ANNUAL REPORT 2022

OSHIDORI INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
STOCK CODE：622.HK or "OSHIDORI"

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Ms. WONG Wan Men
Mr. WONG Yat Fai

Non-Executive Directors
Mr. Alejandro YEMENIDJIAN[(1)]
(Non-Executive Chairman)
Hon. Joseph Edward SCHMITZ[(1)]
Mr. SAM Hing Cheong

Independent Non-Executive Directors
Hon. CHAN Hak Kan, *S.B.S., J.P.*
Mr. CHEUNG Wing Ping[(2)]
Mr. HUNG Cho Sing, *B.B.S.*
Mr. LAM John Cheung-wah[(3)]
Dr. LO Wing Yan, William, *J.P.*
Mr. YU Chung Leung[(4)]

AUTHORISED REPRESENTATIVES
Ms. WONG Wan Men
Mr. WONG Yat Fai

AUDIT COMMITTEE
Mr. YU Chung Leung *(Chairman)*[(5)]
Hon. CHAN Hak Kan, *S.B.S., J.P.*
Mr. CHEUNG Wing Ping[(6)]
Mr. HUNG Cho Sing, *B.B.S.*
Mr. LAM John Cheung-wah[(7)]
Dr. LO Wing Yan, William, *J.P.*

NOMINATION COMMITTEE
Mr. YU Chung Leung *(Chairman)*[(5)]
Hon. CHAN Hak Kan, *S.B.S., J.P.*
Mr. CHEUNG Wing Ping[(6)]
Mr. HUNG Cho Sing, *B.B.S.*
Mr. LAM John Cheung-wah[(7)]
Dr. LO Wing Yan, William, *J.P.*
Ms. WONG Wan Men

REMUNERATION COMMITTEE
Mr. YU Chung Leung *(Chairman)*[(5)]
Hon. CHAN Hak Kan, *S.B.S., J.P.*
Mr. CHEUNG Wing Ping[(6)]
Mr. HUNG Cho Sing, *B.B.S.*
Mr. LAM John Cheung-wah[(7)]
Dr. LO Wing Yan, William, *J.P.*
Ms. WONG Wan Men

COMPANY SECRETARY
Ms. LIU Tsui Fong

LEGAL ADVISORS
(As to Bermuda law)
Conyers Dill & Pearman

REGISTERED OFFICE
Clarendon House
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Bermuda

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
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4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
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183 Queen's Road East, Wanchai
Hong Kong

AUDITOR
Mazars CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS
Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE
Hong Kong Stock Exchange: 622

Notes:

(1) Resigned as Director on 6 October 2022
(2) Resigned as Director on 1 August 2022
(3) Appointed as Director on 1 August 2022
(4) Appointed as Director on 25 July 2022
(5) Appointed as member on 25 July 2022 and appointed as Chairman on 1 August 2022
(6) Ceased to be Chairman and member on 1 August 2022
(7) Appointed as member on 1 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Oshidori International Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") recorded a net loss of HK$81.1 million for the year ended 31 December 2022 (the "**Year**"), compared to a net loss of HK$3,145.7 million for the year ended 31 December 2021 (the "**Previous Year**"). This decrease in loss was mainly due to the absence of one-off net loss on disposal of financial assets for the Previous Year. However, the performance from tactical and/or strategical investments segment for the Year remained weak due to the significant market volatilities and uncertainties in global economies.

BUSINESS REVIEW

The Group principally engages in investment holdings, tactical and/or strategical investments (including property investments), provision of financial services including the Securities and Futures Commission (the "**SFC**") regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 8 (securities margin financing) and Type 9 (asset management), and provision of credit and lending services regulated under the Money Lenders Ordinance.

A. Financial Services (SFC Type 1, 2, 4, 6, 8 and 9 Regulated Activities)

Through a wholly owned subsidiary, Oshidori Securities Limited ("**OSL**"), the Group engages in securities brokerage and financial services business. OSL is licensed by the SFC to conduct regulated activities including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) and holds a Stock Exchange Trading Right. OSL is also an exchange participant of the Stock Exchange that offers clients a platform to trade eligible stocks listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange through trading facilities of the Stock Exchange as a China Connect Exchange Participant and China Connect Clearing Participant. OSL is also an exchange participant of Hong Kong Futures Exchange Limited and HKFE Clearing Corporation Limited.

The Group also provides corporate finance advisory services through its wholly owned subsidiary Oshidori Corporate Finance Limited ("**OCFL**"), which is licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity. OCFL was appointed by several listed companies as their corporate financial advisor on their respective corporate activities in relation to compliance with the Listing Rules.

The Group also, through its wholly owned subsidiary Win Wind Finance Limited ("**WWFL**"), engages in securities margin financing. WWFL is licensed by the SFC to conduct Type 8 (securities margin financing) regulated activity.

Brokerage commission income generated from securities brokerage services increased by 35.3% from HK$1.7 million for the Previous Year to HK$2.3 million for the Year. Interest income generated from provision of margin financing services decreased by 24.7% to HK$18.9 million for the Year (Previous Year: HK$25.1 million). The Group has yet to generate income from placing and underwriting services and corporate finance advisory services for the Year (Previous Year: HK$2.7 million and HK$1.4 million respectively). Income generated from asset management services for the Year was HK$1.7 million (Previous Year: HK$3.0 million).

Given prevailing sentiments of market uncertainty in recent years, the Group has maintained a cautious approach towards its margin financing services business, its placing and underwriting services business and its corporate finance advisory services business.

MANAGEMENT DISCUSSION AND ANALYSIS

B. Credit and Lending Services

(i) Business Model

The Company, through its wholly owned subsidiaries, namely, Oshidori WW Resources Limited and Oshidori Citizens Money Lending Corporation Limited ("**Citizens**"), conducts credit and lending business under the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong.

The Group maintains readily available funds and equips itself with sufficient lending capacities for capturing potential business opportunities. The Group finances its credit and lending business with its existing general working capital. The Group's credit and lending business has a unique business model with emphasis on the provision of sizeable loans to both corporate and individual clients with good financial standing and low credit risk (such as listed companies and individuals holding marketable assets).

The Group targets a niche market of high-profile borrowers (i.e. (a) listed companies, (b) companies with well-established businesses for over 2 years, (c) companies or individuals holding marketable assets and (d) individuals whose occupations are executives, businessmen or professionals) in need of sizeable loans, who have a proven track record of making repayments. The Group grants loans only to recognised and creditworthy customers. The Group granted loans only to the customers (a) who are third parties and not connected with the Group; (b) who are introduced by the Group's directors, senior management, business partners or existing/previous borrowers; and (c) whose creditworthiness and loan collateral are evaluated and approved by the credit committee (the "**Credit Committee**") of the Group. The Group rarely advertises in the open market.

The management team of the Group's credit and lending business comprises the Credit Committee and 2 managers. The Credit Committee consists of two directors of the Group, who have more than 30 years and around 20 years of experience in finance, investment and credit and lending industries, respectively. It is a pre-requisite that the said managers shall have at least five years of experience in the finance and/or accounting industries. The Credit Committee has the power and authority to review and approve the loan applications. The roles and responsibilities are as follows:

a) the Credit Committee is responsible for (i) assessing credit risks; (ii) overseeing the approval of credit applications and loan approvals; and (iii) managing customer relationships; and

b) the managers are responsible for (i) reviewing loan documentations; (ii) identifying potential problems; and (iii) recommending mitigating factors.

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Internal Control Procedures

The Group has taken the following internal control measures in carrying out the credit and lending services business:

Credit risk assessment of customers

Potential customers are required to disclose and provide the Group with a list of information required for a loan application. The Group will then assess the creditworthiness of the potential customers and their repayment abilities, including legal due diligence. In particular, the following information is requested and considered as part of the process of assessing creditworthiness:

a) the potential customers' background and statutory information;

b) the potential customers' proof of income, including bank statements;

c) the amount and purpose of the loan;

d) the results of legal searches, such as litigation (or the absence of), on the potential customers; and

e) whether the Group and the potential customers have any prior dealings and, if so, the credit history of any such prior arrangements.

In making the approval decision, the Credit Committee considers the information set out above and assesses the potential customers' credit risk, the loan-to-value ratio and the proposed interest rate. The operations of the Credit Committee are subject to review by the Executive Directors of the Company.

Mechanism in determining loan terms

The request from each potential customer is unique. The loan terms are determined based on the potential customers' financial needs (e.g. type of loan, capital needs and loan tenure), credit risk assessment of potential customers and their financial repayment abilities. The loan interest rate is determined based on the result of credit risk assessment and reference to the market interest rate.

MANAGEMENT DISCUSSION AND ANALYSIS

Approval process for granting loans

Application and approval process are as follows:

a) collection of potential customer's information;

b) preliminary loan assessment and approval (if disapproved, reject loan application and inform the potential customer);

c) credit assessment – 3C's Assessment (i.e. character, capacity, and collateral):

   - character is defined by credit and loan repayment history;

   - capacity measures income and ability to service a loan or line of credit;

   - collateral refers to asset(s) that could be leveraged for payment;

d) determine the terms of the loan and obtain approval from Credit Committee (if disapproved, reject loan application and inform potential customer);

e) prepare board minutes to approve the loan and notify the potential customer of the loan approval;

f) prepare all relevant loan documents and explain the terms of the loan and the associated loan documents to the potential customer;

g) execution of the relevant loan documents and prepare loan disbursement; and

h) review and file the loan documents in the filing cabinets.

Monitoring loan repayment and recovery

The status of outstanding loan principals and interest collection is monitored by the Credit Committee, two managers and accounting department on a daily basis by reviewing daily reports. On the maturity date, the Credit Committee communicates with borrowers by phone regarding their financial conditions and source of repayment to ascertain whether borrowers have any difficulty in making their repayments on time; and the Credit Committee also reminds borrowers to make timely repayments of their loans. When borrowers request for loan extension, the Credit Committee would request the managers and accounting department to ascertain and review the borrowers' financial condition through publicly available information (such as the Stock Exchange's website and press media, etc) so as to assess the recoverability of loans. In the event that there is no such publicly available information, the Credit Committee would request the respective borrowers for their updated financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

Taking actions on delinquent loans

When a loan is overdue, the Group will contact the borrower and guarantor (if any) to remind them of the possible enforcement action(s) and timing of repayment and seeking reasons for the delay in repayment. The Group will also issue demand letter(s) to the borrowers. If the Group does not receive any favourable reply from the borrowers, the Group will instruct legal advisers to take legal actions for recovery of outstanding loan principal and accrued interest.

The action plans are determined based on the individual situation on a case by case basis. In general, the Group takes into account factors such as whether the pledged assets provided by the borrowers are sufficient in value; and whether there are any bona fide settlement offers made by the borrowers.

In case the market value of pledged assets falls below the outstanding loan amount, the Group may request the borrowers to increase the pledged assets. In case the borrowers can provide the Group with bona fide settlement proposal, the Group may consider withholding legal action against the borrowers and accept the settlement proposal in order to save legal costs and time.

(iii) Major Terms of Loans

As at 31 December 2022, the Company's credit and lending services business had 14 customers (all of them are independent third parties) and the total net loan receivables including both fixed and variable rate loan advances was HK$306.0 million (2021: HK$978.4 million).

Among these loan receivables, HK$60.4 million and HK$10.4 million (totalling HK$70.8 million) (2021: totalling HK$130.0 million) were secured by the pledge of securities and personal guarantees respectively, and bearing interest ranging from 5% to 15% (2021: 5% to 15%) per annum. Out of these secured loan receivables, HK$37,000 had contractual loan period of 7 years and HK$70.8 million had contractual loan period between 12 months and 18 months (2021: between 18 months and 7 years).

The remaining balance of HK$235.2 million (2021: HK$848.4 million) were unsecured, and bearing interest ranging from 5% to 15% (2021: 3% to 36%) per annum. Out of these unsecured loan receivables, HK$203.2 million had contractual loan period between 6 months and 1 year, HK$19.6 million had contractual loan period between over 1 year and 2 years, HK$11.4 million had contractual loan period between over 2 years to 5 years and HK$1.0 million had contractual loan period over 5 years (2021: between 6 months and 5 years and over 5 years).

During the year ended 31 December 2022, the Group offered attractive interest rate to borrowers (as low as 5% per annum) as special promotion and on ad hoc basis. Such interest rate would be offered when the Group obtained surplus financial resources upon receipt of unexpected early repayment from borrowers. Such interest rate was offered as a special promotion to maintain amicable business relationship with our borrowers whose credit assessment were of satisfactory results.

MANAGEMENT DISCUSSION AND ANALYSIS

Interest income from loan receivables for the Year was HK$33.7 million (Previous Year: HK$65.8 million), which was decreased by 48.8% as compared with the Previous Year. The decrease was due to the Group's prudent approach in carrying out its credit and lending services business.

(iv) Top Five Borrowers

As at 31 December 2022, the loan and interest receivables from the largest borrower was HK$148.4 million (representing approximately 48% of the total loan and interest receivables of the Group) while the loan and interest receivables from the five largest borrowers together was HK$271.3 million (representing approximately 89% of the total loan and interest receivables of the Group).

(v) Impairment Loss on Loan Receivables

The Group has conducted an impairment assessment of the loan receivables according to the accounting standards. In accordance with "Hong Kong Financial Reporting Standard 9 – Financial Instruments", an entity shall at the end of each reporting period measure impairment of financial assets using the expected credit loss (the "**ECL**") approach, i.e. to assess how current and future economic conditions impact the amount of loss.

Bases of impairment assessment and valuations or other evidence to support the impairment assessment

For the purpose of impairment assessment, the Group has established a loan credit risk classification system. Each loan receivable was assessed individually and was classified into the following three categories of internal credit rating:

- Performing refers to loans that have not had a significant increase in credit risk and for which ECL in the next 12 months will be recognised;

- Under-Performing refers to loans that have had a significant increase in credit risk and for which the lifetime ECL will be recognised; and

- Not Performing refers to loans that have objective evidence of impairment and for which the lifetime ECL will be recognised.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the loan receivable is credit-impaired, the Group has taken into account the following factors:

a) historical actual credit loss experience for the borrower; and

b) financial position of the borrower by reference to its management or audited accounts and available press information adjusted for forward-looking factors that are specific to the borrower and general economic conditions of the industry in which the borrower operate.

There was no change in the estimation techniques or significant assumptions made during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Reasons for the movements in impairment provisions

According to the impairment assessment, loss allowance of HK$34.7 million (2021: HK$49.0 million) was recognised for the loan and interest receivables outstanding as at 31 December 2022. Details of the reasons for the decrease in impairment provisions by HK$14.3 million are set out below:

a) During the Year, a reversal of loss allowance of HK$23.6 million was mainly made for loan and interest receivables of HK$849.6 million (as at 31 December 2021) upon recovery;

b) During the Year, loss allowance of HK$0.7 million was written-off upon disposal of loan and interest receivables of HK$34.8 million (as at 31 December 2021);

c) During the Year, loss allowance of HK$4.1 million was made for new loan and interest receivables of HK$206.7 million (as at 31 December 2022) (which were classified as Performing) as general provision; and

d) During the Year, additional loss allowance of HK$5.9 million was made for loan and interest receivables of HK$116.6 million (as at 31 December 2022) (which were classified as Under-Performing) due to the failure of the borrower to repay the loan upon maturity and the deterioration of the borrower's financial capability.

C. Tactical and/or Strategical Investments

The Group engages in tactical and/or strategical investments of a diversified portfolio overseen by a professional investment team that holds Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) licences under the Securities and Futures Ordinance (the "**SFO**"). Negative income from this segment amounted to HK$39.9 million for the Year (Previous Year: HK$3,294.4 million).

The Group has diversified its business activities to include property investments. As Hong Kong and other international cities open up to COVID-restriction free travel, property markets for both residential and commercial rebound with strong appetite for investments from both local and mainland. In Hong Kong, the recently announced measures to jumpstart Hong Kong to re-emerged as an international tourist and business capital by the Chief Executive of Hong Kong, has drawn strong interest from the international community. One such indication was the Global Financial Leader's Summit organized by the Hong Kong Monetary Authority in November 2022. The interest was so strong that an additional day was scheduled for speakers and panellist to voice their enthusiasm for Hong Kong.

The Group anticipates that post-pandemic investors will continue to redistribute their capital towards the property market as a more defensive investment strategy amid the persistent pandemic. The Group is confident that property investment is a prudent choice which will help the Group to generate a stable and secure revenue as the property market continues to recover and leasing demand strengthen in future.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENT

An investment with a carrying value of 5% or more of the total assets of the Group is considered as a significant investment in this Annual Report. A breakdown of such significant investment as at 31 December 2022 is set out below:

Name of investment	Number of shares held as at 31 Dec 2022	Percentage of shareholding held as at 31 Dec 2022	Unrealised loss for the year ended 31 Dec 2022	Unrealised loss through other comprehensive income for the year ended 31 Dec 2022	Dividends received for the year ended 31 Dec 2022	Approximate% to the Group's total assets as at 31 Dec 2022	Investment cost	Market value as at 31 Dec 2022
			HK$'000	*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*
Listed shares in Hong Kong – Shengjing Bank Co., Ltd. (stock code: 2066)	293,034,000	12.52%	(2,609)	(249,400)	–	30.63%	1,972,015	1,769,925

The performance and prospects of such significant investment during the Year were as follows:

Shengjing Bank Co., Ltd ("**Shengjing**") (stock code: 2066) and its subsidiaries principally engage in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the China Banking Regulatory Commission.

In 2022, in the face of a severe and complex external environment, Shengjing actively implemented the new development concept, conscientiously implemented national economic and financial policies and regulatory requirements, and focused on the strategic vision of "being a good bank", insisting on seeking progress while maintaining stability; in accordance with the business philosophy of "upgrading the scale, improving the quality, preventing the risks, stabilizing the expectations and reinforcing the disciplines", Shengjing coordinated its business development, risk prevention, serving entities, and reform and transformation, and deeply implemented the "focus on deposit growth, development of customer base, value creation and capacity improvement" business strategy. The overall business work has shown a steady and positive development trend, with significant improvement in development quality and efficiency, the foundation for development has been strengthened, and the capabilities to withstand risks and develop sustainably has been further enhanced.

