 (2021: HK$310,912,000) and HK$3,540,000 (2021: HK$4,694,000) as at 31 December 2022. The funding of these Unconsolidated Investment Funds is mainly from the holders of these funds.

The Group has HK$4,966,000 (2021: HK$2,580,000) of interests in the Unconsolidated Investment Funds and the Group's maximum exposure to loss from its interests is the carrying amount of such investments of HK$15,467,000 (2021: HK$8,003,000) as at 31 December 2022. Other than the investments as stated above, the Group did not have other assets or liabilities recognised relating to the interests in the Unconsolidated Investment Funds.

During the year ended 31 December 2022, the Group has fair value gain of interests in these Unconsolidated Investment Funds of HK$1,020,000 (2021: HK$2,265,000), which is included in "other gains or losses" line item and management fee income of HK$4,334,000 (2021: HK$6,038,000) from these Unconsolidated Investment Funds.

The Group has no contractual obligation nor current intention to provide financial support to the Unconsolidated Investment Funds.

27. PLEDGED BANK DEPOSITS/BANK BALANCES (TRUST AND SEGREGATED ACCOUNTS)/BANK BALANCES (GENERAL ACCOUNTS) AND CASH

Pledged bank deposits

The pledged bank deposits carried fixed rate in a range of 0.01% to 0.50% (2021: 0.01% to 0.10) per annum, which was the effective interest rate on the Group's bank deposits. Pledged bank deposits of HK$50,000,000 (2021: HK$50,000,000) and HK$4,159,000 (2021: HK$5,458,000) are pledged to secure short-term loan and short-term undrawn facilities, respectively, and are therefore classified as current assets.

The pledged bank deposits will be released upon the repayment of relevant bank borrowings or expiration of the facilities.

Bank balances - trust and segregated accounts

The Group receives and holds monies deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. Such monies are maintained in one or more segregated bank accounts and bear interest at commercial rate. The Group has recognised the corresponding liabilities to respective external clients and other institutions as accounts payable (note 28). However, the Group does not have a currently enforceable right to offset those payables with the deposits placed.

27. PLEDGED BANK DEPOSITS/BANK BALANCES (TRUST AND SEGREGATED ACCOUNTS)/BANK BALANCES (GENERAL ACCOUNTS) AND CASH (continued)

Bank balances (general accounts) and cash

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates in a range of 0.01% to 0.50% (2021: 0.04% to 0.50%) per annum with an original maturity of three months or less.

28. ACCOUNTS PAYABLE

	Notes	**2022 HK$'000**	2021 HK$'000
Accounts payable arising from retailing business	(a)	**174,287**	230,923
Accounts payable arising from the business of dealing in securities	(b)	**464,481**	–
Accounts payable arising from the business of dealing in futures and options	(b)	**45,699**	–
		684,467	230,923

Notes:

(a) Trade creditors arising from retailing business principally comprise amount outstanding for trade purpose and ongoing cost. The credit period taken for trade purchases ranges from 30 to 90 days.

The following is an ageing analysis (from invoice date) of trade creditors arising from retailing business at the end of the reporting period:

	2022 HK$'000	2021 HK$'000
0 - 30 days	**52,526**	127,841
31 - 60 days	**69,222**	75,703
61 - 90 days	**50,650**	21,721
Over 90 days	**1,889**	5,658
	174,287	230,923

(b) The settlement terms of accounts payable from the business of dealing in securities are two days after trade date, and accounts payable arising from the business of dealing in futures and options contracts are one day after trade date. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

Accounts payable to clients arising from the business of dealing in futures and options are margin deposits received from clients for their trading of these contracts. The required margin deposits are repayable upon the closure of the corresponding futures and options position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand.

28. ACCOUNTS PAYABLE (continued)

Notes: (continued)

(b) (continued)

Except for the accounts payable to clients arising from the business of dealing in securities which bear interest at a fixed rate, all other accounts payable are non-interest bearing.

Accounts payable amounting to HK$482,196,000 are payable to external clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

29. FINANCIAL LIABILITIES ARISING FROM CONSOLIDATED INVESTMENT FUNDS

Other than Unconsolidated Investment Funds as disclosed in note 26, certain investment funds ("Investment Funds") set up by the Group with primary objectives for capital appreciation, investment income and selling in the near future for profit. These Investment Funds are managed by an indirect wholly-owned subsidiary acting as general partner who has the power and authority to manage and make decisions for the Investment Funds.

The Group consolidated these Investment Funds in accordance with the criteria in accordance with the Group's accounting policies.

In the opinion of the directors of the Company, the variable returns for these Investment Funds that the Group is exposed to are significant and/or the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group consolidated these Investment Funds.

The total assets and total liabilities (excluding the third-party interests as stated below) of the consolidated Investment Funds, were disclosed as follows:

	2022 **HK$'000**	2021 HK$'000
Receivables from securities brokers	**50,366**	48,110
Financial assets at FVTPL	**–**	280
Bank balances and cash	**277**	184
Other payables	**(22)**	(47)
	50,621	48,527

29. FINANCIAL LIABILITIES ARISING FROM CONSOLIDATED INVESTMENT FUNDS (continued)

Financial liabilities arising from consolidated investment funds consist of third-party unit holders' interests in consolidated Investment Funds which are reflected as a liability since they can be put back to the Group for cash.

As at 31 December 2022, the interests held by third-party unit holders amounted to HK$5,757,000 (2021: HK$5,551,000) were recognised as financial liabilities arising from consolidated investment funds in the consolidated statement of financial position.

For the year ended 31 December 2021, the value of the consolidated Investment Funds increased and the related interests held by third-party unit/shareholders were re-measured. A net loss of HK$153,000 were recognised in the consolidated statement of profit or loss and included in "other gains or losses" line item during the year ended 31 December 2021.

30. ACCRUED LIABILITIES AND OTHER PAYABLES

	2022 **HK$'000**	2021 HK$'000
Accrued liabilities		
– Salaries and commission payables	**23,312**	21,729
– Other accrued liabilities	**44,899**	22,090
Other payables	**88,307**	30,280
	156,518	74,099

31. CONTRACT LIABILITIES

	2022 **HK$'000**	2021 HK$'000
Advances received in relation to tailor-made furniture	**7,613**	15,258
Advances received in relation to other furniture	**40,043**	15,676
Reward points under customer loyalty programme	**1,072**	2,375
	48,728	33,309

As at 1 January 2021, the contract liabilities were amounted to HK$20,112,000.

Tailor-made furniture and other furniture

Contract liabilities in relation to tailor-made and other furniture represent the advance payments received from the customers upon ordering of tailor-made furniture commences, or before delivery of other furniture, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

31. CONTRACT LIABILITIES (continued)

Customer loyalty programme

The Group offers customer loyalty programme in the Group's retailing operation. Basically, the customers can earn one point for each dollar spent in the shops of the Group. The customers can enjoy discount by utilising the award points earned under the customer loyalty programme. All award points can be accumulated up to 31 December each year and will be expired in January of the following year.

Contract liabilities in relation to award points under customer loyalty programme represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the award points are redeemed.

For the contract liabilities as at 1 January 2022 and 2021, the entire balances were recognised as revenue in profit or loss during the year ended 31 December 2022 and 2021, respectively.

32. LEASE LIABILITIES

	2022 **HK$'000**	2021 HK$'000
Lease liabilities payable:		
Within one year	**142,031**	126,494
More than one year but not more than two years	**43,586**	57,216
More than two years but not more than five years	**24,475**	23,896
	210,092	207,606
Less: Amount due for settlement with 12 months shown under current liabilities	**(142,031)**	(126,494)
Amount due for settlement after 12 months shown under non-current liabilities	**68,061**	81,112

The weighted average incremental borrowing rates applied to lease liabilities range from 4% to 4.125% (2021: 4% to 4.125%) per annum.