As of 31 December 2022, the total assets of Shengjing amounted to RMB1,082.413 billion, representing an increase of RMB76.287 billion or 7.6% as compared with that at the end of the previous year, total loans and advances to customers made by Shengjing amounted to RMB613.362 billion, representing an increase of RMB27.330 billion or 4.7% as compared with that at the end of the previous year; and Shengjing's total deposits from customers (exclusive of interest payable) amounted to RMB771.566 billion, with an increase of RMB34.533 billion or 4.7% as compared with that at the end of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2022, Shengjing achieved a net profit of RMB1,019 million, representing a year-on-year increase of RMB588 million or 136.6%, principally due to the fact that i) Shengjing actively implemented national policies and regulatory requirements, focused on its main responsibilities and businesses, continued to optimize the asset liability structure, increased credit, fully supported the recovery and growth of the real economy, steadily increased the scale of interest-bearing assets, strengthened policy and market research and judgment, optimized investment and trading strategies for domestic and foreign bonds, foreign exchange, and other asset types, resulting in a year-on-year increase in net trading income and a year-on-year increase in operating revenue; ii) Shengjing continued to strengthen comprehensive risk management and the collection and disposal of non-performing assets, made business development more stable, and maintained stable asset quality and provision strength.

In the past year, inflation remained high and monetary policy continued to tighten in the world's major developed economies. Due to the disturbance of geopolitical conflicts, energy and food crises and other factors, the uncertainties of international situation increased and spread to the economic sector. The worldwide economic activity generally slowed down, and financial markets shook significantly. In the face of a more complex and severe external environment, the domestic economy also faced triple pressures of demand contraction, supply shock and weakening expectations. However, the fundamentals of China's economy that is of strong resilience, great potential and sufficient vitality have not changed. China has adhered to the general tone of "keeping stability at the first place and making progress while maintaining stability", defined the direction of "six coordination that more efforts will be made in", speeded up the implementation of a package of policies and follow-up measures to stabilize the economy, optimized the prevention and control measures for the COVID-19 pandemic, deepened the reform of financial system, strived to stabilize employment and prices, taken advantages of effective investment as a key role, consolidated and expanded the upward trend of economic stability, and promoted the overall improvement of economic operation.

The year 2023 represents the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. China has embarked on a new journey to comprehensively build a modern socialist country. The region of Shenyang, Liaoning where Shengjing's headquarters is located will deepen the financial supply-side structural reform, and promote the healthy development of inclusive finance, science and technology finance. Shenyang will focus on the overall goal of "promoting comprehensive revitalization in the new era, making new breakthroughs in all-round revitalization, and striving to build a national central city", strive to strengthen the construction of key financial industry clusters, improve the multi-level financial market system, and enhance the influence of financial radiation. Standing at a new historical starting point, Shengjing will deeply grasp the internal and external development environment, focus on the strategic vision of "building a sound bank", adhere to the positioning of "serving the local economy, serving small and medium-sized enterprises, and serving urban and rural residents", deeply implement the strategy of "focusing on deposit growth, customer group construction, value creation, and capacity improvement", and comprehensively promote the model of "integration, characteristics, lightweight, and digital", strive to improve the management efficiency, actively integrate into the local economic development pattern, give back to the society and citizens with our own development, and make every effort to write a new chapter of sustainable and high-quality development.

From a long-term perspective, Shengjing appears to have good prospects and the Company considers its investment in Shengjing has strategic investment value.

MANAGEMENT DISCUSSION AND ANALYSIS

Going forward, the Group will continue to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value for our shareholders. Although the market sentiment is expected to gradually improve given the sufficient liquidity and post COVID-19 recovery of the economy, the overall economic outlook still remains uncertain. The Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate capital to meet the challenges ahead.

FINANCIAL REVIEW

Review of results

The Group recorded a total revenue of HK$109.2 million for the Year, representing an increase of 103.5% as compared with a negative revenue of HK$3,101.9 million for the Previous Year. Income from financial services segment amounted to HK$22.9 million (Previous Year: HK$33.9 million). Income from tactical and/or strategical investments segment amounted to HK$52.6 million (Previous Year: negative income of HK$3,201.5 million). Income from credit and lending services segment amounted to HK$33.7 million (Previous Year: HK$65.8 million).

The Group recorded a net loss of HK$81.1 million for the Year (Previous Year: net loss of HK$3,145.7 million). Such decrease in loss of the Group was mainly due to the fact that the Group realised net gain on sales of financial assets at fair value through profit or loss of HK$25.1 million for the Year (Previous Year: net loss of HK$3,225.1 million). However, the performance from tactical and/or strategical investments segment for the Year remained weak and suffered net unrealized fair value loss on financial assets at fair value through profit or loss amounted to HK$92.6 million (Previous Year: net loss of HK$92.8 million), due to the significant market volatilities and uncertainties in global economies for the Year. Basic and diluted loss per share for the Year were HK cents 1.33 and HK cents 1.33 respectively (Previous Year: basic and diluted loss per share of HK cents 51.46 and HK cents 51.46 respectively). The net profit of financial services segment was HK$8.8 million (Previous Year: HK$23.5 million). The net loss of tactical and/or strategical investments segment was HK$73.9 million (Previous Year: net loss of HK$3,547.2 million). The net profit of credit and lending services segment was HK$5.3 million (Previous Year: HK$37.4 million).

The Group recorded other comprehensive loss of HK$401.6 million for the Year (Previous Year: HK$1,060.9 million). As at 31 December 2022, the Group's gearing ratio remained at a low level of 5.6% (2021: 4.3%).

Capital structure

The Company has not conducted any equity fund raising activities during the Year. As at 31 December 2022, the Company has 6,109,259,139 shares in issue.

The total asset value of the Group as at 31 December 2022 was HK$5,754 million (2021: HK$6,309.0 million). The net asset value of the Group as at 31 December 2022 was HK$5,278.3 million (2021: HK$5,740.8 million). The net asset value per share as at 31 December 2022 was HK$0.86 (2021: HK$0.94). Apart from financial assets being held by the Group for its tactical and/or strategical investments, the Group also holds substantive assets which mainly comprise tangible assets such as cash and bank balances and trade, loan and other receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

Charges on group assets

As at 31 December 2022, the Group's borrowings included margin loans of HK$101.0 million (2021: HK$225.4 million), an unsecured loan from an independent third party of HK$240.8 million (2021: HK$246.6 million) and a secured bank loan of HK$53.2 million (2021: Nil). The bank loan is secured by a property, the book value of which as at 31 December 2022 was HK$102.8 million. The margin loans are secured by pledge of equity securities to securities brokers as collaterals, with total market value of HK$506 million as at 31 December 2022 (2021: HK$1,421 million). As at 31 December 2022, the Group's borrowings are interest bearing at HIBOR plus 1.3% per annum or at a range from 3.35% to 8.0% per annum (2021: 1.87% to 12.0% per annum) and repayable on demand or within 1 year (2021: repayable on demand or within 1 year).

Liquidity and financial resources

The Group's cash and cash equivalents as at 31 December 2022 was HK$368.8 million (2021: HK$848.6 million). The cash and cash equivalents and financial assets at fair value through profit or loss in aggregate as at 31 December 2022 were HK$761.6 million (2021: HK$1,576.4 million).

The liquidity of the Group remained strong with a current ratio of 3.9 as at 31 December 2022 (2021: 5.6). The Group had loan payables of HK$294.0 million as at 31 December 2022 (2021: HK$246.6 million) and the gearing ratio of the Group (expressed as a percentage of total loan payables over total equity) as at 31 December 2022 was 5.6% (2021: 4.3%). The increase in gearing ratio manifests better liquidity position and efficient financial management of the Group.

Exposure to fluctuation in exchange rates and related hedges

Save for certain bank balances that are denominated in Renminbi ("**RMB**") and United States dollar ("**USD**"), most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollar. As at 31 December 2022, the bank balances denominated in RMB and USD amounted to HK$177.9 million and HK$38.7 million respectively. Therefore, the Group's exposure to the risk of foreign exchange rate fluctuations is not material. For the Year, the Group did not have any derivatives for hedging against the foreign exchange rate risk. The directors of the Company (the "**Directors**") will continue to monitor the foreign exchange exposure and will consider appropriate action to mitigate such risk, when necessary.

Capital commitments

The Group did not have any capital commitments in respect of the acquisition of property and equipment as at 31 December 2022 (2021: Nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

VISION

The Group's vision is to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value to the shareholders of the Company.

INVESTMENT STRATEGY

The Group strives to achieve excellent results and performance through the Group's tactical and/or strategical investments segment – creating value through investment selection and disposal, and demonstrates resilience in adverse market conditions. The Group formulated a criteria to identify appropriate investments, established the basis for evaluation, and categorized such investments to reflect their significance and contribution to the Group. The holding size and holding periods are dependent upon the reasons for the acquisition, the strategic value of the investments, and the potential returns. The Group may consider realizing certain investments based on the internal resources' requirements, the increase/decrease in valuations that trigger the threshold for disposal, and the availability of alternative investment opportunities that may be superior in returns compared to existing holdings from time to time.

OUTLOOK

The dismantling of COVID restrictions worldwide has been helping the global economy to recover, the management remains cautious towards challenges ahead including geopolitical/geographical tensions, the threat of recession and the restructuring of supply chains.

In view of the above and the current high-interest-rate environment, the management continues to maintain a prudent approach in carrying out and monitoring its business, in particular, provision of financial services as well as extension of credit and lending services. However, with government support in the Greater Bay Area development, there is good reason to be optimistic about the outlook for 2023. Hong Kong economy is likely to improve due to China's reopening, with expectations of capital inflows and a rebound in retail businesses. In addition, with the anticipated relaunching of the Capital Investment Entrant Scheme, Hong Kong should stand to benefit from an enriched talent pool and influx of new capital from such scheme. The Company is well-prepared to serve the expected increased demand of our clients and to deliver a better return on our investments so as to earn the continuous support and loyalty of our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL TRANSACTIONS

(a) Disposal of shares of The Hongkong and Shanghai Hotels, Limited

On 11 February 2022, the Company disposed of 15,426,500 shares of The Hongkong and Shanghai Hotels, Limited ("**HSH Shares**") (stock code: 45) through an off-market block trade at an aggregate consideration of HK$197.46 million (before transaction costs) (equivalent to the price of HK$12.8 per HSH Share). The aggregate net consideration of HK$197.2 million has been received by the Company in cash on the same day. For further details, please refer to the announcements of the Company dated 11 and 22 February 2022.

(b) Subscription of shares in Future Capital Group Limited

On 17 February 2022, a wholly owned subsidiary of the Company (the "**Subscriber**") and Future Capital Group Limited ("**Future Capital**") entered into a subscription agreement pursuant to which Future Capital agreed to issue and the Subscriber agreed to subscribe for 3,750 ordinary shares of Future Capital (the "**Subscription Shares**") at a consideration of HK$750 million (equivalent to the price of HK$200,000 per Subscription Share). Completion has been taken place. For further details, please refer to the announcements of the Company dated 17 February 2022 and 10 March 2022.

SIGNIFICANT EVENT AFTER THE YEAR

The writs of Summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators was extended a 4th time on 13 January 2022 and expired on 13 January 2023 and was not renewed nor served on any of the Defendant Parties (as defined below). In the circumstances, the Liquidators appear to have discontinued their action against the Defendant Parties (as defined below) and the Group is in the process of obtaining legal advice as regards their rights and remedies as against the Liquidators.

LITIGATION

(a) Writs of Summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators

OCFL, Win Wind Capital Limited, Win Wind Investment (Holdings) Limited, Enerchine Nominee Limited and OSL (the "**Defendant Parties**"), which as of the date hereof are wholly owned subsidiaries of the Company, have been named, inter alia, as defendants in two separate writs of summons in the High Court of Hong Kong (the "**Writs**") by the plaintiffs, Allied Weli Development Limited (in Liquidation) and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the "**Liquidators**") of Allied Weli Development Limited. On 2 February 2018, the Group, through its legal advisors, requested the Liquidators to (i) serve the Writs of Summons on the Defendant Parties by 20 February 2018 as required under the Rules of the High Court (Order 12, rule 8A) or (ii) to discontinue the Writs against the Defendant Parties.

MANAGEMENT DISCUSSION AND ANALYSIS

On 15 February 2018, the Group received a letter from the Liquidator's lawyers stating, inter alia, that the Liquidators may ultimately decide not to pursue a claim against the Defendant Parties. As at 31 December 2022, neither of the Writs has been served on the Defendant Parties and it is not apparent on the face of the Writs what the nature and value of the claims against the Defendant Parties are due to the broad and ambiguous nature of the endorsement of claims. Accordingly, no provision has been made in the audited consolidated financial statements for the year ended 31 December 2022. The management of the Company considers the Writs to be groundless and the Liquidator's actions are a flagrant and calculated abuse of the law, designed solely to drag the Group's good name and good will through the Hong Kong Courts in the hopes of profit that they will clearly not be entitled to.

(b) Litigation between Citizens and Southwest Securities (HK) Brokerage Limited ("1st Defendant") and Fong Siu Wai ("2nd Defendant") (the "Defendants")

Citizens, a wholly owned subsidiary of the Company, is a party to a receivership proceedings (the "**Petition**") concerning Celebrate International Holdings Limited ("**Celebrate**"), a company previously listed in Hong Kong with stock code 8212. 1st Defendant is a local corporation and 2nd Defendant is a former employee of 1st Defendant. On 19 June 2020, the Defendants maliciously published a letter to the High Court which contained false and defamatory words of and concerning Citizens, in relation to loans granted to a controlling shareholder of Celebrate. The letter alleged Citizens of unlawfully participating or providing assistance in a fraudulent and/or criminal scheme and/or a conspiracy to defraud, and creating fake loans for unlawful purposes. On 30 September 2020, Citizens served a Writ of Summons and Statement of Claim to the Defendants, suing them for libel and malicious falsehood in which the Defendants denied liability. The libel trial is currently scheduled to be heard in October 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

The board of Directors (the "**Board**") does not recommend payments of any final dividend for the Year (2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group employed 29 (2021: 32) full time employees for its principal activities. The total staff cost amounted to approximately HK$24.5 million (2021: HK$29.2 million). The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided.

In addition, the Company has implemented a share option scheme and a share award scheme to motivate eligible employees of the Group. As at the date of this Annual Report, the total number of shares available for issue under the Company's share option scheme is 610,925,913 shares (representing 10% of the total issued shares of the Company as at the date of adoption of the scheme). The Board is authorised by the shareholders at the Company's annual general meeting held on 13 June 2022 to grant awarded shares of up to a maximum of 183,277,774 (representing 3% of the total issued shares of the Company as at that date). The Company has no intention to refresh the share award mandate upon its lapse at the conclusion of the forthcoming annual general meeting. The Company may consider adopting a new share award scheme which will be aligned with the amended Listing Rules, as and when necessary.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the Year.

PROFILES OF DIRECTORS AND COMPANY SECRETARY

EXECUTIVE DIRECTORS

Ms. Wong Wan Men ("Ms. Wong"), aged 38, was appointed as an executive director of the Company with effect from 28 January 2019. Ms. Wong is also a member of the nomination committee and remuneration committee of the Company. Ms. Wong holds a Bachelor of Social Science in Economics with Honours from The Chinese University of Hong Kong. Ms. Wong has over 10 years extensive experience in corporate finance advisory. Prior to joining the Group, Ms. Wong held senior positions in the corporate finance advisory division of several financial services groups in Hong Kong. Currently, she holds directorship in several subsidiaries of the Company. Ms. Wong is familiar with the operation and management of the Company and provides corporate finance advice to the Group. Ms. Wong's contributions to financial services business of the Group have been greatly valued by the Board.

Mr. Wong Yat Fai ("Mr. Wong"), aged 63, was appointed as an executive director of the Company on 19 April 2017. He also holds directorship in several subsidiaries of the Company. Mr. Wong holds a professional diploma in banking from The Hong Kong Polytechnic University. Mr. Wong has over 13 years of working experience in an international banking group.

NON-EXECUTIVE DIRECTOR

Mr. Sam Hing Cheong ("Mr. Sam"), aged 41, was re-designated from executive director and chairman to non-executive director of the Company on 5 June 2020. He also holds directorship in several subsidiaries of the Company. Mr. Sam was also appointed as an executive director and the vice chairman of Blue River Holdings Limited (stock code: 498), the securities of which are listed on the main board of the Stock Exchange, from 1 April 2021. Mr. Sam holds a Bachelor of Laws with Honours and a Bachelor of Arts from the University of Waikato, New Zealand. Mr. Sam is admitted as a solicitor in the jurisdictions of Hong Kong, England and Wales, the British Virgin Islands and New Zealand, and as an attorney in the Republic of the Marshall Islands.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hon. Chan Hak Kan, *S.B.S., J.P.* ("Hon. Chan"), aged 46, was appointed as an independent non-executive director of the Company on 6 April 2017. Hon. Chan is also a member of the audit committee, nomination committee and remuneration committee of the Company. He has been a member of the Hong Kong Legislative Council since October 2008, a member of the Hong Kong Executive Council since July 2022 and the Chairman of the Panel on Security of the Hong Kong Legislative Council since January 2022. Hon. Chan graduated from The Chinese University of Hong Kong with a Bachelor of Social Science (Hons) (Government and Public Administration) degree in 1997 and a Master of Social Science (Law and Public Affairs) degree in 2003. From 2000 to 2003, Hon. Chan served as an elected member of the Sha Tin District Council. In 2012, he was appointed as a Justice of the Peace by the Chief Executive of Hong Kong and in 2021, he was awarded the Silver Bauhinia Star. From 2012 to 2018, he was a member of the Beat Drugs Fund Association. From 2017 to 2022, Hon. Chan was a member of ICAC Advisory Committee on Corruption. Since March 2022, he is a member of the Advisory Board of Po Leung Kuk. Hon. Chan is currently an independent non-executive director of Xinyi Electric Storage Holdings Limited (stock code: 8328), the securities of which are listed on the GEM of the Stock Exchange, and an independent non-executive director of Imagi International Holdings Limited (stock code: 585), the securities of which are listed on the main board of the Stock Exchange.

PROFILES OF DIRECTORS AND COMPANY SECRETARY

Mr. Hung Cho Sing, *B.B.S.*, ("Mr. Hung"), aged 82, was appointed as an independent non-executive director of the Company with effect from 6 April 2017. Mr. Hung is also a member of the audit committee, remuneration committee and nomination committee of the Company. He has over 30 years of experience in the film distribution industry. Mr. Hung was the founder and general manager of Delon International Film Corporation since June 2004. Mr. Hung is currently the Chairman of Hong Kong, Kowloon and New Territories Motion Picture Industry Association. In recognition of his contribution to the Hong Kong film industry, Mr. Hung was awarded the Bronze Bauhinia Star (BBS) by the Government of Hong Kong in 2005. Mr. Hung was a non-executive director of Universe Entertainment and Culture Group Company Limited (stock code: 1046) from 1 February 2019 to 31 July 2019, the securities of which are listed on the main board of the Stock Exchange. Currently, Mr. Hung is an independent non-executive director of China Star Entertainment Limited (stock code: 326), Harbour Digital Asset Capital Limited (formerly known as Unity Investments Holdings Limited) (stock code: 913) and Miko International Holdings Limited (stock code: 1247), the respective securities of which are listed on the main board of the Stock Exchange. He is also an independent non-executive director of KOALA Financial Group Limited (stock code: 8226), the securities of which are listed on the GEM of the Stock Exchange.

Mr. Lam John Cheung-wah ("Mr. Lam"), aged 68, was appointed as an independent non-executive director of the Company with effect from 1 August 2022. Mr. Lam is also a member of the audit committee, nomination committee and remuneration committee of the Company. Mr. Lam has over 30 years of experience in banking, finance and investment. He holds a bachelor of business management degree from Ryerson Polytechnical Institute (currently known as Toronto Metropolitan University) in Toronto, Canada, and is a fellow of The Institute of Canadian Bankers and a fellow of The Royal Institution of Chartered Surveyors. Mr. Lam is the vice president of China Real Estate Chamber of Commerce Hong Kong and International Chapter Limited. He was a member of the 13th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference. Mr. Lam once acted as the Vice Chairman and an Executive Director of Nan Fung Property Holdings Limited in China Property Division between February 2013 and December 2021, and he has served as its advisor since January 2022. Currently, Mr. Lam is also an independent non-executive director of C&D Newin Paper & Pulp Corporation Limited (formerly known as Samson Paper Holdings Limited) (stock code: 731) and Blue River Holdings Limited (stock code: 498), the securities of which are listed on the main board of the Stock Exchange, since May 2022 and August 2022 respectively, and an independent non-executive director of Wing Lee Property Investments Limited (stock code: 864), the securities of which are listed on the main board of the Stock Exchange, since February 2013.

Dr. Lo Wing Yan William, *J.P.,* ("Dr. Lo"), aged 62, was appointed as an independent non-executive director of the Company with effect from 11 June 2021. Dr. Lo is also a member of the audit committee, remuneration committee and nomination committee of the Company. Dr. Lo is currently the Founder & Chairman of Da Z Group Co. Limited. Dr Lo is a Founding Governor of the Charles K Kao Foundation for Alzheimer's Disease as well as The Independent Schools Foundation Academy, one of the most well known independent schools in Hong Kong. Dr. Lo has also been the Chairman of Junior Achievement Hong Kong since 2013. Dr. Lo started his business career at McKinsey & Company and had subsequently held various top management posts at HK Telecom, Cable & Wireless plc, Citibank, WPP plc, China Unicom, I.T Limited, South China Media Group and Kidsland International Holdings Ltd. Dr. Lo is renown for being the founder of Netvigator, the largest Internet business in Hong Kong, as well as iTV (the predecessor of NowTV), the first interactive and on-demand TV service in the world.

PROFILES OF DIRECTORS AND COMPANY SECRETARY

Dr. Lo obtained a MPhil degree in Molecular Pharmacology and a PhD degree in Genetic Engineering/ Neuroscience, both from Cambridge University, United Kingdom. In 1996, he was selected as a "Global Leader for Tomorrow" by the Davos-based renowned global organization World Economic Forum. In 2000, he was selected as one of the top 25 Asia's Digital Elites by the Asia Week magazine. Dr. Lo has held numerous Government appointments during his career and is currently a member of the Cyberport Advisory Panel and a member of the Hospital Governing Committee of HK Red Cross Blood Transfusion Service and a Advisory Committee member of Chinese Medicine, Hong Kong Baptist University. Dr. Lo is at present an Advisor of the Our Hong Kong Foundation too. Dr. Lo was a board member of the Broadcasting Authority as well as the ASTRI and the Science Park. Dr. Lo was also a founding member of the Stock Exchange of Hong Kong's Growth Enterprise Market (GEM) Listing Committee. In 1999, Dr. Lo was appointed a Justice of the Peace (JP) of HKSAR Government for his contribution to the city of Hong Kong. During the period 2003-2016, Dr. Lo was a Committee Member of Shantou People's Political Consultative Conference.

Dr. Lo serves as an independent non-executive director on the board of a number of publicly listed companies in HK, including Television Broadcasts Ltd (stock code: 511), CSI Properties Ltd (stock code: 497), Jingrui Holdings Ltd (stock code: 1862) and OCI International Holdings Limited (stock code: 329). He is also an independent non-executive director of U.S. NASDAQ listed Regencell Bioscience Holdings Limited (NASDAQ: RGC). Recently, Dr. Lo has been invited by the United Nations ESCAP to lead a task force for its Sustainable Business Network Committee to look at financial inclusion leveraging fintech in the region.

Mr. Yu Chung Leung ("Mr. Yu"), aged 52, was appointed as an independent non-executive director of the Company with effect from 25 July 2022. Mr. Yu is also the chairman of the audit committee, nomination committee and remuneration committee of the Company. Mr. Yu has over 28 years of experience in auditing and accounting. He holds a Master of Arts in international accounting from City University of Hong Kong. Mr. Yu is a member and an authorized supervisor of the Hong Kong Institute of Certified Public Accountants. He is a fellow member of The Association of Chartered Certified Accountants, a chartered tax adviser of The Taxation Institute of Hong Kong and a practising certified public accountant in Hong Kong. He is also a member of the Process Review Panel for the Financial Reporting Council. Mr. Yu has been an independent non-executive director of Narnia (Hong Kong) Group Company Limited (stock code: 8607) and Blue River Holdings Limited (stock code: 498) since January 2019 and August 2022 respectively.

COMPANY SECRETARY

Ms. Liu Tsui Fong ("Ms. Liu") was appointed as company secretary of the Company on 29 October 2019. The Company Secretary supports the Board by ensuring an unimpeded flow of information within the Board and that policies and procedures formulated by the Board are followed. Ms. Liu is responsible for advising the Board on governance matters and facilitates induction and professional development of the Directors. The appointment and dismissal of the Company Secretary are subject to the Board's approval in accordance with the Company's bye-laws. All members of the Board have access to the advice and services of the Company Secretary. Ms. Liu has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

REPORT OF THE DIRECTORS

The directors (the "**Directors**") of Oshidori International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") 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 Company is an investment holding company. The principal activities of its principal subsidiaries as at 31 December 2022 are set out in note 41 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Company for the year ended 31 December 2022, which includes a discussion and analysis of the Group's performance during the year ended 31 December 2022 and the material factors underlying its results and financial position as well as the outlook of the Company's business are provided in the "Management Discussion and Analysis" on pages 3 to 17 of this Annual Report respectively. An analysis of the Group's performance during the year ended 31 December 2022 using financial key performance indicators is provided in the Financial Summary on page 172 of this Annual Report. Description of the principal risks and uncertainties facing the Group can be found throughout this Annual Report particularly in note 37 to the consolidated financial statements and the "Management Discussion and Analysis" on pages 3 to 17 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are aware, during the year ended 31 December 2022 and up to the date of this Annual Report, the Group has complied in material respects with the relevant laws and regulations that have a significant influence on its business and operations.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

As the Group principally engages in financial services, the Group has always paid great attention to and maintained a good relationship with its customers, and has been providing quality professional and customer-oriented services for its customers. The Group's customers are good working partners creating value for the Group. Due to the nature of the business of the Group, no specific suppliers are involved in the operation of business. The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

RESULTS AND DIVIDEND

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 83 of this Annual Report.

The board of Directors (the "**Board**") does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

PROPERTY AND EQUIPMENT

Details of the movements in the property and equipment of the Group during the year ended 31 December 2022 are set out in note 15 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 32 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Details of movements in reserves of the Group and the Company during the year ended 31 December 2022 are set out in the consolidated statement of changes in equity on page 87 of this Annual Report and note 42 to the consolidated financial statements respectively. During the year ended 31 December 2022, no reserves had been utilised for distribution. As at 31 December 2022, the Company's reserves that were available for distribution to the shareholders (the "**Shareholders**") of the Company amounted to approximately HK$6,138,557,000 (2021: HK$6,471,550,000).

DIRECTORS

The Directors during the year and up to the date of this Annual Report were:

Executive Directors:

Ms. Wong Wan Men
Mr. Wong Yat Fai

Non-Executive Directors:

Mr. Alejandro Yemenidjian *(Resigned on 6 October 2022)*
Hon. Joseph Edward Schmitz *(Resigned on 6 October 2022)*
Mr. Sam Hing Cheong

Independent Non-Executive Directors:

Hon. Chan Hak Kan, *S.B.S., J.P.*
Mr. Cheung Wing Ping *(Resigned on 1 August 2022)*
Mr. Hung Cho Sing, *B.B.S.*
Mr. Lam John Cheung-wah *(Appointed on 1 August 2022)*
Dr. Lo Wing Yan, William, *J.P.*
Mr. Yu Chung Leung *(Appointed on 25 July 2022)*

Pursuant to Bye-law 83(2) of the Bye-laws of the Company, any Director appointed by the Board shall hold office until the next following annual general meeting and shall then be eligible for re-election at such meeting. Accordingly, Mr. Lam John Cheung-wah and Mr. Yu Chung Leung, who were appointed as Directors on 1 August 2022 and 25 July 2022 respectively, shall retire at the forthcoming annual general meeting (the "**2023 AGM**") and, being eligible, will offer themselves for re-election at the 2023 AGM.

Pursuant to Bye-law 84(1) of the Bye-laws of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Pursuant to Bye-law 84(2) of the Bye-laws of the Company, the Directors to retire shall be those who wishes to retire and not to offer himself for re-election and those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. Accordingly, Hon. Chan Hak Kan and Mr. Hung Cho Sing, being the Directors longest in office since their last re-election, shall retire by rotation at the 2023 AGM and, being eligible, will offer themselves for re-election at the 2023 AGM.

REPORT OF THE DIRECTORS

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his independence pursuant to the requirements of Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company considers all Independent Non-Executive Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

SHARE OPTION SCHEMES

(A) 2012 Share Option Scheme

On 17 May 2012, the Company adopted a share option scheme (the "**2012 Share Option Scheme**") for the purpose of enabling the Group to (i) recognise and acknowledge the contributions that eligible persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other eligible persons; (iii) motivate the eligible persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to eligible persons. The eligible persons include (a) any full time or part time employees of the Group and any directors of the Group; (b) any customer, supplier or provider of services, landlord or tenant, agent, partner, consultant, or adviser of or a contractor to or person doing business with any member of the Group; (c) trustee of any trust the principal beneficiary of which is, or any discretionary trust the discretionary objects of which include, any person referred to (a) or (b) above; (d) a company wholly beneficially owned by any person referred to in (a) or (b) above, and (e) such other persons (or classes of persons) as the Board may in its absolute discretion determine.

Under the 2012 Share Option Scheme, the Directors may at their discretion grant options to any eligible person to subscribe for shares in the Company. The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. Consideration to be paid on each grant of option is HK$1.00. The Directors may at their discretion determine the specific exercise period which should expire in any event no later than ten years from date of adoption of the scheme. The minimum period, if any, for which an option must be held before it is vested, shall be determined by the Board in its absolute discretion. The exercise price is determined by the Directors and will be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share on the date on which an option is granted.

The 2012 Share Option Scheme had a life of 10 years and expired on 17 May 2022. No further options shall thereafter be offered under the 2012 Share Option Scheme but all the then outstanding share options granted under the 2012 Share Option Scheme continue to be valid and exercisable in accordance with the terms of the 2012 Share Option Scheme.

REPORT OF THE DIRECTORS

Details of movements in the share options of the Company granted under the 2012 Share Option Scheme during the year ended 31 December 2022 are as follows:

Name/category of grantee	Date of grant	Number of Share Options: Outstanding as at 1/1/2022	Granted during the year	Lapsed during the year	Outstanding as at 31/12/2022	Exercise price per share	Exercise period
Directors							
Wong Wan Men	22/1/2020 *(Note 1)*	20,000,000	–	–	20,000,000	0.865	22/1/2020 – 21/1/2030
Alejandro Yemenidjian *(Note 2)*	9/6/2020 *(Note 3)*	60,000,000	–	60,000,000	–	0.840	9/6/2020 – 8/6/2030
Sub-total		**80,000,000**	**–**	**60,000,000**	**20,000,000**		
Employees (In aggregate)	29/3/2019 *(Note 4)*	72,000,000	–	–	72,000,000	0.820	29/3/2019 – 28/3/2029
Other participants (In aggregate) *(Note 5)*	22/1/2020 *(Note 1)*	100,000,000	–	–	100,000,000	0.865	22/1/2020 – 21/1/2030
Total		**252,000,000**	**–**	**60,000,000**	**192,000,000**		

Notes:

(1) The closing price of the Company's shares on 21 January 2020, being the date immediately before the date on which the share options were granted, was HK$0.86.

(2) Mr. Alejandro Yemenidjian resigned as Non-Executive Chairman and Non-Executive Director on 6 October 2022.

(3) The closing price of the Company's shares on 8 June 2020, being the date immediately before the date on which the share options were granted, was HK$0.83.

(4) The closing price of the Company's shares on 28 March 2019, being the date immediately before the date on which the share options were granted, was HK$0.80.

(5) Other participants comprise nine (9) consultants.

(6) The vesting period of the share options is from the date of grant until the commencement date of the exercise period.

No share options of the Company granted under the 2012 Share Option Scheme were exercised or cancelled during the year ended 31 December 2022.

REPORT OF THE DIRECTORS

(B) 2022 Share Option Scheme

On 13 June 2022, the Company adopted a new share option scheme (the "**2022 Share Option Scheme**"). A summary of the 2022 Share Option Scheme is set out below:

(A) Purpose

To enable the Group to (i) recognise and acknowledge the contributions that eligible persons have (or may have) made or may make to the Group (whether directly or indirectly); (ii) attract and retain and appropriately remunerate the best possible quality of employees and other eligible persons; (iii) motivate the eligible persons to optimise their performance and efficiency for the benefit of the Group; (iv) enhance its business, employee and other relations; and/or (v) retain maximum flexibility as to the range and nature of rewards and incentives which the Company can offer to eligible persons.

(B) Participants

The Board may, in its absolute discretion, offer any full time or part time employees of the Group or any directors of the Group. In exercising such discretion, the Board will assess the eligibility of the eligible persons based on their individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, or where appropriate, contribution to the revenue, profits or business development of the Group during the financial year or in the future.

(C) Maximum number of shares available for issue

(i) Subject to (iv) below, the total number of shares which may be issued upon exercise of all the options to be granted under 2022 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the shares in issue as at the date of approval of the 2022 Share Option Scheme, being 610,925,913 shares.

(ii) Subject to (iv) below, the Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of shares which may be issued upon exercise of all options to be granted under the 2022 Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of the shares in issue as at the date of approval to refresh such limit.

(iii) Subject to (iv) below, the Company may seek separate approval from the Shareholders in general meeting for granting options beyond the 10% limit provided that the options granted in excess of such limit are granted only to eligible persons specifically identified by the Company before such approval is sought. In such case, the Company shall send a circular to its Shareholders containing the information required under the Listing Rules.

(iv) The maximum number of shares which may be issued upon the exercise of all outstanding options granted but yet to be exercised under the 2022 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time. No option may be granted under the 2022 Share Option Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.

REPORT OF THE DIRECTORS

(v) As at the date of this Annual Report, the total number of shares available for issue under the 2022 Share Option Scheme was 610,925,913, representing 10% of the total issued shares of the Company on that date.

(D) Maximum entitlement to shares of each eligible person

(i) The total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

(ii) Notwithstanding (i) above, any further grant of options to an eligible person in excess of the 1% limit shall be subject to approval by the Shareholders in general meeting with such eligible person and his or her close associates (as defined in the Listing Rules) or (if he or she is a connected person (as defined in the Listing Rules)) his or her associates (as defined in the Listing Rules) abstaining from voting. The number and the terms of the options to be granted to such eligible person shall be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date for grant for the purpose of calculating the exercise price.

(iii) Where any grant of an option to a substantial Shareholder or an Independent Non-Executive Director, or any of their respective associates (as defined in the Listing Rules) and the grant will result in the total number of shares issued and to be issued upon full exercise of the options granted and to be granted (including exercised, cancelled and outstanding options but excluding lapsed options) to such person in any 12-month period up to and including the date of grant: (1) exceeding an aggregate of 0.1% of the shares in issued; and (2) having an aggregate value, based on the closing price of the shares at the date of grant, in excess of HK$5 million, such proposed grant of options must be approved by the Shareholders in general meeting with such eligible person, his or her associates (as defined in the Listing Rules) and all core connected persons (as defined in the Listing Rules) abstaining from voting.

(E) Option period

The period during which an option may be exercised as determined by the Board in its absolute discretion at the time of grant, save that such period must not exceed 10 years from the date of grant of the relevant option.

(F) Vesting period

The minimum period, if any, for which an option must be held before it is vested, shall be determined by the Board in its absolute discretion. The 2022 Share Option Scheme itself does not specify any minimum holding period.

(G) Payment on acceptance of the option and period for acceptance

HK$1.00 (or such other nominal sum in any currency as the Board may determined) is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 25 days from the date of the offer.

REPORT OF THE DIRECTORS

(H) Basis of determining the exercise price

The exercise price shall be determined by the Board in its absolute discretion at the time of grant of the relevant option but shall not be less than the highest of: (i) the closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted, (ii) the average closing prices of a share of the Company as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share of the Company on the date on which an option is granted.

(I) Remaining life

The life span of the 2022 Share Option Scheme is 10 years commencing from 13 June 2022 and will expire on 13 June 2032.

During the year ended 31 December 2022, no share options were granted, exercised, cancelled or lapsed under the 2022 Share Option Scheme. Also, there were no outstanding share options granted under the 2022 Share Option Scheme as at 31 December 2022.

SHARE AWARD SCHEME

The share award scheme (the "**Share Award Scheme**") was adopted by the Shareholders at a special general meeting of the Company held on 19 December 2019. The objectives of the Share Award Scheme are: (i) to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group's existing and other new potential business, including integrated resort development; and (ii) to attract suitable personnel with relevant experience in the Group's existing and other new potential business, including integrated resort development. The Share Award Scheme will remain in force for a period of 10 years until 18 December 2029.

Eligible participants under the Share Award Scheme are any employee (whether full time or part time), consultant, executive or officers, directors (including any executive director, non-executive director and independent non-executive director) and senior management and any member as well as any customer or supplier of the Group, who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group.