33. BORROWINGS

	2022 HK$'000	2021 HK$'000
Secured bank borrowings	**96,064**	23,975
Unsecured bank borrowings	**–**	11,288
Secured trust receipt loans	**43,933**	48,687
Unsecured trust receipt loans	**108,387**	111,492
Unsecured other borrowings	**126,861**	40,175
	375,245	235,617
Bank borrowings and trust receipt loans		
Carrying amount repayable based on scheduled repayment terms:		
Within one year	**168,320**	160,179
Carrying amount of bank borrowings and trust receipt loans containing a repayment on demand clause:		
Within one year	**80,064**	35,263
Total	**248,384**	195,442
Less: Amount under current liabilities	**(248,384)**	(195,442)
Amount shown under non-current liabilities	**–**	–

	2022 HK$'000	2021 HK$'000
Other borrowings		
Carrying amount repayable based on scheduled repayment terms:		
Within one year	**126,861**	–
More than one year but not more than two years	**–**	40,175
Total	**126,861**	40,175
Less: Amount due within one year shown under current liabilities	**(126,861)**	–
Amount shown under non-current liabilities	**–**	40,175

33. BORROWINGS (continued)

As at 31 December 2022, the Group's secured bank borrowings and trust receipt loans of HK$139,997,000 (2021: HK$72,662,000) were secured and/or guaranteed by:

(a) corporate guarantees from the Company;

(b) corporate guarantees from certain subsidiaries of the Company;

(c) marketable securities of the Group's clients with fair value of HK$150,158,000 at 31 December 2022 (with clients' consent); and

(d) pledged bank deposits of HK$50,000,000 (2021: HK$50,000,000) for short-term bank borrowings as disclosed in note 27.

As at 31 December 2022, bank borrowings amounting to approximately HK$96,064,000 (2021: HK$35,263,000) are variable-rate borrowings which carry interest at either Hong Kong Interbank Offered Rate ("HIBOR") or Hong Kong Prime Rate plus a spread. Trust receipts loans amounting to HK$152,320,000 (2021: HK$160,179,000) carry interest at either HIBOR or Hong Kong Prime Rate plus a spread.

The unsecured bank borrowings amounting to approximately HK$11,288,000 as at 31 December 2021 and unsecured trust receipt loans amounting to approximately HK$108,387,000 (2021: HK$111,492,000) are guaranteed by the Company. The Group has unused short-term banking facilities of approximately HK$255.4 million (2021: HK$223.2 million) as at 31 December 2022.

The other borrowings amounting to HK$126,861,000 (2021: HK$40,175,000) were drawn from a related company controlled by a substantial shareholder with significant influence to the Group. It was unsecured, carried interest rate at Hong Kong Prime Rate plus a spread and repayable within one year (2021: after one year).

The effective interest rates on the Group's borrowings ranged from 4.13% to 6.60% (2021: 2.16% to 5.50%) per annum.

34. SHARE CAPITAL

	Par value of each ordinary share HK$	Number of shares '000	Amount HK$'000
Ordinary shares			
Authorised:			
At 1 January 2021, 31 December 2021 and 31 December 2022	0.2	150,000	30,000
Issued and fully paid:			
At 1 January 2021, 31 December 2021 and 31 December 2022	0.2	80,720	16,144

All the shares in issued rank pari passu in all respects.

35. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries HK$'000
At 1 January 2021	(37,729)
Share of loss and total comprehensive expense for the year	(217)
At 31 December 2021	(37,946)
Share of loss and total comprehensive expense for the year	(1,608)
Acquisition of subsidiary (Note 36)	134,734
At 31 December 2022	95,180

36. ACQUISITION OF SUBSIDIARY

The Group held 37.50% equity interest in an associate, CFSG as at 31 December 2021 and increased to 39.41% during the year ended 31 December 2022. On 21 October 2022, the Group further acquired 21.08% equity interest in CFSG for a consideration of HK$23,125,000 and CFSG is treated as a subsidiary of the Group since that date. CFSG is a listed company incorporated in Bermuda and engaged in provision of finance services. The acquisition has been accounted for as acquisition of business using the acquisition method. The amount of the non-controlling interests is measured on the basis of its proportionate interests in the acquiree's identifiable net assets. The following table summarises the consideration transferred for CFSG and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

36. ACQUISITION OF SUBSIDIARY (continued)

	Fair values HK$'000
The assets acquired and liabilities recognised at the date of acquisition were as follows:	
Property and equipment	6,997
Right-of-use assets	21,385
Intangible assets	9,092
Other assets	9,688
Rental and utility deposits	1,886
Financial assets at FVTOCI	23,270
Accounts and other receivable	226,406
Contract assets	2,243
Loans receivable	12,046
Financial assets at FVTPL	41,139
Bank balances - trust and segregated accounts	529,701
Bank balances (general accounts) and cash	191,194
Accounts payable	(553,587)
Accrued liabilities and other payables	(2,694)
Taxation payable	(3,000)
Lease liabilities	(26,522)
Borrowings	(146,388)
Provision for restoration	(1,842)
	341,014
Less: Non-controlling interests	(134,734)
	206,280
Net gain arising on deemed disposal of associates and acquisition of subsidiary:	
Net assets acquired	206,280
Less: Consideration	(23,125)
Previously held interests in associates	(160,570)
Net gain (Note)	22,585
Net cash inflow arising from acquisition:	
Bank balances and cash acquired	191,194
Less: Consideration	(23,125)
	168,069

Note: This represents bargain purchase gain arising from the acquisition, net of remeasurement of the Group's previously held interests in CFSG.

CFSG contributed revenue of HK$7,133,000 and a loss attributable to the owners of the Company of HK$4,705,000 to the Group since the acquisition. Had the acquisition of CFSG been completed on 1 January 2022, the Group's revenue and the loss attributable to the owners of the Company for the year ended 31 December 2022 would have been HK$1,272,408,000 and HK$48,190,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the lease liabilities and borrowings disclosed in notes 32 and 33, respectively, and equity attributable to owners of the Company, comprising share capital disclosed in note 34, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the issue of new shares as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

Following the acquisition of CFSG, certain subsidiaries of the Group are regulated by the Hong Kong Securities and Futures Commission ("SFC") and are required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group's regulated entities are subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management of the Group closely monitors, on a daily basis, the liquid capital level of these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by the SF(FR)R throughout the year.

38. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022 **HK$'000**	2021 HK$'000
Financial assets		
At FVTPL	**56,406**	15,951
At FVTOCI	**24,328**	–
At amortised cost	**1,293,094**	431,969
Financial liabilities		
At amortised cost	**1,148,019**	497,821
At FVTPL	**5,757**	5,551

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable and payable, other receivables and deposits, financial assets at FVTPL, financial assets at FVTOCI, bank balances and cash, pledged bank deposits, loans receivable, financial liabilities arising from consolidated investment funds, other payables, amount due to an associate, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Price risk

The Group is exposed to price risk arising from equity investments, unlisted fund investment, Unconsolidated Investment Funds and financial liabilities arising from consolidated investment funds. The Group's equity investments are listed on the Stock Exchange, while the unlisted investment funds are traded in the over-the-counter markets. In both years, the directors of the Company manage the exposure by closely monitoring the portfolio of investments and imposing trading limits on individual trades.

In addition, the Group also invested in unlisted equity investments for long-term strategic purposes which had been designated at FVTOCI.

The exposure to equity price risk for the Group's investments held for trading are insignificant to the Group. Accordingly, no sensitivity analysis is presented.

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits, accounts payable to clients arising from business of dealing in securities and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings, accounts receivable arising from the business of margin financing, loans receivable and bank balances. The Group currently does not have a cash flow interest rate hedging policy. However, management of the Group closely monitors its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate and HIBOR arising from the Group's variable interest rate instruments.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

A 200 basis points (2021: 50 basis points) change is used and represents management's assessment of the reasonably possible change in interest rates. The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year. Bank balances are excluded from sensitivity analysis as these are subject to minimal interest rate fluctuation for both years. As at 31 December 2022, if the interest rate had been 200 basis points (2021: 50 basis points) higher/lower and all other variables were held constant, the Group's loss after tax would increase/decrease by approximately HK$6,063,000 (2021: HK$977,000). This is mainly attributable to the Group exposure to the interest rates on variable-rate borrowings and loans receivable.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the cash flow interest rate risk as the year end exposure does not reflect the exposure during the year.

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

The group entities have financial assets denominated in currencies other than their respective functional currencies. Consequently, the Group is exposed to risks that the exchange rate of functional currencies relative to other currencies may change in a manner that has an adverse effect on the value of the position of the Group's assets and liabilities denominated in foreign currencies.

The exposure primarily arises from the receivables from foreign brokers, foreign currency deposits with banks, equity securities listed outside Hong Kong denominated in United States dollars (''USD") and Renminbi ("RMB") and accounts payable to clients denominated in USD and RMB. The management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises. The directors of the Company do not expect significant foreign exchange risk arising from USD denominated monetary items in view of the Hong Kong dollar pegged system to the USD.

The carrying amounts of the major foreign currency denominated monetary assets and monetary liabilities of the Group at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**59,194**	–	**136,203**	41,128
RMB	**13,042**	–	**43,238**	4,443

As at 31 December 2022, if RMB had strengthened/weakened by 5% (2021: 5%) against HK$ and all other variables were held constant, the Group's loss after tax would decrease/increase by approximately HK$1,261,000 (2021: HK$185,000). Under the pegged exchange rate system, the financial impact in exchange fluctuation between HK$ and USD is considered to be immaterial and therefore no sensitivity analysis has been prepared.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to accounts receivable arising from retailing business and financial services business, loans receivable, receivables from securities brokers, other receivables and deposits, pledged bank deposits and bank balances. Except for accounts receivable arising from the business of margin financing, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with these financial assets.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Accounts receivables arising from retailing business

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. In addition, the Group performs impairment assessment under ECL model on balances individually. Based on assessment by the directors of the Company, the directors of the Company considers the ECL for these balances is insignificant.

Account receivables arising from financial services business

In order to minimise the credit risk on brokerage and financing services, Credit and Risk Management Committee of CFSG is set up to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on delinquent receivables. In addition, the Group has a policy for assessing the credit risk of accounts receivable. The assessment is based on a close monitoring and evaluation of collectability and on management's judgment, including the current creditworthiness, account executives concentration analysis, collateral distribution and concentration analysis and the past collection history of each client, etc. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Loans receivable

In order to minimise the credit risk, the Group have delegated teams of respective subsidiaries responsible for determination of credit limits and interest rate offered to customers. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on balances individually. The directors of the Company estimate the estimated loss rates of loans receivable based on historical observed default rates over the expected life of the debtors. Based on assessment by the directors of the Company, the directors of the Company considers the ECL is insignificant.

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of significant balances based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits. Based on assessment by the management of the Group, the ECL for these balances is insignificant.

Receivables from securities brokers, pledged bank deposits and bank balances

The management of the Group considers that the credit risks on receivables from securities brokers, pledged bank deposits and bank balances are limited because the banks and securities brokers are financial institutions with high credit ratings assigned by international credit-rating agencies. The Group assessed 12-month ECL by reference to probability of default, loss given default by the relevant credit rating grades published by international credit rating agencies. Based on assessment by the management of the Group, the ECL for these balances is insignificant.

Except for CFSG's financial assets, the Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Accounts receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

Financial assets	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2022 Gross carrying amounts HK$'000	HK$'000	2021 Gross carrying amounts HK$'000	HK$'000
Amortised cost								
Accounts receivable arising from retailing business	23	N/A	Low risk	Lifetime ECL	**1,268**		12,862	
			Watch list	Lifetime ECL	**–**	**1,268**	20,288	33,150
Accounts receivable arising from business of dealing in securities, futures and options	23	N/A	Low risk	12-month ECL	**71,845**	**71,845**	–	–
Accounts receivable arising from business of margin financing	23	N/A	Low risk	12-month ECL	**116,726**	**116,726**	–	
Loans receivable	24	N/A	N/A	12-month ECL	**11,143**	**–**	1,500	–
		N/A	Low risk	12-month ECL	**1,051**	**12,194**	–	1,500
Other receivables and deposits	23	N/A	N/A	12-month ECL	**29,527**	**–**	–	–
		N/A	Low risk	12-month ECL	**45,854**	**74,381**	85,188	85,188
Receivables from securities brokers	23	Aa3 - Aa1	N/A	12-month ECL	**63,154**		57	
		A3 - A1	N/A	12-month ECL	**40,511**		41,212	
		B1 - Baa1	N/A	12-month ECL	**42,249**	**145,914**	48,130	89,399
Pledged bank deposits	27	Aa3 - Aa1	N/A	12-month ECL	**25,000**		25,000	
		A3 - A1	N/A	12-month ECL	**29,159**	**54,159**	30,458	55,458
Bank balances	27	Aa3 - Aa1	N/A	12-month ECL	**8,177**		32,328	
		A3 - A1	N/A	12-month ECL	**74,876**		82,279	
		A3 - Aa1	N/A	12-month ECL	**724,193**		–	
		B1 - Baa1	N/A	12-month ECL	**7,788**		52,667	
		Baa3 - Baa1	N/A	12-month ECL	**1,573**	**816,607**	–	167,274

During the years ended 31 December 2021 and 2020, the impairment allowance for the Group's financial assets are insignificant and there was no provision has been made.

The Group has no significant concentration of credit risk as the exposure is spread over a number of counterparties and customers, except for the liquid funds which are deposited with several banks with high credit ratings and receivables from three securities brokers in a total amount of HK$145,914,000 (2021: HK$89,399,000). Concentration of credit risk for loans receivable and account receivable from margin clients are disclosed below.

As at 31 December 2022, the Group had concentration of credit risk on loans receivable as 71% (2021: N/A) of the outstanding balance is from the top five (2021: N/A) borrowers. The loans receivable of HK$12,194,000 (2021: HK$1,500,000) are not overdue and are considered to have no significant increase in credit risk since initial recognition. Accordingly, these are subject to 12-month ECL.

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

As at 31 December 2022, the Group had concentration of credit risk on the accounts receivable from margin clients as the aggregate balances with the five largest clients represent approximately 62% (2021: N/A) of total accounts receivable from margin clients. The account receivable from margin clients are not overdue and considered to have no significant increase in credit risk since initial recognition. Accordingly, these are subject to 12-month ECL.

For non-credit impaired accounts receivable arising from margin financing, the management performed collective assessment and ECL are estimated on a portfolio basis based on the Group's historical default and loss data and adjusted for forward-looking factors that are available without undue cost or effort.

Liquidity risk

The Group has net current liabilities of approximately HK$25,743,000 (2021: HK$178,627,000) as at 31 December 2022. The consolidated financial statements have been prepared on a going concern basis because the directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements taking into account of the factors as disclosed in note 3.

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

Liquidity tables

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from timing difference between settlement with clearing houses or brokers and customers. To address the risk, the treasury team works closely with the settlement division on monitoring the liquidity gap. In addition, for contingency purposes, clean loan facilities are put in place.

The following tables detail the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed settlement dates.