The maximum number of awarded shares that may be granted pursuant to the Share Award Scheme would be 10% of the issued share capital of the Company at the date of adoption of the Share Award Scheme (the "**Share Award Scheme Mandate Limit**"), being 581,176,628 shares. Subject to the Share Award Scheme Mandate Limit, the maximum number of awarded shares that may be granted in any financial year would be 3% of the issued share capital of the Company (the "**Annual Limit**") provided that if the Annual Limit is not fully utilised in any financial year, further awarded shares may be granted by the Board in subsequent financial year(s) up to such Annual Limit. The Annual Limit may be refreshed by Shareholders so that the Annual Limit refreshed shall not exceed 3% of the issued share capital of the Company as at the date of the general meeting approving such refreshment. The maximum aggregate number of the awarded shares which may be granted to a selected grantee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

As at the date of this Annual Report, the maximum number of awarded shares that may be granted under the Share Award Scheme was 183,277,774, representing 3% of the total issued shares of the Company on that date.

REPORT OF THE DIRECTORS

Details of movements in the awarded shares of the Company granted under the Share Award Scheme during the year ended 31 December 2022 are as follows:

		Number of awarded shares				
Name/category of grantee	Date of grant	Outstanding as at 1/1/2022	Granted during the year	Lapsed during the year	Outstanding as at 31/12/2022	Vesting Date
Director						
Wong Wan Men	22/1/2020	10,000,000	–	–	10,000,000	22/1/2024
Other participants (in aggregate) *(Note)*	22/1/2020	85,000,000	–	–	85,000,000	22/1/2024
Total		**95,000,000**	**–**	**–**	**95,000,000**	

Note: Other participants comprise of nine (9) consultants.

During the year ended 31 December 2022, no awarded shares were granted, vested, cancelled or lapsed under the Share Award Scheme.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 572 of the Laws of Hong Kong) (the "**SFO**")), as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

Name of director	Nature of interests	Number of shares/ underlying shares held *(Note 1)*	Approximate percentage of issued share capital of the Company *(Note 2)*
Wong Wan Men	Personal interests	30,000,000 *(Note 3)*	0.49%

Notes:

(1) The above interests in the shares and underlying shares of the Company were long positions. None of the Directors and the chief executive of the Company had any short positions in the shares, underlying shares or debentures of the Company as at 31 December 2022.

(2) As at 31 December 2022, the Company's total number of issued shares was 6,109,259,139.

(3) The 30,000,000 shares comprise (a) 10,000,000 shares represent Wong Wan Men's interests in awarded shares (which remained unvested as at 31 December 2022) granted by the Company; and (b) 20,000,000 shares represent Wong Wan Men's interests in share options granted by the Company. Wong Wan Men was the beneficial owner of such awarded shares and share options. Details of such awarded shares and share options are set out in the "Share Award Scheme" and "Share Option Schemes" sections above.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Save as disclosed in this Annual Report, at no time during the year ended 31 December 2022 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors and chief executive of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors and chief executive of the Company (including any of their spouses or children under the age of 18) were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' SERVICE CONTRACT

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2022, none of the Directors is interested in any businesses (apart from the Group's businesses) which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed, no transactions or arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme and share award scheme of the Company as disclosed under the paragraph headed "Share Option Scheme" and "Share Award Scheme" in this directors' report and note 33 to the consolidated financial statements, the Company has not entered into any equity-linked agreement during the year ended 31 December 2022.

PERMITTED INDEMNITY PROVISION

The Bye-laws of the Company provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Directors. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

During the year ended 31 December 2022, there were no transactions which need to be disclosed as connected transactions pursuant to Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 35 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

At 31 December 2022, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the substantial shareholders/other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Number of shareholder	**Capacity**	**Number of issued ordinary shares held** *(Note 1)*	**Approximate percentage of shareholding of the Company** *(Note 2)*
Suen Cho Hung, Paul ("**Mr. Suen**") *(Note 3)*	Interest of controlled corporation	1,215,296,600	19.89%
Seekers Creation Limited ("**Seekers**")	Beneficial owner	1,215,296,600	19.89%
Mak Siu Hang, Viola ("**Ms. Mak**") *(Note 4)*	Interest of controlled corporation	575,003,000	9.41%
VMS Investment Group Limited ("**VMS**")	Beneficial owner	575,003,000	9.41%

Notes:

(1) All the above interests in the shares of the Company were long positions.

(2) As at 31 December 2022, the Company's total number of issued shares was 6,109,259,139.

(3) Mr. Suen has 55% interest in Seekers. Accordingly, Mr. Suen was deemed to be interested in the shares of the Company held by Seekers.

(4) Ms. Mak has 100% interest in VMS. Accordingly, Ms. Mak was deemed to be interested in the shares of the Company held by VMS.

Save as disclosed above, as at 31 December 2022, the Company has not been notified of any interests or short positions in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, the five largest customers of the Group and the single largest customer of the Group accounted for about 57% and 21% of the Group's revenue from continuing operations (excluding revenue from securities trading and investments) respectively. As the Group had no significant purchases from continuing operations during the year, the Group did not have any major suppliers for the year ended 31 December 2022.

As far as the Directors are aware, none of the directors, their close associates, within the meaning of the Listing Rules, or those shareholders which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company have an interest in any of the five largest customers of the Group for the year ended 31 December 2022.

DONATIONS

During the year, the Group did not make any charitable donations (2021: HK$0.7 million).

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is set up by the remuneration committee of the Company (the "**Remuneration Committee**") and is based on their merit, qualifications and competence. The emoluments of the Directors of the Company are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Remuneration Committee will make recommendation to the Board on the emoluments of the Directors.

The Company has adopted a share option scheme and a share award scheme as an incentive to Directors and eligible employees, details of the schemes are set out in note 33 to the consolidated financial statements

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 31 December 2022.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

The writs of summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators was extended a 4th time on 13 January 2022 and expired on 13 January 2023 and was not renewed nor served on any of the defendant parties (the "**Defendant Parties**") (namely Oshidori Corporate Finance Limited, Win Wind Capital Limited, Win Wind Investment (Holdings) Limited, Enerchine Nominee Limited and Oshidori Securities Limited). In the circumstances, the Liquidators appear to have discontinued their action against the Defendant Parties and the Group is in the process of obtaining legal advice as regards their rights and remedies as against the Liquidators.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

During the year ended 31 December 2022, the Company has complied with the code provisions of the Corporate Governance Code (the "**Code**") set out in Appendix 14 of the Listing Rules except code provision C.2.1.

Code provision C.2.1 requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the resignation of Mr. Alejandro Yemenidjian as Non-Executive Chairman and Non-Executive Director of the Company on 6 October 2022, the duties of the chairman are undertaken by the Independent Non-Executive Directors who lead the Board and to ensure that the Board works effectively. The Executive Directors continue performing the role of the Chief Executive Officer collectively. The Board is of the view that under such board structure, there is a clear division of the responsibilities of chairman and chief executive, thus the balance of power and authority can be ensured. Nevertheless, the Company may consider appointing the chairman if a suitable candidate is identified.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company's performance in various environmental and social aspects during the year ended 31 December 2022 is set out in the Environmental, Social and Governance Report on pages 48 to 76 of this Annual Report.

AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Company was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises five Independent Non-Executive Directors. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The annual results of the Group for the year ended 31 December 2022 had been audited by the Company's auditor, Mazars CPA Limited, and had been reviewed by the Audit Committee.

Details of the Company's Audit Committee are set out in Corporate Governance Report on pages 40 and 41 of this Annual Report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2022 have been audited by Mazars CPA Limited. A resolution will be submitted to the 2023 AGM to re-appoint Mazars CPA Limited.

On behalf of the Board
Oshidori International Holdings Limited

Wong Wan Men
Executive Director
Hong Kong, 30 March 2023

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Oshidori International Holdings Limited (the "**Company**") is dedicated to maintaining good and credible corporate governance practices with a view to being transparent, open and accountable to our shareholders, as well as to the stakeholders of the Company.

STATEMENT OF COMPLIANCE

During the year ended 31 December 2022 (the "**Year**"), the Company has complied with the code provisions of the Corporate Governance Code (the "**Code**") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except code provision C.2.1.

Code provision C.2.1 requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the resignation of Mr. Alejandro Yemenidjian as Non-Executive Chairman and Non-Executive Director of the Company on 6 October 2022, the duties of the chairman are undertaken by the Independent Non-Executive Directors who lead the board of directors of the Company (the "**Board**") (each member of the Board, a "**Director**") and to ensure that the Board works effectively. The Executive Directors continue performing the role of the Chief Executive Officer collectively. The Board is of the view that under such board structure, there is a clear division of the responsibilities of chairman and chief executive, thus the balance of power and authority can be ensured. Nevertheless, the Company may consider appointing the chairman if a suitable candidate is identified.

BOARD OF DIRECTORS

Composition

As at the date of this Annual Report, the Board comprises 8 members, including two Executive Directors, namely Ms. Wong Wan Men and Mr. Wong Yat Fai, one Non-Executive Director, namely Mr. Sam Hing Cheong and five Independent Non-Executive Directors representing at least one-third of the Board, namely Hon. Chan Hak Kan, Mr. Hung Cho Sing, Mr. Lam John Cheung-wah, Dr. Lo Wing Yan, William and Mr. Yu Chung Leung. Of the five Independent Non-Executive Directors appointed, at least one or more has appropriate professional accounting experience and related financial management expertise. There is no financial, business, family or other material relationship between any members of the Board.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed in pages 18 to 20 of this Annual Report.

Each Independent Non-Executive Director has confirmed their independence pursuant to Rule 3.13 of the Listing Rules and the Company also considers that they are independent.

Pursuant to the Bye-laws of the Company (the "**Bye-laws**"), the Directors (including the Independent Non-Executive Directors) is subject to retirement by rotation at least once every three years at the annual general meeting of the Company and are eligible for re-election. In addition, any Director appointed by the Board during a year shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

The term of office of Hon. Chan Hak Kan and Mr. Hung Cho Sing (Independent Non-Executive Directors) is for a period of one year and subject to retirement by rotation and re-election in accordance with the Bye-laws. Mr. Sam Hing Cheong (Non-Executive Director), Mr. Lam John Cheung-wah, Dr. Lo Wing Yan, William and Mr. Yu Chung Leung (Independent Non-Executive Directors) are appointed for a term of not more than three years, and are subject to retirement by rotation under the Bye-laws.

CORPORATE GOVERNANCE REPORT

In accordance with Bye-law 83(2) of the Bye-laws, Mr. Lam John Cheung-wah and Mr. Yu Chung Leung will retire at the forthcoming annual general meeting. In addition, in accordance with Bye-laws 84(1) and 84(2) of the Bye-laws, Hon. Chan Hak Kan and Mr. Hung Cho Sing will retire by rotation at the forthcoming annual general meeting. All the retiring directors, being eligible, will offer themselves for re-election thereat.

Changes in information in respect of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the Company's Interim Report 2022 and up to the date to this Annual Report are set out below:

Hon. Chan Hak Kan ceased to be a member of ICAC Advisory Committee on Corruption with effect from 1 January 2023.

Responsibilities of the Board and Management

The Board is responsible for providing high-level guidance and effective oversight of the management of the Company, and formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend, and supervision of management in accordance with the regulations governing the meetings of the Board and the Bye-laws.

Executive Directors are responsible for day-to-day management of the Company's operations. They conduct meetings with the management of the Group, at which operational issues and financial performance are evaluated.

The Company considers the essential of internal control system and risk management function and the Board plays an important role in the implementation and monitoring of internal control and risk management.

Matters specifically decided by the Board and those reserved for the management, such as daily management administration and operation of the Company, etc., are reviewed by the Board. The management shall report back to the Board. The procedure to enable Directors to seek independent professional advice in appropriate circumstances, at the Company's expenses, was established.

The Bye-laws contain provisions regarding responsibilities and operational procedures of the Board. The Board meets regularly to considers operational reports and policies and financial results of the Company. Significant operational policies have to be discussed and passed by the Board.

CORPORATE GOVERNANCE REPORT

During the Year, the Board held 11 Board meetings and 1 general meeting. Due notice and the Board papers were given to all Directors prior to each meeting in accordance with the Code and the Bye-laws. Details of individual attendance of Directors are set out below:

	Number of meetings attended for the Year	
	Board meeting	**General meeting**
Executive Directors		
Ms. Wong Wan Men	11/11	1/1
Mr. Wong Yat Fai	11/11	1/1
Non-Executive Directors		
Mr. Alejandro Yemenidjian *(Chairman)* (Note 1)	8/10	1/1
Hon. Joseph Edward Schmitz (Note 1)	6/9	1/1
Mr. Sam Hing Cheong	9/11	1/1
Independent Non-Executive Directors		
Hon. Chan Hak Kan	9/11	1/1
Mr. Cheung Wing Ping (Note 2)	5/7	1/1
Mr. Hung Cho Sing	9/11	1/1
Mr. Lam John Cheung-wah (Note 3)	3/3	N/A
Dr. Lo Wing Yan, William	8/11	0/1
Mr. Yu Chung Leung (Note 4)	5/5	N/A

Notes:

1) Resigned as Director on 6 October 2022;

2) Resigned as Director on 1 August 2022;

3) Appointed as Director on 1 August 2022; and

4) Appointed as Director on 25 July 2022.

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and management to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, Directors are provided with written materials to develop and refresh their professional skills. The Company also gives briefings to the Directors on the latest development of applicable laws, rules and regulations to assist them in discharging their duties.

CORPORATE GOVERNANCE REPORT

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Code on continuous professional development during the Year:

	Read materials	Attended briefings/ in-house workshop
Executive Directors		
Ms. Wong Wan Men	✓	✓
Mr. Wong Yat Fai	✓	✓
Non-Executive Directors		
Mr. Alejandro Yemenidjian *(Chairman)* (Note 1)	✓	✓
Hon. Joseph Edward Schmitz (Note 1)	✓	✓
Mr. Sam Hing Cheong	✓	✓
Independent Non-Executive Directors		
Hon. Chan Hak Kan	✓	✓
Mr. Cheung Wing Ping (Note 2)	✓	✓
Mr. Hung Cho Sing	✓	✓
Mr. Lam John Cheung-wah (Note 3)	✓	✓
Dr. Lo Wing Yan, William	✓	✓
Mr. Yu Chung Leung (Note 4)	✓	✓

Notes:

1) Resigned as Director on 6 October 2022;

2) Resigned as Director on 1 August 2022;

3) Appointed as Director on 1 August 2022; and

4) Appointed as Director on 25 July 2022.

During the Year, the Company gave briefing to the Directors on Listing Rules updates and directors' duties and provided the Directors with materials relating to various topics (including regulatory update, continuing obligations of Directors, financial statements disclosure, internal controls and ESG matters), which enhance greater awareness and understanding of the compliance with the regulatory development.

CORPORATE GOVERNANCE REPORT

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As mentioned above, following the resignation of Mr. Alejandro Yemenidjian as Non-Executive Chairman and Non-Executive Director of the Company on 6 October 2022, the duties of the chairman are undertaken by the Independent Non-Executive Directors who lead the Board and to ensure that the Board works effectively. The Executive Directors continue performing the role of the Chief Executive Officer collectively.

The Chairman provided leadership for the Board and oversaw the Board so that it acted in the best interest of the Group and its Shareholders. The Chairman was responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman had overall responsibility for providing leadership, vision and direction regarding business development. During the Year, the Chairman had held a meeting with the Independent Non-Executive Directors without the presence of other Directors.

Executive Directors are responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. They are accountable to the Board for keeping the Chairman and all Directors fully informed of all major business developments and issues.

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Group. Their responsibilities include:

- attending regular board meetings and focusing on business strategy, operational issues and financial performance;

- active participation on the respective boards of directors of the subsidiaries and associated companies of the Company;

- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;

- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

- monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;

- consideration of misuse of corporate assets and abuse in related party transaction; and

- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

CORPORATE GOVERNANCE REPORT

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties as required under the Code:

– to develop and review the Company's policies and practices on corporate governance;

– to review and monitor the training and continuous professional development of Directors and senior management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

– to review the Company's compliance with the Code and disclosure in the corporate governance report.

During the Year, the Board considered the following corporate governance matters:

– review of the trainings for directors and senior management, and code of conduct, etc;

– review of the compliance with the Code and the disclosure in the Corporate Governance Report for the year ended 31 December 2021;

– review of the effectiveness of the internal control and risk management systems of the Company through the Audit Committee; and

– review of the implementation and effectiveness of (a) the Company's board diversity policy; (b) the Company's shareholders' communication policy and (c) the mechanisms to ensure independence views and input are available to the Board.

During the Year, the Board reviewed and considered that the following mechanisms of the Company are effective in ensuring that independent views and input are provided to the Board:

Board and Board Committee' Structure

– the Board comprises a majority of Independent Non-Executive Directors. The Board comprises two Executive Directors, one Non-Executive Director and five Independent Non-Executive Directors;

– all the members of the Audit Committee are Independent Non-Executive Directors;

– majority of the members of the Nomination Committee and Remuneration Committee comprises Independent Non-Executive Directors;

– there is no financial, business, family or other material relationship between any members of the Board;

CORPORATE GOVERNANCE REPORT

Appointment of Independent Non-Executive Directors

– appointment of new Directors (including Independent Non-Executive Directors) are first considered by the Nomination Committee. In considering the appointment of a Director (including Independent Non-Executive Director), the Nomination Committee applies criteria such as professional and educational background, relevant experience, and qualifications. The recommendations of the Nomination Committee are then put to the Board for consideration and approval;

Annual Review of Independence of Independent Non-Executive Directors

– independence of Independent Non-Executive Directors is assessed annually by the Nomination Committee;

Time Commitments of Independent Non-Executive Directors

– directors' attendance records are disclosed in this Annual Report;

Conflict of Interest

– director who has a conflict of interest in a matter to be considered by the Board which the Board determined to be material, that Director will abstain from voting in accordance with the Bye-laws; and

Professional Advice

– to facilitate proper discharge of their duties, all Directors are entitled to seek advice from independent professional advisers at the Company's expense.

Board Committees

The Board currently has three board committees, namely Audit Committee, Nomination Committee and Remuneration Committee, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Remuneration Committee

As at the date of this Annual Report, the Remuneration Committee comprises one Executive Director, Ms. Wong Wan Men, and five Independent Non-Executive Directors, Hon. Chan Hak Kan, Mr. Hung Cho Sing, Mr. Lam John Cheung-wah, Dr. Lo Wing Yan, William and Mr. Yu Chung Leung and is chaired by Mr. Yu Chung Leung.

The terms of reference of the Remuneration Committee are available on the website of the Company at www.oshidoriinternational.com.