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

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

	Weighted average effective interest rate	Within 1 year or repayable on demand	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at the end of the reporting period
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2022							
Accounts payable	N/A	684,467	–	–	–	684,467	684,467
Other payables	N/A	88,307	–	–	–	88,307	88,307
Financial liabilities arising from consolidated investment funds	N/A	5,757	–	–	–	5,757	5,757
Borrowings	Note (1)	314,678	67,304	–	–	381,982	375,245
Leases liabilities	Note (2)	147,887	45,383	25,484	–	218,754	210,092
		1,241,096	112,687	25,484	–	1,379,267	1,363,868
At 31 December 2021							
Accounts payable	N/A	230,923	–	–	–	230,923	230,923
Other payables	N/A	30,280	–	–	–	30,280	30,280
Financial liabilities arising from consolidated investment funds	N/A	5,551	–	–	–	5,551	5,551
Amount due to an associate	N/A	1,001	–	–	–	1,001	1,001
Borrowings	Note (1)	201,833	44,100	–	–	245,933	235,617
Leases liabilities	Note (2)	132,304	60,302	24,039	–	216,645	207,606
		601,892	104,402	24,039	–	730,333	710,978

Notes:

(1) Variable-rate borrowings carry interest at either HIBOR or Hong Kong Prime Rate plus a spread. The prevailing market rate at the end of the reporting period is used in the maturity analysis.

(2) Lease liabilities carry weighted-average interest rate at 4.081% (2021: 4.074%).

Borrowings with a repayment on demand clause are included in the "within 1 year or repayment on demand" time band in the above maturity analysis. As at 31 December 2022, the aggregate carrying amounts of these bank loans amounted to approximately HK$80,064,000 (2021: HK$35,263,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate payment. The directors of the Company believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. As at 31 December 2022, assuming the banks will not exercise their discretionary rights to demand immediate repayment, the aggregate principal and interest cash outflows with one year for such bank loans amount to approximately HK$85,422,000 (2021: HK$35,751,000).

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ from the estimated interest rates determined at the end of the reporting period.

38. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Interest rate benchmark reform

As listed in note 32, the Group's HIBOR bank borrowings and trust receipt loans may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

HIBOR

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

For the floating rate loans that are linked to HIBOR, the management expects the HIBOR will continue to maturity. Accordingly, the management does not expect there is significant uncertainty or risks arising from the interest rate benchmark reform.

Fair value measurement of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

	Fair value as at							
	31 December 2022 HK$'000	31 December 2021 HK$'000	**Fair value hierarchy**	**Valuation technique(s)**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**	**Reasonable significant change in unobservable inputs**	**Increase(+)/decrease(-) in fair value of financial instruments by reasonable change in unobservable inputs** HK$'000
Financial assets								
Financial assets at FVTPL								
Investments held for trading								
– Equity securities listed in Hong Kong/the PRC	**40,939**	4,048	Level 1	Quoted prices in an active market	N/A	N/A	N/A	N/A
Investment held for long-term strategic purpose								
– Unlisted investment fund classified as financial assets at FVTPL	**10,655**	8,003	Level 2	Dealing price of the investment funds derived from the net asset values of the investment funds with reference to observable quoted prices of underlying investment portfolio in active markets and fair value of the remaining assets, as provided by a broker	N/A	N/A	N/A	N/A
– Unlisted fund investment	**4,812**	–	Level 3	Net asset value of the fund calculated based on the discounted cash flows of underlying investments.	Net assets value	The higher the net assets value, the higher the fair value.	10%	+481/-481
Financial assets at FVTOCI								
– Unlisted equity investment	**19,975**	–	Level 3	Discounted cash flow method	Discount rate: 11.03%	The higher the discount rate, the lower the fair value.	10%	–195/+203
– Unlisted equity investment	**4,353**	–	Level 3	Market approach	Discount factor for lack of marketability: 17% Price-to-Book (PB) Ratio*: 2022: 0.56	The higher the discount factor for lack of marketability, the lower the fair value. The higher the PB ratio, the higher the fair value	10%	–89/+90

* No sensitivity analysis is performed as the directors of the Company consider that the impact from PB ratio is not material.

38. FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL HK$'000
As at 1 January 2022	–
Acquisition of subsidiary (Note 36)	5,634
Total losses in profit or loss	(822)
As at 31 December 2022	4,812

	Financial assets at FVTOCI HK$'000
As at 1 January 2022	–
Acquisition of subsidiary (Note 36)	23,270
Total gains in other comprehensive income	1,058
As at 31 December 2022	24,328

Included in other comprehensive income is an amount of unrealised gains of HK$1,058,000 related to unlisted equity investments at FVTOCI held as at 31 December 2022. Included in profit or loss is an amount of unrealised loss of HK$822,000 related to unlisted fund investment at FVTPL held as at 31 December 2022.

There were no transfers between Levels 1 and 2 during both years.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Financial assets and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that are either:

- offset in the Group's consolidated statement of financial position; or

- not offset in the consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC") and brokers, the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to settle on a net basis.

38. FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements (continued)

Financial assets and financial liabilities offsetting (continued)

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with cash clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis. The Group has a legally enforceable right to set off the accounts receivable and payable with margin clients and the Group intends to settle the balances on a net basis. Cash and margin clients collectively referred to as the brokerage clients.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to HKSCC, brokers and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group and deposits placed with HKSCC and brokers do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

As at 31 December 2022

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral received*	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets						
Accounts receivable arising from the business of dealing in securities and margin financing	270,118	(105,185)	164,933	(2,536)	(122,720)	39,677

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral paid	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial liabilities						
Accounts payable arising from the business of dealing in securities	569,666	(105,185)	464,481	–	–	464,481

* These represent market value of shares pledged by customers, which are capped at the outstanding balances of respective customers.

39. SHARE OPTION SCHEME

(A) Share option scheme of the Company

The Company's share option scheme ("Share Option Scheme") was adopted pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 21 May 2012 and took effect on the same date. The Share Option Scheme adopted by the Company on 21 May 2012 was terminated pursuant to a resolution passed at the special general meeting held on 30 September 2021. The new share option scheme ("New Share Option Scheme") was adopted pursuant to a resolution passed at the special general meeting held on 30 September 2021 in replacement of the Share Option Scheme. The options granted under the Share Option Scheme before termination shall continue to be valid and exercisable in accordance with the terms of the options.

The major terms of the Share Option Scheme and the New Share Option Scheme are summarised as follows:

(i) The purpose is to provide incentives to:

- award and retain the participants who have made contributions to the Company, its subsidiaries and associates, including CFSG and its subsidiaries; or

- attract potential candidates to serve the Group for the benefit of the development of the Group.

(ii) The participants include any employee, director, consultant, adviser or agent of any members of the Group.

(iii) The maximum number of shares in respect of which options might be granted under the Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The Share Option Scheme was terminated on 30 September 2021 and therefore no options were available for grant as at 31 December 2022.

Upon the adoption of the New Share Option Scheme, the 10% scheme mandate limit imposed under the New Share Option Scheme was refreshed. The maximum number of shares in respect of which options might be granted under the New Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of adoption of the New Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares in respect of which options might be granted was 8,072,018 shares, representing a maximum of 10% of the Company's issued share capital as at 31 December 2022.

However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme, the New Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(iv) The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the Share Option Scheme or any other share option scheme within any 12-months period, must not exceed 1% of the shares in issue from time to time.

(v) There was no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors of the Company and provided in the offer of grant of option.

(vi) The exercise period should be any period fixed by the board of directors of the Company upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to the Company.

39. SHARE OPTION SCHEME (continued)

(A) Share option scheme of the Company (continued)

(viii) The exercise price of an option must be the highest of:

- the closing price of the shares on the date of grant which day must be a trading day;
- the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and
- the nominal value of the share.