The Remuneration Committee's responsibilities mainly include the reviewing, considering and making recommendation to the Board on (i) the Company's remuneration policy for Directors and senior management, (ii) remuneration packages for individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments, and (iii) remuneration of Non-Executive Directors, as well as reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules, etc.

CORPORATE GOVERNANCE REPORT

During the Year, the Remuneration Committee:

– reviewed the remuneration of Directors; and

– made recommendation to the Board on the remuneration of new Independent Non-Executive Directors.

The Remuneration Committee held three (3) meetings during the Year with individual attendance as follows:

Members of Remuneration Committee	Number of meeting(s) attended
Hon. Chan Hak Kan	3/3
Mr. Cheung Wing Ping *(Chairman)* (Note 1)	2/2
Mr. Hung Cho Sing	3/3
Mr. Lam John Cheung-wah (Note 2)	N/A
Dr. Lo Wing Yan, William	1/3
Ms. Wong Wan Men	3/3
Mr. Yu Chung Leung *(Chairman)* (Note 3)	1/1

Notes:

1) Resigned as Chairman on 1 August 2022;

2) Appointed as member on 1 August 2022; and

3) Appointed as member on 25 July 2022 and appointed as Chairman on 1 August 2022.

Details of Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 12 to the consolidated financial statements of the Group for the Year.

Audit Committee

As at the date of this Annual Report, the Audit Committee comprises five Independent Non-Executive Directors, namely Hon. Chan Hak Kan, Mr. Hung Cho Sing, Mr. Lam John Cheung-wah, Dr. Lo Wing Yan, William and Mr. Yu Chung Leung and is chaired by Mr. Yu Chung Leung.

The Audit Committee reports directly to the Board and reviews matters within the scope of audit, such as financial statements and internal control, to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor twice a year to discuss audit process and accounting issues, and reviews effectiveness of internal control and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board.

CORPORATE GOVERNANCE REPORT

During the Year, the Audit Committee:

- reviewed the consolidated financial statements of the Group for the year ended 31 December 2021 and for the six months ended 30 June 2022;
- reviewed the effectiveness of the internal control and risk management systems;
- reviewed the external auditor's audit findings; and
- reviewed and approved remuneration of auditor for 2022 and recommended the re-appointment of auditor.

As at 31 December 2022, the arrangement for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters was in place. No reporting has been received by the Audit Committee during the Year.

Also, as at 31 December 2022, policies and systems that promote and support anti-corruption laws and regulations were in place.

The Audit Committee held two (2) meetings during the Year. Details of individual attendance of its members are as follows:

Members of Audit Committee	**Number of meeting(s) attended**
Hon. Chan Hak Kan	2/2
Mr. Cheung Wing Ping *(Chairman)* (Note 1)	2/2
Mr. Hung Cho Sing	2/2
Mr. Lam John Cheung-wah (Note 2)	1/1
Dr. Lo Wing Yan, William	2/2
Mr. Yu Chung Leung *(Chairman)* (Note 3)	1/1

Notes:

1) Resigned as Chairman on 1 August 2022;

2) Appointed as member on 1 August 2022; and

3) Appointed as member on 25 July 2022 and appointed as Chairman on 1 August 2022.

Nomination Committee

As at the date of this Annual Report, the Nomination Committee comprises one Executive Director, Ms. Wong Wan Men, and five Independent Non-Executive Directors, namely Hon. Chan Hak Kan, Mr. Hung Cho Sing, Mr. Lam John Cheung-wah, Dr. Lo Wing Yan, William and Mr. Yu Chung Leung and is chaired by Mr. Yu Chung Leung.

The terms of reference of the Nomination Committee are available on the website of the Company at www.oshidoriinternational.com.

CORPORATE GOVERNANCE REPORT

The Nomination Committee's responsibilities mainly include the reviewing and recommending the structure, size and composition of the Board and recommending any change thereon; assessing the independence of Independent Non-Executive Directors and recommending the re-election of Directors, etc.

During the Year, the Nomination Committee:

– reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board;

– assessed the independence of Independent Non-Executive Directors;

– reviewed and made recommendations to the Board on re-election of retiring Directors at the 2022 Annual General Meeting; and

– made recommendations to the Board on appointment of new Independent Non-Executive Directors.

The Nomination Committee held three (3) meetings during the Year with individual attendance as follows:

Members of Nomination Committee	**Number of meeting(s) attended**
Hon. Chan Hak Kan	3/3
Mr. Cheung Wing Ping *(Chairman)* (Note 1)	2/2
Mr. Hung Cho Sing	3/3
Mr. Lam John Cheung-wah (Note 2)	N/A
Dr. Lo Wing Yan, William	1/3
Ms. Wong Wan Men	3/3
Mr. Yu Chung Leung *(Chairman)* (Note 3)	1/1

Notes:

1) Resigned as Chairman on 1 August 2022;

2) Appointed as member on 1 August 2022; and

3) Appointed as member on 25 July 2022 and appointed as Chairman on 1 August 2022.

Appointments of new Directors are first considered by the Nomination Committee. The Nomination Committee assessed the candidates on criteria such as integrity, independent mindedness, experience, skill and ability to commit time and effort to carry out their duties and responsibilities effectively as well as the independent factors set out in the Listing Rules, etc., and made recommendation to the Board for approval. Thereafter, all Directors appointed to fill casual vacancy are subject to election by shareholders at the next annual general meeting after their appointment.

CORPORATE GOVERNANCE REPORT

DIVERSITY OF THE BOARD AND WORKFORCE

The Company formulated the board diversity policy in August 2013 aiming at setting out the approach on diversity of the Board of the Company.

The Board recognizes the importance of having a diverse Board in enhancing the board effectiveness and corporate governance. A diverse Board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities, etc of Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and reviewing effectiveness of the Board.

The Nomination Committee is also responsible for reviewing the board diversity policy and setting any measureable objectives from time to time, and reporting to the Board in relation to recommendations to improve Board diversity.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates to join the Board will be, in part, dependent on the pool of candidates with the necessary knowledge, experience, skills, educational background and other qualities. The final decision will be based on merit and contribution the chosen candidate will bring to the Board.

The Board considers that Board diversity, including gender diversity, to be achieved. The Board currently consists of individuals from a diverse background and have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. As at 31 December 2022, 62% of the total workforce were male employees and 38% were female employees. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce.

During the Year, the Board reviewed the works of the Nomination Committee and was satisfied with the implementation and effectiveness of the Company's board diversity policy.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the Year, all Directors have complied with the required standard set out in the Model Code.

The Company has also established written guidelines regarding securities transaction on no less exacting than the terms of the Model Code for senior management and specific individual who may have access to inside information in relation to the securities of the Company.

EXTERNAL AUDITOR

Mazars CPA Limited ("**Mazars**") provided professional services in respect of the audit of the Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards for the Year.

Fee charged by Mazars in respect of audit service for the Year amounted to HK$2,310,000. Non-audit services fees charged by Mazars and its associate firms were as follows:

Description of service performed	**Fee** *HK$'000*
Professional services in connection with the environmental, social and governance review	95
Professional services in connection with the interim review	330
Professional services in connection with the enterprise risk assessment	90
Professional services in connection with the internal control review	138
Professional services in connection with handling tax enquiry	188

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to establish good corporate governance that ensures legal and regulatory compliance of the Company. The Board acknowledges that it has the overall responsibility for establishing and maintaining sound and effective risk management and internal control systems, and evaluating and determining the nature and extent of the risks that the Company shall take in achieving its strategic objectives.

For the Year, the Company has engaged an external independent professional consultant to carry out the internal audit function. The consultant has conducted an annual review of and made recommendations to improve the effectiveness of the Group's risk management and internal control systems. The review covered financial, operational and compliance controls.

The risk management and internal control functions of the Company include the following elements:

- identify significant risks that may potentially impact the Company's performance;
- introduce appropriate controls to manage identified risks; and
- monitor and review the effectiveness of such measures.

CORPORATE GOVERNANCE REPORT

The risk management and internal control systems of the Company is largely top-down, involving the Board, the Audit Committee, and key business units. These parties all play important roles in the system. Such system is designed to ensure that significant risks are properly managed rather than eliminated from, the Company's business environment

The internal control system also includes control procedures implemented to ensure authorised access and the confidentiality of inside information. The Company has developed a disclosure policy which provides a guidance to the Directors, management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries.

Key issues in relation to financial, information technology, operational and compliance controls have been examined during the Year and discussed with the management, on which findings and recommendations for improvement have been provided to the Audit Committee. The Company will be carrying out these recommendations as appropriate, and ongoing review of the same will be conducted in subsequent years.

During the Year, the Board reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget, and was satisfied with the results of the review.

Also, during the Year, the Board conducted a review of the effectiveness of the Group's risk management and internal control systems. Through its review and the review made by the consultant, the Board was of the view that the risk management and internal control systems of the Group were effective and adequate.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for requisitioning a special general meeting

Shareholder(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the company secretary of the Company signed and deposited in accordance with the Bye-laws and Bermuda Companies Act 1981, require the Directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals at general meetings

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 Shareholders may, at their expense, provide a written request to the attention of the company secretary of the Company signed and deposited in accordance with the Bermuda Companies Act 1981.

(c) Communication with shareholders and investors

To ensure effective communication with shareholders and investors, the Company have formulated a shareholders' communication policy which is regularly reviewed to ensure its effectiveness.

Shareholders are provided with detailed information about the Company in the announcement, annual/interim report and/or circular so that they can exercise their rights in an informed manner.

CORPORATE GOVERNANCE REPORT

The Company uses a range of communication tools, such as the annual general meeting, the annual report, various notices, announcements and circulars, to ensure the Shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the chairman of the meeting at the general meetings of the Company held during the Year.

General meetings of the Company provide a direct forum of communication between Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an Executive Director of the Company, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the Independent Board Committee, will commonly be present and available to answer questions and Shareholders may also contact the company secretary of the Company to direct their written enquiries.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

At the 2022 Annual General Meeting, a resolution was proposed by the chairman of the meeting in respect of each separate issue itemised in the notice, including re-election of retiring Directors. The Chairman of the Board and certain members of all committees or their duly appointed delegates and representatives of Mazars attended the 2022 Annual General Meeting and answered questions from the Shareholders.

The Company also maintains a website at www.oshidoriinternational.com, where updates on the Company's business developments and operations, financial information and news can always be found.

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

Address: 25th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
Fax: (852) 2704 2181
Email: info@oshidoriinternational.com

In addition, procedure for Shareholders to propose a person for election as a Director of the Company is available on the Company's website at www.oshidoriinternational.com. The above procedures are subject to the Bye-laws and applicable laws and regulations.

During the Year, the Board reviewed the corporate communication issued by the Company and was satisfied with the implementation and effectiveness of the Company's shareholders' communication policy.

CONSTITUTIONAL DOCUMENTS

A special resolution has been passed at the 2022 Annual General Meeting of the Company held on 13 June 2022 to adopt the amended and restated Bye-laws. Details can be found in the circular of the Company dated 11 May 2022. An up-to-date consolidated version of the memorandum and association and Bye-laws has been published on both the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company intends to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders. A dividend policy of the Company (the "**Dividend Policy**") had been adopted in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

- the Company's operating results;
- the liquidity position, the level of liquid ratio, return on equity and the relevant financial covenants;
- the expected financial performance;
- the cash flow forecast based on expected working capital requirements, expected capital expenditure requirements and any future expansion plans;
- any restrictions on payment of dividend with reference to any applicable laws, rules and regulations and the Bye-laws; and
- any other factors that the Board may deem appropriate and relevant.

Any declaration and payment of dividend under the Dividend Policy are subject to Board's determination that the same would be in best interest of the Company and the Shareholders as a whole.

The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particulars amount and/or in no way obligate the Company to declare a dividend at any time or from time to time. The Board will review the Dividend Policy from time to time and may exercise at its sole discretion to amend and/or modify the Dividend Policy at any time as appropriate.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES IN PREPARING AND REPORTING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the loss and cash flows of the Group for the Year. The statement of the auditor regarding reporting responsibility for the financial statements is set out in the Independent Auditor's Report on pages 80 to 82.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Overview

This Environmental, Social and Governance (ESG) Report (the "**Report**") of Oshidori International Holdings Limited and its subsidiaries ("**the Group**") for the year ended 31 December 2022 covers environmental and social subject areas in accordance with the requirements of Environmental, Social and Governance Reporting Guide stated in Appendix 27 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Corporate governance is addressed separately in the Corporate Governance Report.

Scope of the Report

The Report endeavours to present a balanced representation of the Group's environmental and social performance and covers the main operations of the Group. The content of the Report is defined through a process to determine ESG management approach, strategy, priorities and objectives relating to the Group's operations, to describe our management, measurement and monitoring system employed to implement ESG strategy, and to disclose our key policies, compliance with relevant laws and regulations, our performance, and key performance indicators ("**KPIs**").

Reporting Standard

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), including materiality, quantification, and consistency. The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in Hong Kong from 1 January 2022 to 31 December 2022.

Materiality

The materiality and relevance of the ESG related issues are carefully evaluated by the Group and the opinions of its stakeholders, such that the identified material ESG issues are validated and reported according to the stakeholder's concern.

Quantitative

The KPIs disclosed in this report are supported by quantitative data and measurable standards. All applicable statistics, calculation tools, methodologies, reference materials and sources of conversion factor used are disclosed when presenting the emission data.

Consistency

To facilitate the comparison of ESG performance between years, consistent reporting and calculation methods are adopted as far as reasonable, any significant changes in methodologies are also detailed in relevant sections. The intensities in the Report were calculated based on the number of employees of the Group.

Approved by the Board of Directors

The board has overall responsibility for the Group's ESG strategy and reporting. The board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Report was approved by the board on 30 March 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL AND SOCIAL SUBJECT AREAS OF THE GROUP

About the Group

The Group principally engages in investment holdings, tactical and/or strategical investments, including property investments, provision of financial services including the Securities and Futures Commission regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 8 (securities margin financing), Type 9 (asset management), and provision of credit and lending services regulated under the Money Lenders Ordinance. Particulars of the Group's principal entities are set out in note 41 to the consolidated financial statements for the year ended 31 December 2022.

Strategies

Environmental and social responsibilities are viewed as the Group's core commitment to environment, internal workplace, and external community, and an integral part of the Group's practice to create value for stakeholders. Our strategy is to fulfil the Group's environmental and social responsibilities through achieving environmental and social objectives during daily operations.

Objectives

The Group integrates environmental and social considerations into the Group's business objectives to achieve:

Environmental objectives:

- Add environmentally friendly elements to our daily service and operation activities;
- Reduce greenhouse gas emissions;
- Use energy and resources efficiently; and
- Continuously improve waste management.

Social objectives:

- Respect employees' rights and promote an equal opportunity workplace;
- Commit to occupational safety and health, and provide a safe and healthy workplace;
- Commit to ethical business practices, and build integrity within the workplace; and
- Promote community participation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Approach

Monitored by the board of directors, the Group is executing its environmental and social strategy and achieving its related objectives through a series of actions and commitments:

- Embed environmental and social objectives into business processes including decision making process;
- Establish and document environmental and social policies for management and staff members to follow;
- Comply with environmental and social laws and regulations;
- Report our performance on a balanced picture;
- Disclose KPIs as measurement of actual results;
- Ensure appropriate and effective ESG risk management and internal control systems are in place; and
- Practise corporate citizenship in things we do.

Environmental and social management system comprises:

- The direction from the board to fulfil the ESG responsibilities;
- Daily execution of environmental and social strategy and achieving its objectives by senior management;
- Performance and achievements done by employees in accordance with the Group's environmental and social policies;
- Compliance with environmental and social laws and regulations;
- Review and monitoring of ESG risks management and internal control systems by the board; and
- Reporting and disclosure of our performance and KPIs.

Measures for the achievement of environmental and social objectives are:

- Environmental policies;
- Social policies;
- Checklists for the compliance with applicable environmental and social laws and regulations;
- Requiring documentation for the performance and accomplishment of environmental and social related activities or matters; and
- Data collection, calculation, and disclosure of KPIs.

The implementation of environmental and social strategies, management of environmental activities, and measurement of achieving environmental and social objectives are monitored by dedicated managerial staff members and finally by the board for its overall ESG responsibility.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder Engagement

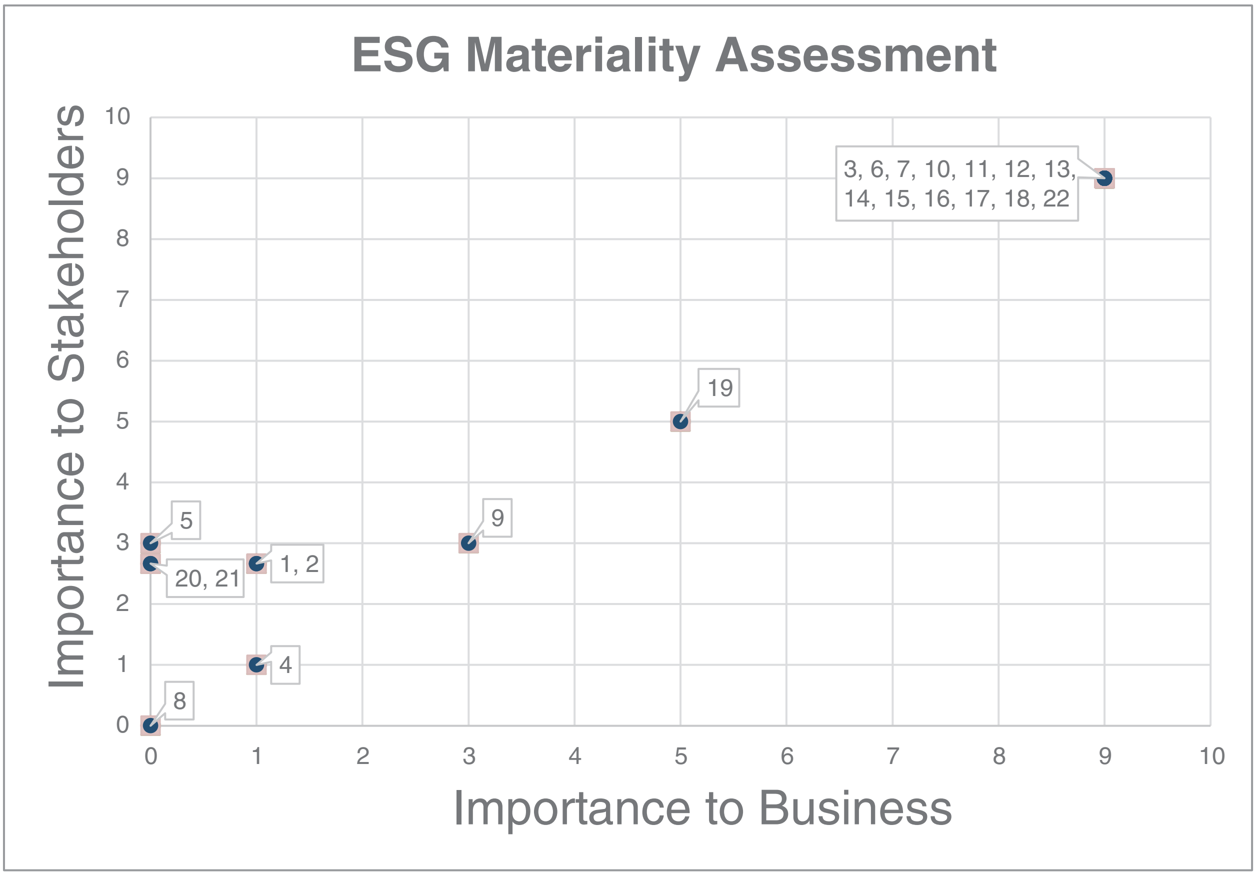
Stakeholder engagement is a key success factor in formulating our environmental and social strategy, defining our objectives, assessing materiality, and establishing policies. Our key stakeholders include customers, suppliers or service providers, employees, management, and shareholders. The Group has communicated with stakeholders to understand their views and respond to their needs and expectations, evaluated and prioritised their inputs to improve our performance, and finally strived to provide value to our stakeholders, community and the public as a whole.