(ix) Pursuant to the approval of the special general meeting of the Company on 30 September 2021, the Share Option Scheme was terminated on 30 September 2021. The life of the New Share Option Scheme is effective for 10 years from the date of adoption until 29 September 2031.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

The following table discloses details of the Company's share options held by the directors, employees and consultants of the Group and movements in such holdings:

				Number of share options			
Name of scheme	**Date of grant**	**Exercise price per share** HK$	**Exercise period**	**Outstanding as at 1.1.2022**	**Granted in 2022**	**Lapsed in 2022**	**Outstanding as at 31.12.2022**
Directors							
Share Option Scheme	16.7.2021	1.450	(Note)	3,200,000	–	–	3,200,000
Consultants							
Share Option Scheme	16.7.2021	1.450	(Note)	550,000	–	–	550,000
				3,750,000	–	–	3,750,000
Exercisable at 31 December 2022							3,200,000

				Number of share options			
Name of scheme	**Date of grant**	**Exercise price per share** HK$	**Exercise period**	**Outstanding as at 1.1.2021**	**Granted in 2021**	**Lapsed in 2021**	**Outstanding as at 31.12.2021**
Directors							
Share Option Scheme	16.7.2021	1.450	(Note)	–	3,200,000	–	3,200,000
Employees							
Share Option Scheme	16.7.2021	1.450	(Note)	–	400,000	(400,000)	–
Consultants							
Share Option Scheme	16.7.2021	1.450	(Note)	–	550,000	–	550,000
				–	4,150,000	(400,000)	3,750,000
Exercisable at 31 December 2021							1,600,000

39. SHARE OPTION SCHEME (continued)

(A) Share option scheme of the Company (continued)

Note: The options were granted to the directors and employees of the Group on 16 July 2021 for the provision of services to the Group. The options are subject to approval from the board of directors of the Company and will vest upon achievement of specific performance target, service condition and at the discretion of the board of directors of the Company.

For the options granted to directors, the options must be exercised subject to 2 tranches period as to (i) 50% exercisable from the date of the board of directors of the Company approves the vesting of the options up to 31 July 2022; (ii) 50% exercisable from 1 August 2022 to up to 31 July 2023.

For the options granted to employees, the options must be exercised within one month from the date of the board of directors of the Company approves the vesting of the options. During the year ended 31 December 2022, all options granted to employees lapsed due to cessation of employment of employees of the Group.

In addition, the Group entered into arrangement with other service providers in respect of options on 16 July 2021 for the provision of satisfactory services to the Group. The service providers will be entitled to the options upon the satisfactory delivery of services to the Group and determined at the sole discretion of the board of directors of the Company. The options must be exercised within one month from the date the board of directors of Company approves the entitlement of the options. At 31 December 2022, there were no satisfactory delivery of services to the Group and thus no share-based compensation expense.

The fair values are calculated using the Black-Scholes pricing model ("B-Model"). The variables and assumptions used in computing the fair value of the share options are based on the best estimation of the directors of the Company. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model were as follows:

	Share options grant date 16 July 2021
Share price at grant date	**HK$1.45**
Exercise price	**HK$1.45**
Expected volatility	**288%**
Expected life	**2 years**
Risk-free rate	**0.07%**
Expected dividend yield	**Nil**

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years.

The estimated fair value of share options granted on 16 July 2021 was approximately HK$5,769,000, of which HK$4,448,000, HK$556,000 and HK$765,000 represented the fair value of the share options granted to the directors, employees and consultants, respectively.

During the year ended 31 December 2022, HK$2,224,000 (2021: HK$2,224,000) of share-based compensation expenses has been recognised in profit or loss. The corresponding amount of HK$4,448,000 (2021: HK$2,224,000) has been credited to share-based payment reserve. No liabilities were recognised due to share-based payment transactions.

39. SHARE OPTION SCHEME (continued)

(B) Share option scheme of the CFSG

The share option scheme was adopted pursuant to an ordinary resolution passed at an annual general meeting of CFSG held on 8 June 2018 (the "CFSG Share Option Scheme").

The major terms of the CFSG Share Option Scheme are summarised as follows:

(i) The purpose is to provide incentives to:

- award and retain the participants who have made contributions to the Company and its subsidiaries and associates, including the CFSG and its subsidiaries; or

- attract potential candidates to serve the Group for the benefit of the development of the Group.

(ii) The participants include any employees (whether full time or part time), executives and officers (including executive and non-executive directors) and business consultants, agents and legal and financial advisers of the Group.

(iii) The maximum number of shares in respect of which options might be granted under the CFSG Share Option Scheme must not exceed 10% of the issued share capital of the CFSG as at the date of approval of the CFSG Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of CFSG shares was 26,117,477 shares, representing around 10% of the issued share capital of the CFSG as at 31 December 2022. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the CFSG Share Option Scheme and any other CFSG share option scheme must not exceed 30% of the CFSG shares in issue from time to time.

(iv) The maximum number of CFSG shares in respect of which options might be granted to a participant, when aggregated with CFSG shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the CFSG Share Option Scheme or any other CFSG share option scheme within any 12-months period, must not exceed 1% of the CFSG shares in issue from time to time.

(v) There is no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the CFSG Board and provided in the offer of grant of option.

(vi) The exercise period should be any period fixed by the CFSG Board upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to the CFSG.

(viii) The exercise price of an option must be the highest of:

- the closing price of the CFSG shares on the date of grant which day must be a trading day;

- the average closing price of the CFSG shares for the 5 trading days immediately preceding the date of grant; and

- the nominal value of the CFSG share.

(ix) The life of the CFSG Share Option Scheme is effective for 10 years from the date of adoption until 7 June 2028.

39. SHARE OPTION SCHEME (continued)

(B) Share option scheme of the CFSG (continued)

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing CFSG ordinary shares.

The following table discloses movements in CFSG's share option scheme from acquisition date till 31 December 2022:

Names	Date of grant	Exercise period	Exercise price (HK$)	Note	Number of options ('000) As at 21 October and 31 December 2022
Directors	29/07/2021	01/08/2021 – 31/07/2023	0.572	(a)	7,200
Employees	29/07/2021	01/08/2021 – 31/07/2025	0.572	(a)	4,500
Individuals providing services similar to employees	29/07/2021	01/08/2021 – 31/07/2023	0.572	(a)	3,810
					15,510
Exercisable as at 31 December 2022					–

Note:

(a) During the year ended 31 December 2021, a total of 15,510,000 options were granted to directors, employees and individuals, providing services similar to employees of the Group and the granting of the options are subject to the achievement of certain targets during the financial years ended 31 December 2021 to 2023 and 2025. At 31 December 2022, there was no satisfactory delivery of services to the Group and thus no share-based compensation expense was recognised in the consolidated financial statements

40. SHARE AWARD SCHEME

CFSG has adopted a share award scheme on 1 December 2022 (the "Share Award Scheme"). The Share Award Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules and is a discretionary scheme of CFSG. However, it shall constitute a share scheme that is funded by existing CFSG Shares and shall be subject to the applicable disclosure requirements when the new Chapter 17 of the Listing Rules comes in effect on 1 January 2023.

The major terms of the Share Award Scheme are summarized as follows:

(i) The purpose and objectives of the Share Award Scheme are:

- to recognise and motivate the contributions by certain eligible participants and to give incentives thereto in order to retain them for the continual operation and development of any member of the CASH Group;

- to attract suitable professional personnel beneficial for further growth of any member of the CASH Group; and

- to provide certain eligible participants with a direct economic interest in attaining a long-term relationship between any member of the CASH Group and such eligible participants.

(ii) The Share Award Scheme shall be subject to the administration of the CFSG Board. The CFSG Board may appoint any one or more senior management of CFSG as authorised representative(s) to give instructions or notices to the trustee on all matters in connection with the Share Award Scheme and other matters in the routine administration of the trust. The trustee will hold the CFSG Shares and the income derived therefrom in accordance with the rules of the Share Award Scheme and subject to the terms of the trust deed.

(iii) The eligible participants include any employees (whether full time or part time) of any member of the CASH Group; any non-executive director of any member of the CASH Group; any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the CASH Group; any agent, contractor, client or supplier of any member of the CASH Group; and any other group or classes of participants who, in the sole opinion of the CFSG Board, will contribute or have contributed to any member of the CASH Group.

(iv) The CFSG Board shall not make any further grant of award of CFSG Shares under the Share Award Scheme such that the total number of CFSG Shares granted under the Share Award Scheme (excluding any awards which have lapsed or been cancelled in accordance with the Share Award Scheme) will exceed 10% of the total number of issued CFSG Shares as of the Adoption Date, i.e. 26,117,477 CFSG Shares.

There is no maximum entitlement of each participant.

If the relevant purchase would result in the trustee holding in aggregate more than 10% of the total number of issued CFSG Shares as of the Adoption Date, the trustee shall not purchase any further CFSG Shares.

(v) A selected participant shall be entitled to receive the awarded CFSG Shares held by the trustee in accordance with the vesting schedule when the selected participant has satisfied all vesting conditions specified by the CFSG Board at the time of making the award. Vesting of the CFSG Shares will be conditional on the selected participant remaining an eligible participant until and on each of the relevant vesting dates and his/her execution of the relevant documents to effect the transfer from the trustee.

(vi) The CFSG Board or the authorised representative(s) shall notify the selected participant in writing within 10 business days (or such other day as the CFSG Board may otherwise determine) after an award has been provisionally made to such selected participant and the notice shall contain substantially the same information as that set out in the award notice. An award shall be deemed to be irrevocably accepted by a selected participant unless the selected participant shall within 5 business days after receipt of such notice from the CFSG Board or the authorised representative(s) notify CFSG in writing that he would decline to accept such award.

(vii) Subject to any early termination as may be determined by the CFSG Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date and shall expire on 30 November 2032.

40. SHARE AWARD SCHEME (continued)

(viii) The trustee shall not exercise the voting rights in respect of any CFSG Shares held under the trust (including but not limited to the awarded CFSG Shares, further CFSG Shares acquired out of the income derived therefrom, the returned CFSG Shares, any bonus CFSG Shares and scrip CFSG Shares).

(ix) The total number of CFSG Shares available for grant under the Share Award Scheme is 26,117,477 CFSG Shares, representing approximately 10% of the issued CFSG Shares as at the date of this annual report.

Further details of the Share Award Scheme were disclosed in the CFSG's announcement dated 1 December 2022.

No share awards has been granted under the Share Award Scheme during the period from the date of adoption to the end of the year ended 31 December 2022.

41. RETIREMENT BENEFITS SCHEMES

(a) The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Both the Group and the employees contribute a percentage of the relevant payroll to the MPF Scheme. The cap of mandatory contribution amount is HK$1,500 per employee per month. Where there are employees who have leave the Group prior to vesting fully in the voluntary contributions, the contributions was payable by the Group are reduced by the amount of forfeited voluntary contributions. None of the forfeited contributions utilised in this manner for the year ended 31 December 2022 and 2021.

Certain subsidiaries of the Company participate in various benefits schemes operated by the relevant municipal and provincial governments for its full-time employees in the PRC in accordance with the relevant PRC regulations and rules, including provision of housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury insurance and pregnancy insurance. Pursuant to the existing schemes, the Group contributes 7%, 12%, 22%, 2%, 0.5% and 0.5% of the basic salary of its employees to the housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury and pregnancy insurance respectively.

The employer's contributions to the MPF Schemes and various benefits schemes in the PRC are disclosed in note 8.

(b) Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay Long Service Payment ("LSP") to qualifying employees in Hong Kong upon retirement, subject to a minimum of 5 years employment period, based on the following formula: Last monthly wages (before termination of employment) × 2/3 × Years of service.

Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof (collectively, the "Eligible Offset Amount"), for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement').

The Employment & Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 was gazetted on 17 June 2022, which will eventually abolish the Offsetting Arrangement. The Amendment will come into effect prospectively from a date to be determined by the Hong Kong SAR Government, which is expected to be in 2025 (the "Transition Date"). Under the amended Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date.

The Group's LSP obligation, taking into consideration of the Offsetting Arrangement, is considered to be insignificant and no provision has been recognised as at 31 December 2022 and 2021.

42. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group entered into the following transactions with related parties:

	2022	2021
	HK$'000	HK$'000
Interest expense to a related party	**2,427**	175

Compensation of key management personnel

The remuneration of directors of the Company and chief executive which is disclosed in note 11 is determined by the remuneration committee having regard to the performance of individuals and market trends.

43. 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.

	Amount due to an associate	**Borrowings**	**Lease liabilities**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
	(note 22)	(note 33)	(note 32)	
At 1 January 2021	1,341	162,349	285,947	449,637
Financing cash flows (Note)	(340)	66,895	(174,351)	(107,796)
New lease entered	–	–	85,080	85,080
Interest expense	–	6,373	10,622	16,995
Exchange adjustments	–	–	308	308
At 31 December 2021	1,001	235,617	207,606	444,224
Financing cash flows (Note)	(1,001)	(18,700)	(166,641)	(186,342)
New lease entered	–	–	133,990	133,990
Acquisition of subsidiary (note 36)	–	146,388	26,522	172,910
Interest expense	–	11,940	8,815	20,755
Exchange adjustments	–	–	(200)	(200)
At 31 December 2022	–	375,245	210,092	585,337

Note: The financing cash flows include the drawdown of borrowings, repayments of borrowings, repayment of lease liabilities and related interest paid.

44. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2021, part of the consideration for the purchase of property and equipment amounting to approximately HK$1,087,000 were not settled and included in the consolidated statement of financial position as other payables.

In addition, the Group entered into new lease contracts and modified certain lease contracts for the use of retail stores for 1 to 6 years. On the lease commencement/modification date, the Group recognised in aggregate of HK$133,990,000 (2021: HK$86,486,000) of right-of-use assets, HK$133,990,000 (2021: HK$85,080,000) of lease liabilities and HK$523,000 (2021: HK$476,000) of restoration provision during the year ended 31 December 2022.

During the year ended 31 December 2022, certain lessors agreed to waive lease payments on several leases and the Group has derecognised lease liabilities of HK$9,313,000 (2021: HK$11,700,000), which have been recognised as variable lease payments in profit or loss for the year.

45. EVENT AFTER THE REPORTING PERIOD

On 19 December 2022, the Group has agreed to transfer 51% equity interest of CASH Algo Finance Group International Limited to a subsidiary of CFSG at the consideration of HK$61 million, which comprised of HK$10 million in cash and HK$51 million by the issue of the new shares of CFSG. The transfer will be accounted for as equity transaction of the Group. As at the date of this report, the transaction has not yet been completed.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation/ operation	Nominal value of issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital held by the Company 2022 %	2021 %	Principal activities
CASH Pricerite Home Limited	Hong Kong	Ordinary HK$201,170,000	**99.01**	99.01	Retailing of furniture and household goods
Pricerite Electrical Appliances Limited	Hong Kong	Ordinary HK$1	**99.01**	99.01	Retailing of electrical appliances
Pricerite Marketing Limited	Hong Kong	Ordinary HK$2	**99.01**	99.01	Provision of management services to a fellow subsidiary
Pricerite Pet Necessities Limited	Hong Kong	Ordinary HK$10,000	**89.11**	89.11	Online retailing of pet supplies
Cashflow Credit Limited	Hong Kong	Ordinary HK$27,242,299	**100.00**	100.00	Investment holding