Stakeholders	Probable issues of concern	Communication and responses
HKEx	Compliance with listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Suppliers/Service providers	Payment schedule, stable demand.	Meetings.
Shareholders/ Investors	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, issue of financial reports and/or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.
Customers	Service quality, reasonable prices, service value, labour protection and work safety.	Site visits, and customer services.
Employees	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, employee suggestion boxes.
Community	Community environment, employment and community development, and social welfare	Community activities, employee voluntary activities, community welfare subsidies and charitable donations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality

During the Reporting Year, the Group has undertaken its materiality assessment exercise. This involved conducting surveys with internal and external stakeholders including the management and employees to identify the most significant operating, environmental and social impacts towards the Group's business. With reference to the reporting scope and the consideration towards the corporate business characteristics, the Group has identified related material topics and is detailed in the following diagram:



No. ESG Topics	No. ESG Topics	No. ESG Topics
Environmental Issues	Social Issues	Operational Issues
1 Greenhouse gas emission/ global warming	11 Anti-COVID 19 epidemic	21 Supply chain management
2 Exhaust air emission	12 Employee rights and welfare	22 Customers' satisfaction
3 Energy consumption	13 Inclusion, equal opportunities and anti-discrimination	23 Customers' privacy
4 Water consumption	14 Talent attraction and retention	24 Product/ services quality
5 Hazardous waste/ sewage	15 Occupational health and safety	25 Economic performance
6 Non-hazardous waste/ sewage	16 Training and development	26 Operational compliance
7 Paper consumption	17 Preventive measures for child and forced labour	27 Corporate governance
8 Forest damage caused by improper logging	18 Environmental Protection	28 Anti-corruption
9 Use of raw materials and packaging materials	19 Community investment and engagement	
10 Compliance with environmental laws and regulations	20 Labour standards in supply chain	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on the stakeholder engagement, the Group has identified, the material ESG topics covering issues from the environmental, social and operational aspects. In particular, more importance has been put towards environmental issues and social issues that are most related to the Group's business which concerns its employment particulars and its services provided to customers. The results of materiality assessment prioritised stakeholders input and made us focused on the material aspects for actions, achievements, and reporting. The Group presents below the relevant and required disclosure.

Going on, the Group will maintain communication with various stakeholders and collect respective opinions through different channels more extensively for making substantive analysis. At the same time, the Group will also revise the reporting principles of materiality, quantification, and consistency in order to better align with the expectations of stakeholders and reporting requirements regarding the content of the ESG Report and presentation of the information when necessary.

Board Statement

The Group understands the importance of efficient ESG governance to corporate sustainability. Therefore, the Group has developed an ESG management framework to ensure the effective implementation of relevant ESG policies in its operations. The Board of Directors (the "**Board**") of the Group is primarily responsible for supervising ESG governance matters of the Group. For instance, determining the Group's ESG approach, managing ESG related risks, as well as supervising the management and relevant departments in stipulating relevant policies with appropriate measures. The board also requires the management of the group to report ESG-related matters and provide follow-up developments in a timely manner, such as when ESG performance indicators deviate significantly from pre-set targets, serious ESG incidents, and changes in regulatory requirements.

The Board is responsible for:

- appointing key personnel in charge of the Group's ESG matters;
- approving ESG strategies, action plans and targets;
- approving the resources required to implement ESG-related measures;
- reviewing and monitoring of ESG risks management and internal control systems;
- monitoring the progress and performance of ESG strategies; and
- reviewing and approving the annual ESG reports.

The Management is responsible for:

- identifying and assessing ESG-related risks and opportunities and report to the Board;
- developing ESG strategies, action plans, targets and arranging works accordingly;
- ensuring appropriate and effective ESG risk management and internal control systems are in place;
- reporting to the Board on the progress and performance of ESG work; and
- reviewing and submitting annual ESG report to the Board for approval.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Functional Departments are responsible for:

- coordinate and implement specific ESG policies and measures;
- report to the management on ESG work regularly;
- collecting information and data in relation to ESG performance of the Group; and
- preparing annual ESG reports and reporting to the management.

The Board will continue to observe the ESG-related work and keep up on the latest ESG disclosure requirements of the Hong Kong Stock Exchange. The Board will also ensure close collaboration between all departments to achieve the goal of operational compliance, shoulder on social responsibility and develop clearer ESG objectives and targets for the Group in the future in order to strive for better performances and better align with stakeholders' expectations.

GENERAL DISCLOSURE AND KPIs

A. Environmental

The Group recognises the importance of setting up a practice to protect the natural environment for the benefit of humans and pursue sustainable development. The Group is committed to put effort in reducing the environmental impacts from our operation and setting back the degradation of the biophysical environment.

Aspect A1: Emissions

Emissions refer to the amount of substances that is produced and sent out to the air that is harmful to the environment. It includes air and greenhouse gas emissions produced from gaseous fuel consumption, fuel consumption by vehicles, energy consumption and all other upstream and downstream activities. Emissions disclosed as KPIs are calculated based on the consumption data collected and applicable emission factors.

Air and Greenhouse Gas Emissions

Air emissions include nitrogen oxide ("**NOx**"), sulfur oxide ("**SOx**"), particulate matter ("**PM**") and other pollutants regulated under national laws and regulations. On the other hand, greenhouse gases include carbon dioxide ("$\mathbf{CO_2}$"), methane ("$\mathbf{CH_4}$"), nitrous oxide ("$\mathbf{N_2O}$"), hydrofluorocarbons ("**HFCs**"), perfluorocarbons ("**PFCs**") and sulphur hexafluoride ("$\mathbf{SF_6}$").

– ***Air and Greenhouse Gas Emissions from Production***

In view of the Group's business nature, there were no air and greenhouse gas emissions from production.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

– ***Air Emissions from Vehicles and Yachts***

The Group believes that green transportation brings different benefits, which include the reduction of transportation costs, as well as the reduction of energy consumption and pollution. As such, the Group encourages optimising transportation routes, high filling rate or carpooling and proper tire pressure to achieve higher efficiency of vehicles.

The Group also reminds employees to consider the environmental impact accustomed to their commuting decisions to reduce air and greenhouse emissions. Employees are encouraged to take public transportation as often as possible and avoid excessive idling of automobile.

KPI A1.1 Emissions from vehicles

During the Reporting Year, the total air emissions of the Group from vehicles usage was approximately 2,247 g[1] (2021: 1,845 g[2]), with an increase of approximately 22% due to the increased usage of vehicles owned by the Group. The corresponding air emission intensity was approximately 77 g per employee.

Types of pollutant	2021 (g)	2022 (g)	Variance
NOx	1,665[3]	2,026	↑ 22%
SOx	60	75	↑ 25%
Particulate Matter (“PM”)	120	145	↑ 21%
Total Air Emissions	1,845	2,247	↑ 22%

– ***Greenhouse Gas Emissions by Scope category***

*KPI A1.2 Greenhouse gas (“**GHG**”) emissions in total*

During the Reporting Year, the total GHG emissions of the Group accounted to approximately 70 tonnes (2021: 66 tonnes), with a GHG emissions intensity of 2.4 tonnes (2021: 2.0 tonnes) per employee. The significant increase of greenhouse gas emissions was mainly due to the significant increase of Liquefied Petroleum Gas (LPG) usage for stationary combustion in the entity owned by the Group during the Reporting Year. The respective emission data of Scope 1, Scope 2 and Scope 3 are disclosed as follows.

1 The travelling distance is estimated based on the units of fuel consumed by vehicles using the “Transport – Energy Utilization Index” issued by Electrical and Mechanical Services Department at https://ecib.emsd.gov.hk/index.php/hk/energy-utilisation-index-hk/transport-sector-hk.

2 Data for FY2021 have been revised in line with the revision to data on the use of vehicles

3 Data for FY2021 have been revised in line with the revision to data on the use of vehicles

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

– ***Scope 1 Direct Greenhouse Gas Emissions from Stationary and Mobile Combustion***

The total Scope 1 GHG emissions of the Group was approximately 14.45 tonnes (2021: 11.66 tonnes), with a significant increase of approximately 23% due to the increased usage of LPG for stationary combustion during the Reporting Year.

KPI A1.2 Scope 1 – Direct emissions from operations that are owned or controlled by the Group

Main categories of Scope 1 emissions: GHG emissions from stationary and mobile combustion sources:

Types of greenhouse gas	2021 (tonnes)	2022 (tonnes)	Variance
Carbon Dioxide (“CO_2”)	10.24	12.92	↑ 26%
Methane (“CH_4”)	0.02	0.04	↑ 100%
Nitrous Oxide (“N_2O”)	1.40	1.50	↑ 7%
Total Scope 1 GHG emissions	11.66	14.45	↑ 24%

– ***Scope 2 Indirect Greenhouse Gas Emissions from Electricity Consumption***

Electricity consumption of the Group is a major part of its greenhouse gas emissions, of which it accounted for 70% of its total. During the Reporting Year, the total Scope 2 GHG emissions of the Group was approximately 48.89 tonnes (2021: 48.63 tonnes), which is largely similar as last year.

KPI A1.2 Scope 2 – Energy indirect emissions resulting from the generation of purchase or acquired electricity, heating, cooling and steam consumed within the Group

Main sources of Scope 2 emissions: Electricity purchased from power companies:

Types of emissions	2021 (tonnes)	2022 (tonnes)	Variance
CO_2 equivalent emission	48.63	48.89	↑ 1%
Total Scope 2 GHG emissions	48.63	48.89	↑ 1%

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– ***Scope 3 Indirect Greenhouse Gas Emissions from Paper Waste Disposed at Landfills and Business Travel by Employees***

During the Reporting Year, the total Scope 3 GHG emissions of the Group was approximately 6.84 tonnes (2021: 5.76 tonnes), with an increase of approximately 19% due to the increased paper usage by the Group. Such an increase was mainly due to the mandatory paperwork required to align with the Group's business development needs, as well as the fact that the adaptation to COVID-19 enabled a relatively business normal situation during the Reporting Year than the previous year. Additionally, the COVID-19 travel restrictions imposed by various countries, business air travels were no longer required, hence there were no business air travel during the Reporting Year.

KPI A1.2 Scope 3 – All other indirect emissions that occur outside the Group, including both upstream and downstream emissions

Activities from which indirect GHG emissions arise:

Types of emissions	**2021** (tonnes)	**2022** (tonnes)	**Variance**
CO_2 equivalent emission of Paper Waste disposed at Landfills	5.76	6.84	↑ 19%
CO_2 equivalent emission of Business Air Travel by Employees	(Not available)[4]	(Not available)[4]	–
Total Scope 3 GHG emissions	5.76	6.84	↑ 19%

In order to address the indirect emissions relating to paper waste disposed at landfills, the Group encourages employees to maximize the adoption of digital technology such as emails and digital data storage devices to reduce paper consumption. Aside from printing on both sides of a sheet of paper and avoiding unnecessary printing or photocopying, the use of paper is also optimized with the adjustment of space efficient formats of documents. Recycling boxes are also placed near the photocopiers to collect single-sided paper for reuse and used double-sided paper for recycling.

To reduce paper usage, the Group has incorporated the "3Rs" principles (Reduce, Reuse and Recycle) into our business activities. The Group aimed to establish a paperless office by using electronic administrative platforms and communication channels to both our staff and customers whenever possible.

On the other hand, the Group constantly reminds employees to consider the environmental impact of their commuting decisions to reduce air and greenhouse gas emissions. Employees are encouraged to take public transportation as often as possible. The Group recognises the severity of indirect greenhouse gas emissions from business travel by employees, and requires employees to utilise teleconference and zoom meetings instead of overseas meetings to reduce the carbon footprint of business travel.

4 Due to the continuous influence of COVID-19 pandemic and the corresponding travel restrictions from various countries, there were no business air travel by employees in FY2021 and FY2022.

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Discharges into Water and Land

The Group requires that discharges, if any, into waterways and land must comply with relevant laws and regulations.

Generation of Hazardous Waste and Non-Hazardous Waste

The internal guidance of the Group encourages employees to handle office waste generated in a proper and environmentally friendly manner.

– ***Hazardous Waste***

Hazardous wastes are those defined by national regulations. There was no significant hazardous waste generated in view of the Group's business nature.

KPI A1.3 Total hazardous waste produced and intensity

There was no significant hazardous waste generated in view of the Group's business nature.

– ***Non-Hazardous Waste***

The Group promotes waste reduction practices including waste reduction at source, reuse, clean recycling, recover and reduction of disposal at landfills. Employees are encouraged to purchase supplies or equipment with a longer life-span while recycling bins are installed to collect the recyclables, such as waste paper, glass or aluminum bottles, metal, and plastics etc., and consequently arranging for recyclers to collect recyclables.

During the Reporting Year, the total non-hazardous waste produced of the Group was approximately 1.43 tonnes (2021: 1.20 tonnes), with an increase of approximately 19% due to the increased paper usage by the Group from the mandatory paperwork needed as per the Group's business development needs and the resumption to business normal from the comparatively improved situation and adaptation to COVID-19 in the Reporting Year than the previous year. The corresponding non-hazardous waste intensity was 0.05 tonnes (2021: 0.04 tonnes) per employee.

KPI A1.4 Total non-hazardous waste produced and the intensity

Types of emissions	2021 (tonnes)	2022 (tonnes)	Variance
Non-hazardous waste produced - Landfill	1.20	1.43	↑ 19%
Non-hazardous waste intensity (Tonnes/per employee)	0.04	0.05	↑ 25%

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KPI A1.5 Description of emission target(s) set and results achieved

In accordance with the policies stated above for the reduction of air and greenhouse gas emissions from vehicles, the Group has also adopted the following measures to further mitigate corresponding emissions. The Group limits the number of its owned vehicles, the frequency of employees not to take public transportation for local business commuting, as well as the volume of employee business travel for having a better control over the Group's emission performance.

Given both the air emissions and greenhouse gas emissions has increased in the Reporting Year comparing to the previous year, mainly due to the resumption to business normal from the comparatively improved situation and adaptation to COVID-19 in the Reporting Year than the previous year.

Considered that the emission is highly subjected to the operation of the Group's, fluctuations in emission may be resulted in response to the changes in the Group's business growth and performance. Nonetheless, the Group aims to persistently ensure the implementations of the above-mentioned environmental policies and measures while also trying to maintain its emission with the emission of the Reporting Year or a growth rate to a level below its business growth as far as possible to strive for better performance in the future.

KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction target(s) set and results achieved

Non-hazardous wastes are preferred to be recycled, otherwise, they are sent to the landfill. In accordance with the policies stated above for the reduction of non-hazardous wastes, the Group has also adopted the following measures to reduce the wastes produced. The Group strived to limit the generation of commercial wastes by employees by controlling paper wastes and the volume of non-hazardous waste going directly to the landfill without recycling.

Although the production of non-hazardous waste has increased in the Reporting Year due to the necessary paperwork from the needs of business development, the Group believes the implemented measures are effective to avoid excessive paper waste. Therefore, the Group considers that such measures were sufficient to properly handle the non-hazardous waste generated during the year ended 31 December 2022.

Given that the waste produced is highly subjected to the operation of the Group, fluctuations may be resulted in response to the Group's business development needs. Nevertheless, the Group targets to continue ensuring its implementations of various policies and measures regarding efficient use of resources as needed to strive for better environmental performances, for instance, to limit its waste production and maintain the level of waste generation in the Year as far as possible in the future.

Compliance with Relevant Laws and Regulations that have a Significant Impact on the Group

For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

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Aspect A2: Use of Resources

The Group recognises that efficient use of resources, including energy, water and other raw materials in production, storage, transportation, buildings, and electronic equipment, etc., is one of the significant aspects to protecting the environment by saving finite resources.

Efficient Use of Energy

The Group has established policies and procedures to ensure the efficient use of energy. For instance, reducing energy consumption in the facility, assessing the energy efficiency, increasing the use of clean energy as far as possible, setting applicable targets to monitor energy consumption, and ensuring the power is turned off when electrical appliances are not in use.

Electricity is the primary resource consumed by the Group in its daily operations. In order to reduce such consumption, the Group has established a policy to monitor the use of energy, promote the procurement of energy efficient equipment (such as appliances with Grade 1 Energy Label), and require our colleagues to adopt green office practices. Various electricity-saving policies have been established to reduce the electricity consumption by the Group. Air conditioning is required to be set no lower than 25°C. Windows and doors are ensured to be closed when the air-conditioning is turned on, and it is required to turn off the air-conditioning after office hours or after the usage of meeting rooms. The Group has also installed energy-efficient lighting to further reduce its electricity consumption.

During the Reporting Year, the total energy consumed by the Group was attributed from the non-renewable fuel consumption and the electricity purchased for consumption. The total energy consumed by the Group accounted to approximately 120 kWh (2021: 109 kWh) in ’000s with an intensity of 4 kWh (2021: 3 kWh) in ’000s per employee. The non-renewable fuel consumed increased by 24% from 41 kWh in ’000s to 51 kWh in ’000s as per the increased usage of vehicles owned by the Group and the stationary combustion from the entity owned by the Group during the Reporting Year. On the other hand, the electricity purchased for consumption is largely similar to last year. A detail breakdown is illustrated as follows:

KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity

Energy consumption by type	2021 (kWh in ’000s)	2022 (kWh in ’000s)	Variance
Non-renewable fuel consumed	41	52	↑ 27%
Electricity purchased for consumption	68	69	↑ 1%
Total energy consumed	109	120	↑ 10%
Total energy consumption intensity (kWh in ’000s/per employee)	3	4	↑ 33%

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Water Consumption

Similar to energy consumption, the Group also facilitates the reduction of unnecessary water consumption for preserving the finite freshwater resource. The Group requires its employees to reduce water consumption in the offices and encourages water-saving practices, such as fully empty any containers before washing, turn off water taps promptly, have regular checks of faucets and pipes in case of leakages, and to adopt water-saving appliances.

Given that the Group operates in the leased office premises, both the water supply and discharge are solely controlled by the building management. Therefore, the provision of water withdrawal and discharge data or sub-meter for individual occupants are not feasible.

KPI A2.2 Water Consumption in total and intensity

As aforementioned, the data for water usage of the Group is not available as it is under the building management of the leased offices where the Group operates, therefore the Group is unable to provide the total water consumption and intensity of the Reporting Year.

KPI A2.3 Description of energy use efficiency targets set and results achieved

Energy consumption has a direct effect on the environmental footprint of the Group, its operational costs, and exposure to certain risks (e.g. fluctuations in energy supply and prices), and the Group endeavours to reduce unnecessary electricity consumption for lowering its accompanying carbon footprints. With the above-stated policies and measures specific to managing energy use, the total energy consumption of the Group has increased by approximately 10%, and its non-renewable fuel consumption increased by 27% comparing to the previous year. The increase is mainly due to the Group's business development needs and the resumption to business normal from the comparatively improved situation and adaptation to COVID-19 in the Reporting Year than the previous year. The Group still considers the adopted policies and practices were efficient for achieving energy efficiency for the year ended 31 December 2022.

While the energy consumption is highly subjected to the business development needs of the Group, the Group abides by the principle to avoid unnecessary wastages. Moving forward, the Group aims to continue its implementations of policies and measures related to maximizing energy-efficiency for avoiding unnecessary electricity and fuel usages. The Group will also keep managing and monitoring the growth of its energy consumption and to strive for better performances as far as possible to minimize the environmental footprints in the future. More environmental objectives and measures may be stipulated as needed to fit for the Group's vision in managing its energy use efficiency performances when necessary.

KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and results achieved

Since the water supply is managed by the Government, there was no water supply issue identified for the Reporting Year.

Nonetheless, the Group stressed on the necessity in conserving water as much as possible, and related practices and measures are enforced in its daily operations. The Group's ability to use water efficiently can be revealed by its commitment and the above-stated measures for reducing its water consumption. The Group's policies and measures specific to water use have been stated above. The Group considers the adopted policies and measures were adequate to achieve water efficiency for the year ended 31 December 2022.

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Efficient Use of Raw Material and Packaging Material

There is no significant raw material or packaging material waste was generated in view of the Group's business nature.

KPI A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced

As abovementioned, the Group's business nature does not involve using packaging materials, therefore no material record of use of raw material and disposal of packaging materials are noted during the Reporting Year.

Aspect A3: The Environment and Natural Resources

The Group is committed to reducing the consumption of natural resources and its operation impacts on the environment. Related policies are established to consider the actual impacts on the environment and the consumption of natural resources, thus aiming to reduce such impacts. The Group encourages environmental education and advocacy among employees to foster environmentally responsible behaviours which helps to fulfil the Group's commitment to minimising its adverse impacts on the environment, for instance avoid wastages and unmindful consumption of resources.

KPI A3.1 Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them

We understand that our performance in respect of emissions, waste production and disposal, and the use of resources impacts the environment. In response, the Group endeavours to minimise such impacts, and ensure to communicate our environmental policies, measures, performance, and achievements to our stakeholders.

No significant impacts on the environment and natural resources were resulted in view of the Group's business nature. Policies and/or measures adopted in the year ended 31 December 2022 specific to managing potential impacts of activities on the environment and natural resources are mentioned above.

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Aspect A4: Climate Change

The Group recognizes climate change as one of the greatest issues confronting humanity at the present time. It is vital for us to understand our corporate role in addressing climate change threats, which could impact the Group in terms of its business profitability and its business resilience in a long run. As such, the Group adopts a proactive and forward-thinking approach in the assessment of our vulnerability to climate risks, and integrate such considerations into its strategic business planning. The Group shares the responsibilities to reduce emissions and relieve the impact from 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

To cope with the intensified threat of climate change, the Group has assessed the potential climate-related risks that may arise to its business operations. These risks mainly stem from the following dimensions:

Physical Risks

Although the Group has minimal direct impact from the environment given its primary business focuses on financial services, the Group is still influenced by both acute and chronic risk from climate change. Hence, it is essential for the Group to assess our vulnerability to potential extreme weather conditions faced by our city, no matter whether it is rainstorm, thunder, typhoon, fire or flood. In this regard, the Group has provided trainings and drills to enhance employees' awareness and ability to cope with potential disasters when faced with extreme weather conditions for ensuring the safety for our employees and preventing potential loss of assets.

Transition Risks

As policy changes are expected upon the urge of climate change towards the shift into a lower-carbon economy, new regulations are soon expected in many countries and jurisdictions. Climate-related issues such as risks in regulatory changes may lead to the devaluation of assets held by the Group. These potential stranded assets may be energy related, which could lead to unpredicted fluctuation in the Group's value. As such, the Group is more vigilant in considering investment choices to the Group's portfolio, and will take into more careful considerations for climate risks. Our climate change policy also contains guidance to climate risks identification, mitigation and adaptation to help build resilience to potential climate events.

Reputational Risks

While extreme weather events may disrupt our operations or affect the value of our investments, the involvement in certain industries associated with climate change may also pose reputational risk to the Group. Given the extensive impacts of climate change, the strategy of the Group leverages on the depth of its expertise and insights to climate-related opportunities and to manage climate risk. In addition to managing risk across our client activities, the Group continues to adopt best practices to reduce its own carbon footprint and integrate resiliency into its business operations.

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B. Social

The Group strives to fulfil its social responsibilities as a corporate citizen of communities. The Group endeavours to establish harmonious relationship with our employees, customers, suppliers, and the communities. The Group cares about the well-being and the development of employees for ensuring high standard of service responsibility, enhancing transparent relationship with external parties, including customers, as well as contributing to our community development.

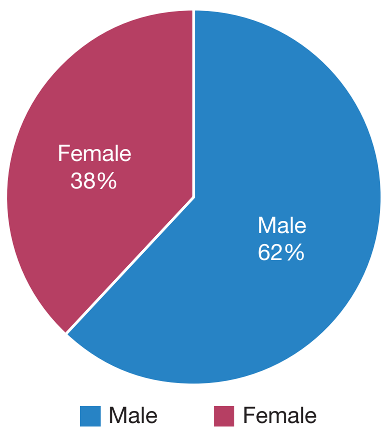
Employment and Labour Practices
Aspect B1: Employment

Employees are important assets to the Group and its success, in which efforts has been put to provide a harmonious and safe working environment in order to stimulate mutual growth of both the Group and its employees.

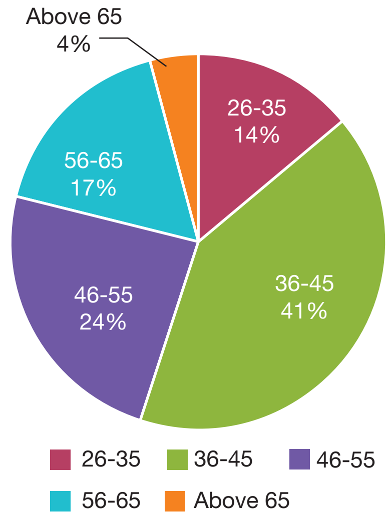
KPI B1.1 Total workforce by gender, employment type, age group and geographic region

As of 31 December 2022, the Group has a total number of 29 employees, all of which were full-time employees from Hong Kong in different age groups, with 62% were male employees and 38% were female employees.

Total workforce by gender



Total workforce by age group



The Group has established employment policies, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Given the effort of the Group in providing a well-rounded welfare and a harmonious working environment, more than half of our employees have worked for the Group for over 3 years.

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Compensation and Dismissal

The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure consistency with employment market. Laws and regulations on minimum wage and statutory social benefits are required to be followed. Dismissal is required to comply with employment laws and regulations, and to follow the internal policies and procedures, including policy on prevention of dismissal purely on employees' gender, marital status, disability, age or family status.

A share option scheme was adopted in 2012, and a share award scheme was adopted in 2019 for a purpose of providing incentives to directors and eligible employees to attract, retain and motivate eligible employees whose present and potential contributions are important to the success of the Group by offering them an opportunity to participate in the Group's future performance through the grant of share options.

Talent Retention

KPI B1.2 Employee turnover rate by gender, age group and geographic region

As the Group only operates in Hong Kong, the Group maintained a monthly turnover rate of 1.62% during the Reporting Year, a detail breakdown is provided in the following table:

Employment Turnover	**Percentage in 2022**
By Gender	
Male	1.19%
Female	2.22%
By Age Group	
18 – 25	8.33%
26 – 35	4.17%
36 – 45	1.19%
46 – 55	–
56 – 65	–
Above 65	–

The Group cherishes every single employee and strives to enforce the strong bond and trust with them. Going on, the Group will continue to create a harmonious working environment for further promoting employee engagement and retention.

Recruitment and Promotion

The Group attracts talent through fair, flexible and transparent recruitment strategy. Recruitment process includes application for recruitment, description of position, collection of job applications, interview, selection, approval, and job offering. Year-end bonuses and promotion opportunities are also provided to staff according to their individual and the Group's performance.

Working Hours, Rest Periods, Benefits and Welfare

Employees' working hours, rest periods, benefits and welfare, including mandatory provident fund, are required to be in compliance with employment or labour laws and regulations. Medical insurance is offered to our employees with reference to prevailing market practices.

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Equal Opportunities, Diversity and Anti-discrimination

The Group is an equal opportunity employer. The Group endeavours to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, or other measures of diversity.

We respect every employee and embrace diversity of our workforce. The Group ensures equality during our recruitment, performance evaluation and promotion processes. Any kinds of discrimination, regardless of age, disability, sex, religion, race, pregnancy, and family status, are strictly prohibited in the Group.

Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group

For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Aspect B2: Health and Safety

The Group is committed to maintaining a healthy and safe workplace for employees, and to preventing workplace injuries and illnesses. The Group upholds the principle that ensuring occupational health and safety is a solemn commitment to its employees in addition to embarking the responsibility in corporate culture.

KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year

In the Reporting Year, there were no cases of work injury and fatalities (2021: nil; 2020: nil) reported in the Group.

KPI B2.2 Lost days due to work injury

With reference to the above-mentioned, there was no equivalent number of lost days due to work injury during the Reporting Year.

KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored

Providing a Safe Working Environment

The Group requires entities to establish and document policies and procedures on safety for employees to follow, set targets for the safety of employees, monitor the safety performance against the targets periodically, and report any safety incidents to the management.

The Group is committed to maintaining a safe and hygienic workplace by regularly monitoring the physical conditions of its office and branches including the cleanliness, indoor air quality, pest controls, security, fire precautions etc.

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Since the outbreak of the COVID-19 pandemic, the Group has strengthened safety inspections, disinfection and cleaning of its office. Mandatory body temperature check before entering the office is required. The Group also requests staff to wear surgical masks at the workplace and maintain personal hygiene at all times. Those who have developed respiratory symptoms shall be refrained from working and will be asked to seek medical advice promptly. The Group also encouraged its staff to take the COVID-vaccination to better protect themselves against the infection, and staff is also requested to have the COVID-19 test on a weekly basis for ensuring the spread of infection is restricted to a lowest level.

Protecting Employees from Occupational Hazards

The management is responsible for keeping up with the latest health and safety legislation and standardize the assessment to risks for meeting the legal requirements for the Group's operation. Annual on-site social compliance risk assessments are conducted and guidance and instructions on health and safety and fire safety are provided to employees to minimize the potential of occupational hazards from occurring.

One of the key factors for the success in protecting employees from occupational hazards is to train employees to protect themselves from psychological and physical hazards. The Group encourages such training to be delivered to employees. In addition, the Group has a comprehensive insurance plan in place providing medical benefits for all staff and covering accidents occurring in our premises. Health and safety incidents are reported to the management and are promptly dealt with.

Work-life Balance

The Group supports employees to enjoy leisure and sports activities outside of workplace, in which sports and wellness programmes are organized from time to time to encourage employees in adopting a healthy lifestyle. The Group is committed to providing a family-friendly working environment and work-life balance to our employees.

Compliance with Relevant Laws and Regulations that have a Significant Impact on the Group

For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to providing a safe working environment and protecting employees from occupational hazards.

Looking ahead, the Group will continue to promote occupational health and safety to employees and will avoid any work-related injuries or accidents by all means.

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Aspect B3: Development and Training

The Group is committed to providing adequate training to our employees to improve their knowledge and skills for discharging duties at work. Training includes vocational training courses provided internally or externally.

Employee Development

The Group requires employees to attend internal and external training course including employee continuing education to improve employees' knowledge and skills for their job positions.

Training Activities

Training and development courses are offered throughout the Group to all employees to upgrade their skills and knowledge. Training programs of the Group are specifically tailored to the needs of different job functions to strengthen the skills and abilities of our employees, varying from technical training to on-job trainings depending on the employee's function. For professional employees, external trainings are encouraged covering topics including but not limited to updates on rules and regulations, technical knowledge, management skills to customer services standards. Other employees such as administrative employees will be provided with on-job trainings including coaching by supervisors, job rotation and shadowing, to maintain and enhance our work quality. The Group also encourage its staff to discuss their learning plans with their supervisors during their performance evaluation process and the Group also provides financial subsidies for employees to attend external training courses, where appropriate.

In daily operation, the Group provides induction training for new employees, experienced employees act as mentors to guide newcomers. The Group believes such arrangement can be the best practice to facilitate communication and team spirit, as well as to improve technical skills and managerial capability and encourage learning and further development of employees at all levels.

The Group will continue to intensify its efforts to promote staff training programs which the Group believes that by means of offering comprehensive training opportunities, it could help provide the necessary protection for talent reserves for corporate development. The Group will continue to evaluate the training needs of its employees to ensure that employees are offered suitable and appropriate training according to their job nature and position.

KPI B3.1 The percentage of employees trained by gender and employee function

During the Year, there were 38 external training sessions attended by 11 participants with a total of 95.5 hours of training. The participation rate[5] of training by employee functions of Managerial, Professional, and General and Technical[6] are 29%, 40% and 21%. The percentage of trained employees by employment functions[7] of Managerial, Professional, and General and Technical are 18%, 55% and 27% respectively, while the percentage of trained employees by gender is 39% for male and 36% for female respectively.

5 Participation rate of training session in the Group is calculated by 'Employees in the specified category who took part in training' divided by 'employees of the specific function'. The total number of participants include the new joiners, existing employees and the resigned employees of the Company during the Reporting Year.

6 General and technical refers administrative assistant, assistant accountant, driver, personal assistant.

7 Adjusted employee categories from job levels to job functions for FY2022. Breakdown for employees in relevant categories is calculated by 'Employees in the specified category who took part in training' divided by 'Employees who took part in training'.

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KPI B3.2 The average training hours completed per employee by gender and employee function

The average training hours of trained employee was approximately 8.68 hours per employee. The average training hours completed per employee by gender is around 2 hours and 6 hours for male and female respectively, while the average training hours completed by employee function is around 23 hours, 8 hours and 1 hour for Managerial, Professional, and General and Technical respectively. Going on, the Group will continue to encourage all levels of employees to attend sufficient trainings in ensuring job duties' expectations are well delivered while reinforcing employees' capabilities and knowledge concurrently.

Aspect B4: Labour Standards
The Group is committed to avoiding child and forced labour in the workplace.

Preventing Child and Forced Labour
The Group strictly prohibits child labour. It requires the Human Resource Department and User Departments to work together to prevent or identify child labour, and to ensure child labour is not in the workforce.

KPI B4.1 Description of measures to review employment practices to avoid child and forced labour

The Human Resources Department is responsible to establish complete procedures for employment and recruitment in order to prevent the employment of child labour. In addition, the Group organizes employee representatives to sign collective contracts with the company that stipulate the working hours, working intensity, vacation and welfare for the employees to protect their rights and interests, and ensuring the headquarters and all its subsidiaries recruit employees in accordance with the management rules, and comply with international laws and the Labour Law of China and Hong Kong.

KPI B4.2 Description of steps taken to eliminate such practices when discovered

The Group is committed to protecting human rights, to prohibiting forced labours, and to creating a workplace with respect, fairness, and free will for our employees. In case of any suspicious cases, the matters will be discussed with utmost seriousness and will be solved properly in case of any confirmed illegal cases.

Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group
For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to child and forced labour.

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Operating Practices

Aspect B5: Supply Chain Management

Supply chain management is crucial to business operations for allowing businesses to better compete with better performances. The Group requires impartial selection of suppliers and service providers, maximisation of competition in tendering process, approval of contract terms, compliance with laws and regulations, prevention and detection of bribery or fraud in the tendering and procurement process, and accomplishment of efficiency and cost saving in procurement. The contracting for procurement of products and services is required to be based solely upon specification, quality, service, price, tendering, and applicable environmental and social considerations.

KPI B5.1 Number of suppliers by geographical region

Due to the engaged local suppliers primarily support the basic operation of the Group's office operation, such as providing office supplies and other daily necessities, it is considered immaterial to the Group's business nature and operation. Therefore, there is no material record of suppliers noted during the Reporting Year.

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

The Group encourages the suppliers to pursue continuous improvement and adopt best practice so that they too can be sustainable. When engaging suppliers, the Procurement Department ensures that the Group's expectations in terms of legal compliance, respect for people, ethics and business conduct, and environmental stewardship with suppliers are well communicated throughout the process.

KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored

The Group understands that supply chain management is essential in managing and overlooking environmental and social risks along the supply chain. The Group requires suppliers to provide products and services with up-to-standard quality, health and safety to ensure compliance with environmental laws and regulations, and labour standards. Our suppliers are also required to strictly comply with all applicable laws and regulations.

KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored

The Group established supply chain management policies and procedures, including assessment, selection, approval, procurement, and monitoring. The Group also considers suppliers' ESG performance as well as related qualifications including ISO 14001 and OHSAS 18001. In addition, the Group regularly evaluates suppliers' performance and requires suppliers to make remedial measures upon unsatisfactory performance. The Group even terminates the business relationship if suppliers fail to meet our quality standards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B6: Product Responsibility

Product responsibility refers to health and safety, advertising, labelling and privacy matters relating to the services provided.