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name	Place of incorporation/ operation	Nominal value of issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital held by the Company 2022 %	2021 %	Principal activities
CASH (continued)					
Pricerite.com.hk Limited	Hong Kong	Ordinary HK$2	**99.01**	99.01	Online retail of furniture houselive and foods
Pricerite Food Limited	Hong Kong	Ordinary HK$1	**99.01**	99.01	Retail of food & beverage
TMF Company Limited	Hong Kong	Ordinary HK$1	**99.01**	99.01	Retailing of tailor-made furniture
Celestial Investments (HK) Limited	Hong Kong	Ordinary HK$10,000,000	**100**	100	Money lending
CASH Algo Finance Group Limited	Hong Kong	Ordinary HK$2,000,000	**100**	100	Investment trading
CASH Talent Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
CASH Frontier Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
CASH Quant-Finance Lab Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment trading
上海群博資產有限公司	PRC	Registered capital RMB20,000,000	**100**	100	Provision of asset management services
群博量化指數增强私募證券投資基金	PRC	Paid up capital 6,911,659.49 units	**N/A (Note)**	58.84 (Note)	Fund investment
群博多策略對冲私募證券投資基金	PRC	Paid up capital 17,801,259.51 units	**99.80 (Note)**	96.93 (Note)	Fund investment
CRM (HK)	British Virgin Islands	Ordinary HK$35,000,000	**99.01**	99.01	Investment holding
Celestial Investment Group Limited	British Virgin Islands	Ordinary US$10,000	**100**	100	Investment holding
Moli Mobile Digital Entertainment Holdings Limited ("MMDE")	British Virgin Islands	Ordinary US$10,000	**89.70**	89.70	Investment holding
CFSG	Bermuda/ Hong Kong	Ordinary HK$10,446,991	**60.49**	N/A	Investment holding

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name	Place of incorporation/ operation	Nominal value of issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital held by the Company 2022 %	2021 %	Principal activities
Subsidiaries of CFSG					
CASH Asset Management Limited	Hong Kong	Ordinary HK$10,000,000	60.49	N/A	Provision of asset management services
CASH Wealth Management Limited	Hong Kong	Ordinary HK$15,000,000	60.49	N/A	Financial advisory consultancy
CASH Payment Services Limited	Hong Kong	Ordinary HK$2	60.49	N/A	Provision of payment gateway services
Celestial Asset Management Limited	Hong Kong	Ordinary HK$6,781,401	60.49	N/A	Provision of treasury management functions and investment holding and trading
Celestial Capital Limited	Hong Kong	Ordinary HK$30,000,000	60.49	N/A	Inactive (2021: provision of corporate finance, investment and financial advisory services)
Celestial Finance Limited	Hong Kong	Ordinary HK$121,000,002	60.49	N/A	Money lending
Celestial Commodities Limited	Hong Kong	Ordinary HK$50,000,000	60.49	N/A	Brokerage of futures and options
Celestial Securities Limited	Hong Kong	Ordinary HK$140,000,000	60.49	N/A	Brokerage of securities and equity options
CASH Trinity Buillion Limited	Hong Kong	Ordinary HK$2	60.49	N/A	Investment holding and trading
CASH Family Office Company Limited	Hong Kong	Ordinary HK$100	30.85	N/A	Investment holding and trading
Victory Glory Investments Limited	Hong Kong	Ordinary HK$1	60.49	N/A	Investment trading
Think Right Investments Limited	British Virgin Islands	Ordinary US$1	60.49	N/A	Properties holding
Celestial Financial Services Limited	British Virgin Islands	Ordinary US$10,000	60.49	N/A	Investment holding
CASH Mobile Financial Services Limited	Hong Kong	Ordinary HK$10,000,000	60.49	N/A	Provision of management services for group companies
Celestial (China) Asset Management Limited	British Virgin Islands	Ordinary US$500,000	60.49	N/A	Investment holding

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name	Place of incorporation/ operation	Nominal value of issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital held by the Company 2022 %	2021 %	Principal activities
Subsidiaries of CFSG (continued)					
Weever FinTech Limited	Hong Kong	Ordinary HK$48,500,000	**64.93**	N/A	Brokerage of cryptocurrencies
CFSG China Investment Limited	British Virgin Islands	Ordinary US$1	**60.49**	N/A	Investment holding
Golden Riverside Industrial Limited	Hong Kong	Ordinary HK$102	**60.49**	N/A	Investment holding
CFSG FinTech Group Limited	British Virgin Islands	Ordinary US$1	**60.49**	N/A	Investment holding
上海懿睿股權投資基金管理有限公司(translated as Shanghai Yirui Equity Investment Fund Management Company Limited) ("Shanghai Yirui")*	PRC	Ordinary RMB10,000,000	**60.49**	N/A	Investment holding
CASH Prime Value Equity OFC^	Hong Kong	Redeemable participating shares 14,016.8 units	**60.49**	N/A	Investment holding

* Shanghai Yirui is a limited liability company established in the PRC. Shanghai Yirui is indirectly held by the Company through contractual arrangements by the registered owners, being Ms Wei Li (holder of 95% of the equity interests) and Ms Mao Jie (holder of 5% of the equity interests), of Shanghai Yirui.

\# The business was ceased during the year ended 31 December 2021.

^ CASH Prime Value Equity OFC is a consolidated structured entity under the Group.

Note: For these investment funds, the directors of the Company concluded that the variable returns the Group exposed to are significant, the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group consolidated these investment funds throughout the reporting period. Details of the determination of consolidation of investment funds are disclosed in note 4.

All the subsidiaries shown above are indirectly held by the Company. In the opinion of the directors of the Company, a complete list of the particulars of subsidiaries will be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or net assets of the Group.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. Majority of these subsidiaries operate in Hong Kong and are investment holding or inactive companies.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

The table below shows details of non-wholly-owned subsidiaries of the Group that have non-controlling interests:

Name of subsidiaries	Place of incorporation/ operation	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	**2022**	2021	**2022**	2021
				HK$'000	HK$'000	**HK$'000**	HK$'000
CFSG	Bermuda/Hong Kong	**39.51%**	N/A	**(1,456)**	N/A	**133,917**	N/A
MMDE	BVI/Hong Kong	**10.30%**	10.30%	**–**	–	**(40,045)**	(40,045)
Individual immaterial subsidiaries with non-controlling interests				**(152)**	(217)	**1,308**	2,099
				(1,608)	(217)	**95,180**	(37,946)

Summarised consolidated financial information in respect of each Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

CFSG and subsidiaries

	At 31 December 2022 HK$'000
Non-current assets	**74,198**
Current assets	**978,935**
Non-current liabilities	**(698,057)**
Current liabilities	**(16,218)**
Net assets of CFSG	**338,858**
Equity attributable to owners of the Company	**330,320**
Non-controlling interests of CFSG	**8,538**
	338,858

	From 21 October 2022 to 31 December 2022 HK$'000
Revenue	**7,247**
Expenses	**(9,416)**
Loss for the period	**(2,169)**
Loss for the period attributable to	
– the owners of the Company	**(1,312)**
– non-controlling interests of CFSG	**(857)**
Loss for the period	**(2,169)**
Other comprehensive expense for the period attributable to	
– the owners of the Company	**(1,516)**
– non-controlling interests of CFSG	**(599)**
Other comprehensive expense for the period	**(2,115)**
Total comprehensive expense for the period attributable to	
– owners of the Company	**(2,828)**
– non-controlling interests of CFSG	**(1,456)**
Total comprehensive expense for the period	**(4,284)**
Net cash inflow from operating activities	**58,680**
Net cash outflow from investing activities	**(1,179)**
Net cash outflow from financing activities	**(5,124)**
Net cash inflow	**52,377**

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

MMDE

	2022 HK$'000	2021 HK$'000
Non-current assets	**5,859**	5,859
Current assets	**1,326**	1,326
Current liabilities	**(406,341)**	(406,249)
	(399,156)	(399,064)
Equity attributable to owners of the Company	**(359,111)**	(359,019)
Non-controlling interests of MMDE	**(40,045)**	(40,045)
	(399,156)	(399,064)
Expenses	**(92)**	(162)
Loss for the year	**(92)**	(162)
Loss for the year attributable to		
– the owners of the Company	**(92)**	(162)
– non-controlling interests of MMDE	**–**	–
Loss for the year	**(92)**	(162)
Other comprehensive income for the year attributable to		
– the owners of the Company	**–**	20
– non-controlling interests of MMDE	**–**	–
Other comprehensive income for the year	**–**	20
Total comprehensive expense for the year attributable to		
– the owners of the Company	**(92)**	(142)
– non-controlling interests of MMDE	**–**	–
Total comprehensive expense for the year	**(92)**	(142)
Net cash outflow from operating activities	**(92)**	(178)
Net cash inflow from financing activities	**–**	166
Net cash outflow	**(92)**	(12)

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2022 **HK$'000**	2021 HK$'000
Non-current asset		
Amounts due from subsidiaries	**461,969**	419,154
Current assets		
Other receivables	**354**	367
Bank balance and cash	**1,159**	1,047
	1,513	1,414
Current liabilities		
Other payables and accruals	**605**	556
Borrowings	**60,000**	–
Amounts due to subsidiaries	**115,746**	75,637
	176,351	76,193
Net current liabilities	**(174,838)**	(74,779)
Net assets	**287,131**	344,375
Capital and reserves		
Share capital	**16,144**	16,144
Reserves	**270,987**	288,056
Total equity	**287,131**	304,200
Non-current liability		
Borrowings	**–**	40,175
	287,131	344,375

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

Reserves of the Company:

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	(Accumulated losses) retained profits HK$'000	Total HK$'000
At 1 January 2021	629,127	149,719	–	(463,514)	315,332
Loss and total comprehensive expense for the year	–	–	–	(9,320)	(9,320)
Recognition of equity-settled share-based payments	–	–	2,224	–	2,224
Amount transferred to accumulated losses	(550,000)	–	–	550,000	–
Dividend recognised as distribution during the year	–	–	–	(20,180)	(20,180)
At 31 December 2021	79,127	149,719	2,224	56,986	288,056
Loss and total comprehensive expense for the year	–	–	–	(7,185)	(7,185)
Recognition of equity-settled share-based payments	–	–	2,224	–	2,224
Amount transferred to retained profits	(75,000)	–	–	75,000	–
Dividend recognised as distribution during the year	–	–	–	(12,108)	(12,108)
At 31 December 2022	4,127	149,719	4,448	112,693	270,987

FIVE YEAR FINANCIAL SUMMARY

The summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements as appropriate, is set out below:

	Year ended 31 December				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**1,210,887**	1,368,066	1,379,513	1,387,769	1,420,264
(Loss) profit before taxation	**(44,735)**	(39,841)	46,284	(92,720)	(200,614)
Income tax credit (expense)	**9,486**	(3,426)	(5,310)	(7,632)	(4,325)
(Loss) profit for the year	**(35,249)**	(43,267)	40,974	(100,352)	(204,939)
Attributable to:					
Owners of the Company	**(33,641)**	(43,050)	39,985	(99,392)	(202,415)
Non-controlling interests	**(1,608)**	(217)	989	(960)	(2,524)
	(35,249)	(43,267)	40,974	(100,352)	(204,939)

	As at 31 December				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Property and equipment	**40,495**	27,364	40,090	46,020	56,293
Right-of-use assets	**193,590**	187,060	261,604	341,378	–
Goodwill	**39,443**	39,443	39,443	39,443	39,443
Interests in associates	**–**	183,535	196,055	197,266	259,494
Intangible assets	**52,552**	43,460	43,460	43,460	43,460
Other non-current assets	**65,823**	28,571	40,303	45,386	48,258
Current assets	**1,394,639**	502,530	482,208	408,096	414,057
Total assets	**1,786,542**	1,011,963	1,103,163	1,121,049	861,005
Current liabilities	**1,420,382**	681,157	687,265	668,790	547,856
Long term borrowings	**–**	40,175	–	44,266	24,514
Long term lease liabilities	**68,061**	81,112	149,938	227,530	–
Other non-current liabilities	**6,825**	6,825	6,825	9,955	8,324
Total liabilities	**1,495,268**	809,269	844,028	950,541	580,694
Net assets	**291,274**	202,694	259,135	170,508	280,311
Equity attributable to the owners of the Company	**196,094**	240,640	296,864	199,238	307,397
Non-controlling interests	**95,180**	(37,946)	(37,729)	(28,730)	(27,086)
	291,274	202,694	259,135	170,508	280,311

No restatement is made in respect of the adoption of HKFRS 16 to the consolidated results and assets and liabilities of the Group for the financial years ended 31 December 2018.

DEFINITIONS

In this annual report, the following expressions have the following meanings unless the context requires otherwise:

"AGM(s)"	the annual general meeting(s) of the Company
"Audit Committee"	the audit committee of the Company established pursuant to the CG Code of the Listing Rules
"Board"	the board of Directors
"CAFG" or "CAFG Group"	CASH Algo Finance Group International Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries, which are principally engaged in algorithmic trading business
"Cash Guardian"	Cash Guardian Limited, a company incorporated in the British Virgin Islands with limited liability, is the substantial Shareholder of the Company and an associate of Dr Kwan Pak Hoo Bankee
"CASH Wealth Management"	CASH Wealth Management Limited, a company incorporated in Hong Kong with limited liability, is a subsidiary of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities
"Celestial Securities"	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability, is a subsidiary of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in type 1 (dealing in securities) regulated activity
"CEO"	the chief executive officer of the Company
"CFO"	the chief financial officer of the Company
"CFSG"	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board. CFSG is a 60.49%-owned listed subsidiary of the Company
"CFSG Board"	the board of directors of CFSG
"CFSG Group"	CFSG and its subsidiaries
"CFSG Share Option Scheme"	the existing share option scheme of CFSG adopted by CFSG pursuant to an ordinary resolution passed at an annual general meeting of CFSG held on 8 June 2018
"CFSG Share(s)"	ordinary share(s) of HK$0.04 each in the share capital of CFSG
"CG Code"	the Corporate Governance Code as contained in Appendix 14 of the Listing Rules
"CIGL"	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of the Company
"Company" or "CASH"	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board
"Company Secretary"	the company secretary of the Company
"Directors"	the directors of the Company
"ED(s)"	the executive Director(s) of the Company

DEFINITIONS

"Group"	the Company and its subsidiaries
"INED(s)"	the independent non-executive Director(s) of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"Management"	the management team of the Company
"Model Code"	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
"New Share Option Scheme"	the existing share option scheme of the Company adopted by the Company pursuant to an ordinary resolution passed at the SGM held on 30 September 2021. The New Share Option Scheme, which was in place of the Old Share Option Scheme, took effect on 30 September 2021
"Nomination Committee"	the nomination committee of the Company established pursuant to the CG Code of the Listing Rules
"Old Share Option Scheme"	the share option scheme adopted by the Company pursuant to an ordinary resolution passed at the AGM held on 21 May 2012. The Old Share Option Scheme was terminated pursuant to an ordinary resolution passed at the SGM held on 30 September 2021
"Pricerite" or "Pricerite Group"	Pricerite Group Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries (including Pricerite Home Limited, TMF Company Limited, SECO Living Company Limited, Pricerite Food Limited and Pricerite Pet Caring Limited), which mainly conduct the retail management business in Hong Kong under multi-brand names including "Pricerite Home", "TMF", "SECO", "Pricerite Food" and "Pricerite Pet"
"Remuneration Committee"	the remuneration committee of the Company established pursuant to the CG Code of the Listing Rules
"SFC"	the Hong Kong Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM(s)"	the special general meeting(s) of the Company
"Share(s)"	ordinary shares of HK$0.20 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$" or "USD"	United States dollar(s), the lawful currency of the United States
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

"PRC"	the People's Republic of China
"UK"	United Kingdom
"US"	United States

If there is any inconsistency in this report between the Chinese and English versions, the English version shall prevail.