Health and Safety

The Group is fully responsible for its corresponding services, in which the Group ensures health and safety relating to our services provided. The Group strictly follows the internal policies and regulatory requirements when delivering our services and regularly review our services quality and seek customer feedback to identify areas of improvement. Apart from complying with regulations relating to custody of customer assets, the Group strives to protect its clients' assets by adopting adequate controls such as maintaining designated trust accounts to manage customers' funds, which are audited regularly by independent accountants.

KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons

Given the Group's business nature, no products sold or shipped were recalled due to safety and health reasons.

KPI B6.2 Number of products and service-related complaints received and how they are dealt with

For the year ended 2022, there were no complaints received. The Group has an established mechanism for handling complaints in case of such events occurrence, in which they will be reported directly to the CFO and will be handled by the management for resolving related matters.

Advertising

The Group respects our customers' rights and is committed to providing accurate service information for customers in connection with their purchase decision. The Group requires careful review of advertising material to protect customers' interest.

Labelling

The Group requires that labelling is accurate, legitimate, clear, and not misleading, and intellectual property rights are protected. In our daily operations, the Group explains to its customers the underlying risks derived from our financial products and facilitates their financial decision-making process. the Group ensures that the information and marketing materials it provided do not contain any misleading content, and perform preventive measures, including implementation of "Know-Your-Customers" procedures, to protect customers' interests more effectively.

KPI B6.3 Description of practices relating to observing and protecting intellectual property rights

The Group respects the intellectual property rights of others and endeavours to comply with all applicable laws regarding intellectual property. The Group ensures that all our employees do not infringe upon any third-party copyrights, and disciplinary actions will be taken if violations from employees are found.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Methods of Redress

KPI B6.4 Description of quality assurance process and recall procedures

Although the Group ensures the quality of our services, at the same time, the Group requires that services with quality, safety, or health issues should be compensated in accordance with terms of service agreements. Compensation is required to be offered to all customers who are affected with consistent treatment and procedures.

Privacy Matters

The Group is committed to protecting customer data and privacy information, and keeping business information confidential. Training to employees in this regard and proper information system security are required.

KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored

We acknowledge the importance of protecting the privacy and confidentiality of our customers' information. An internal policy which governs the collection, handling, and disclosure of clients' data has been developed and communicated to our staff. Pursuant to Personal Data (Privacy) Ordinance, the Group has prohibited the use of any personal information of clients by other parties for direct marketing purposes if unlawful or without explicit and implicit consent of clients. Employees are required to sign a non-disclosure agreement upon the acceptance of their employment. Additionally, on-the-job trainings are provided to employees to promote privacy awareness and enhance their prudency and integrity when handling personal data. To prevent privacy leakages, the adequacy of the IT security measures would be reviewed while logs and trails of access would be kept.

Compliance with Relevant Laws and Regulations that have a Significant Impact on the Group

For the year ended 31 December 2022, there were no confirmed non-compliance incidents or grievances in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Aspect B7: Anti-corruption

The Group has established anti-corruption policies to prohibit employees from receiving any advantages offered by customers, suppliers, colleagues, or other parties, while they are performing employee duties, and prohibit any activities involving conflicts of interest, bribery, extortion, fraud, and money laundering. The Group encourages employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest, bribery, extortion, fraud and money laundering.

KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases

During the Reporting Year, there were no legal cases nor confirmed non-compliance incidents regarding corrupt practices brought against the Group or its employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored

Our expectations on employees' ethical requirements and conduct are stipulated in our Employee Handbook, which is distributed and communicated to all employees. The Group has established a whistle-blowing channel to enable staff to report on suspicious misconduct, with details stipulated in our Policy on employees to raising concerns about improprieties in related matters. Reports made are followed up and investigated by independent personnel on a timely basis. In addition, trainings are regularly provided to management and employees in order to equip them with an understanding of the latest regulations and best practices relating to anti-bribery, extortion, fraud, and money-laundering matters.

KPI B7.3 Description of anti-corruption training provided to directors and staff

Currently, the Policy serves as the fundamental to the Group's anti-corruption foundation, in which all employees are required to be familiarized with the details and strictly comply with the above-mentioned policies stated within the Internal Policy established by the Group. Moving on, the Group will consider to offer anti-corruption trainings to employees if necessary, for further extending its anti-corruption advocacy to reinforce the importance of integrity within the company.

Community

Aspect B8: Community Investment

As a socially responsible company, the Group endeavours to support the communities in which it operates including community engagement to understand the needs of communities, and to ensure the Group's activities take into consideration of the communities' interest.

KPI B8.1 Focus areas of contribution

During the Reporting Year, the Group has no activities regarding to the focus area of social concerns.

KPI B8.2 Resources contributed to the focus area

As of 31 December 2022, the Group has no activities regarding to the resources contributed to the focus area.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL DATA

Emissions Indicators	2021	2022
Air Emissions		
Total air emissions	1,845.02 g	2,246.58 g
Air emissions intensity	56 g per employee	77 g per employee
Greenhouse Gas Emissions		
Total greenhouse gas emissions	66.05 tonnes	70.18 tonnes
Greenhouse gas emission intensity	2 tonnes per employee	2.42 tonnes per employee
Scope 1 Emissions from Mobile Vehicles	11.66 tonnes	14.45 tonnes
Scope 2 Emissions from Electricity Consumption	48.63 tonnes	48.89 tonnes
Scope 3 Emissions from Disposal of Paper Waste	5.76 tonnes	6.84 tonnes
Scope 3 Emissions from Business Travel by Employees	–	–
Non-hazardous waste produced		
Total non-hazardous waste produced	1.20 tonnes	1.43 tonnes
Non-hazardous waste produced intensity	0.04 tonnes per employee	0.05 tonnes per employee

Use of Resources Indicators		
Energy consumption		
Total electricity consumption	68,494.47 kWh	68,864.00 kWh
Total non-renewable fuel consumption	40.98 kWh in ’000s	51.59 kWh in ’000s
Energy consumption intensity	3.32 kWh in ’000s per employee	4.15 kWh in ’000s per employee

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL DATA

	2021	2022
<u>**Employment Indicators**</u>		
Employment		
Number of employees	33	29
By Employment Type		
Full-time	100%	100%
Part-time	–	–
Temporary	–	–
By Gender		
Male	61%	62%
Female	39%	38%
By Age Group		
18-25	6%	–
26-35	24%	14%
36-45	37%	41%
46-55	18%	24%
56-65	12%	17%
Above 65	3%	4%
By Years of Service		
Under 1 year	24%	10%
1 – 3 years	12%	21%
3 – 5 years	37%	11%
5 – 10 years	21%	55%
Over 10 years	6%	3%
By Geographical Region		
Hong Kong	100%	100%
Employment turnover		
% of employee turnover (monthly average)		
By Gender		
Male	1.39%	1.19%
Female	4.17%	2.22%
By Age Group		
18-25	2.78%	8.33%
26-35	3.89%	4.17%
36-45	2.78%	1.19%
46-55	2.08%	–
56-65	1.67%	–
By Geographical Region		
Hong Kong	2.83%	1.62%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	2021	2022
Health and Safety Indicators		
Number of reported injuries	–	–
Number of lost hours	–	–
Number of fatalities	–	–
Development and Training Indicator		
Number of training attended	11	38
Number of attendants	22	11
% of employees trained		
By Gender		
Male	60%	39%
Female	77%	36%
By Employment Function		
Managerial	18%	18%
Professional	55%	55%
General and Technical	27%	27%
Average training hours completed per employee		
By Gender		
Male	4.55	1.78
Female	10.31	5.77
By Employee Function		
Managerial	20.50	22.75
Professional	9.42	7.83
General and Technical	5.00	1.00
Supply Chain Indicator		
Total number of suppliers traded in the Reporting Year	N/A	N/A
Product Responsibility Indicators		
Total number of complaints received	–	–
Anti corruption Indicators		
Number of concluded legal cases regarding corruption	–	–
Community Investment Indicator		
Donation (HKD)	$ 715,997	–

INDEPENDENT AUDITOR'S REPORT

mazars

MAZARS CPA LIMITED
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To the members of Oshidori International Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Oshidori International Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 83 to 171, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and of its financial performance and 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 (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance (the "**HKCO**").

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 (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matters

Valuation of unlisted financial assets designated at fair value through other comprehensive income ("Designated FVOCI")

As at 31 December 2022, the Group has unlisted Designated FVOCI of approximately HK$743,543,000 which is stated at fair value based on valuations carried out by independent qualified professional valuer (the "**Valuer**").

We identified the valuation of unlisted Designated FVOCI as a key audit matter due to the significant judgement associated with determining the fair value.

Details of the related disclosures of unlisted Designated FVOCI are set out in notes 4, 18 and 38 to the consolidated financial statements.

How our audit addressed the key audit matters

Our key procedures in relation to management's assessment on the valuation of unlisted Designated FVOCI included:

- Evaluating the competence, capabilities and objectivity of the Valuer;
- Obtaining an understanding of the valuation process and techniques adopted by the Valuer;
- Evaluating the appropriateness of the model used by the Valuer to calculate the fair value;
- Checking the accuracy of the key input data, on a sample basis, used by the Valuer;
- Assessing the reasonableness of key assumptions and variables by comparing with historical results and published market and industry data; and
- Obtaining the valuation reports to assess the reasonableness of any significant unobservable input and the accuracy of the source data adopted by the management and the Valuer.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the key audit matters
Loss allowance for expected credit loss ("ECL") on loan and interest receivables from money lending business	
We identified the loss allowance for ECL on loan and interest receivables from money lending business as a key audit matter due to the significance of carrying amounts of loan and interest receivables to the consolidated financial statements and the application of significant judgement by the management in evaluating the recoverability and creditworthiness of the borrowers. Management assessed the provision for ECL of loan and interest receivables based on probability-weighted estimate of credit losses over the expected life of these receivables and where there are any events or changes in circumstances indicate a detrimental impact on the estimated future cash flows of these balances. In particular, as detailed in note 37 to the consolidated financial statements, the Group has concentration of credit risk as the exposure of the largest client and the five largest clients represents 48% and 89% of the total loans to money lending clients as at 31 December 2022 respectively. As any impairment of such receivables will have a significant impact on the Group's financial position and financial performance, we consider impairment assessment of such receivables as a key audit matter. The carrying value of the loan and interest receivables from money lending business was approximately HK$305,998,000 as at 31 December 2022, in respect of which loss allowance of approximately HK$34,650,000 on ECL has been made as of 31 December 2022. Further details are set out in notes 4, 24 and 37 to the consolidated financial statements.	Our key audit procedures in relation to management's recoverability assessment of loan and interest receivables from money lending business included: • Understanding, through enquiry with the management, the established policies and procedures on credit risk management of receivables from money lending business; • Evaluating the design of risk assessment with respect to the identification of receivables with overdue or default payments or insufficient collateral; and • Assessing management's judgement over the ECL and creditworthiness of the borrowers by assessing the available information, such as background information of the borrowers, recoverable amount of pledged collateral, past collection history of borrowers, concentration risk of borrowers, the Group's actual loss experience and subsequent settlement of the loan and interest receivables.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2022 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 HKCO, 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. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda (as amended), 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.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 and 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.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 30 March 2023

The engagement director on the audit resulting in this independent auditor's report is:
Chan Wai Man
Practising Certificate Number: P02487

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
Revenue			
Advisory, commission income and other fee income		**3,992**	8,855
Net gain (loss) on sales of financial assets at fair value through profit or loss ("**FVPL**")		**25,085**	(3,225,077)
Interest income		**57,754**	99,145
Dividend income		**22,362**	15,222
Total revenue	5	**109,193**	(3,101,855)
Other income	6	**21,168**	27,318
Other net (losses) gains	8	**(12,782)**	196,555
Net unrealised fair value loss on financial assets at FVPL	10	**(92,557)**	(97,400)
Loss on disposal of loan receivables		**(20,086)**	–
Reversal (Provision) of impairment loss in respect of loan receivables, net	24(c)	**13,688**	(7,941)
Depreciation and amortisation expenses	10	**(31,067)**	(32,162)
Employee benefits expenses	10	**(24,534)**	(29,202)
Other expenses	10	**(59,935)**	(196,214)
Share of results of associates	20	**5,664**	(283,393)
Share of results of a joint venture	21	**34,853**	–
Finance costs	9	**(22,893)**	(26,793)
Loss before taxation	10	**(79,288)**	(3,551,087)
Income tax (expense) credit	11	**(1,800)**	405,359
Loss for the year		**(81,088)**	(3,145,728)
Other comprehensive loss:			
Items that will not be reclassified to profit or loss			
Fair value change on equity investments measured at fair value through other comprehensive income ("**Designated FVOCI**")	18(a)	**(402,241)**	(1,061,279)
Items that are reclassified or may be reclassified subsequently to profit or loss			
Exchange differences arising on translation to presentation currency		**611**	330
Total other comprehensive loss for the year		**(401,630)**	(1,060,949)
Total comprehensive loss for the year		**(482,718)**	(4,206,677)
		HK cents	*HK cents*
Loss per share	14		
Basic		**(1.33)**	(51.46)
Diluted		**(1.33)**	(51.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Notes	2022 *HK$'000*	2021 *HK$'000*
Non-current assets			
Property and equipment	15	**146,235**	162,035
Investment property	16	**102,750**	102,750
Right-of-use assets	17	**7,303**	10,554
Designated FVOCI	18	**3,186,010**	2,781,999
Debt investment at amortised cost	19	**100,000**	–
Financial assets at FVPL	26	**2,485**	2,497
Interests in associates	20	**173,682**	50,736
Interests in a joint venture	21	**149,853**	–
Intangible assets	22	**15,614**	9,866
Other deposits	23	**5,472**	1,354
Loan receivables	24	**31,917**	12,405
		3,921,321	3,134,196
Current assets			
Trade, loan and other receivables	24	**1,017,671**	1,427,067
Income tax recoverable		**6,264**	2,666
Promissory note receivable	25	**–**	144,000
Financial assets at FVPL	26	**390,314**	725,245
Bank balances – trust and segregated accounts	27	**49,745**	27,203
Cash and cash equivalents	27	**368,819**	848,645
		1,832,813	3,174,826
Current liabilities			
Trade and other payables	28	**173,450**	309,585
Lease liabilities	29	**6,173**	6,623
Income tax payable		**862**	1,377
Interest-bearing borrowings	30	**294,023**	246,568
		474,508	564,153
Net current assets		**1,358,305**	2,610,673
Total assets less current liabilities		**5,279,626**	5,744,869
Non-current liabilities			
Lease liabilities	29	**1,311**	4,023
NET ASSETS		**5,278,315**	5,740,846

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Capital and reserves			
Share capital	32	**305,463**	305,463
Reserves		**4,972,852**	5,435,383
TOTAL EQUITY		**5,278,315**	5,740,846

The consolidated financial statements on pages 83 to 171 were approved and authorised for issue by the Board of Directors on 30 March 2023 and are signed on its behalf by:

Director
Wong Wan Men

Director
Wong Yat Fai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

		Attributable to equity holders of the Company									Non-controlling interests			
	Notes	Share capital HK$'000	Share premium HK$'000 (Note i)	Translation reserve HK$'000 (Note ii)	Contribution surplus HK$'000 (Note iii)	Investment revaluation reserve (non-recycling) HK$'000 (Note iv)	Share option reserve HK$'000 (Note 33)	Share award reserve HK$'000 (Note 33)	Retained earnings (Accumulated losses) HK$'000	Total HK$'000	Share of other equity components HK$'000	Investment revaluation reserve (non-recycling) HK$'000 (Note iv)	Total HK$'000	Total HK$'000
At 1 January 2021		305,680	196,198	(74,719)	5,682,380	318,506	107,225	20,187	3,379,907	9,935,364	6,245	(4,440)	1,805	9,937,169
Loss for the year		-	-	-	-	-	-	-	(3,145,728)	(3,145,728)	-	-	-	(3,145,728)
Other comprehensive (loss) income														
Items that will not be reclassified to profit or loss														
Fair value change on Designated FVOCI	18(a)	-	-	-	-	(1,061,279)	-	-	-	(1,061,279)	-	-	-	(1,061,279)
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	18(a)	-	-	-	-	261,963	-	-	(261,963)	-	-	-	-	-
		-	-	-	-	(799,316)	-	-	(261,963)	(1,061,279)	-	-	-	(1,061,279)
Items that are reclassified or may be reclassified subsequently to profit or loss														
Exchange differences arising on translation to presentation currency		-	-	330	-	-	-	-	-	330	-	-	-	330
		-	-	330	-	-	-	-	-	330	-	-	-	330
Total other comprehensive (loss) income for the year		-	-	330	-	(799,316)	-	-	(261,963)	(1,060,949)	-	-	-	(1,060,949)
Total comprehensive (loss) income for the year		-	-	330	-	(799,316)	-	-	(3,407,691)	(4,206,677)	-	-	-	(4,206,677)
Transactions with owners:														
Contribution and distribution														
Cancellation of repurchased shares		(217)	(1,983)	-	-	-	-	-	-	(2,200)	-	-	-	(2,200)
Acquisition of non-controlling interests in a subsidiary		-	-	-	-	(4,440)	-	-	(1,388)	(5,828)	(6,245)	4,440	(1,805)	(7,633)
Recognition of equity-settled share-based payments	33	-	-	-	-	-	-	20,187	-	20,187	-	-	-	20,187
Total transactions with owners		(217)	(1,983)	-	-	(4,440)	-	20,187	(1,388))	12,159	(6,245)	4,440	(1,805)	10,354
At 31 December 2021		305,463	194,215	(74,389)	5,682,380	(485,250)	107,225	40,374	(29,172)	5,740,846	-	-	-	5,740,846

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital HK$'000	Share premium HK$'000 (Note i)	Translation reserve HK$'000 (Note ii)	Contribution surplus HK$'000 (Note iii)	Investment revaluation reserve (non-recycling) HK$'000 (Note iv)	Share option reserve HK$'000 (Note 33)	Share award reserve HK$'000 (Note 33)	Accumulated losses HK$'000	Total HK$'000
		Attributable to equity holders of the Company								
At 1 January 2022		305,463	194,215	(74,389)	5,682,380	(485,250)	107,225	40,374	(29,172)	5,740,846
Loss for the year		–	–	–	–	–	–	–	(81,088)	(81,088)
Other comprehensive (loss) income										
Items that will not be reclassified to profit or loss										
Fair value change on Designated FVOCI	18(a)	–	–	–	–	(402,241)	–	–	–	(402,241)
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal	18(a)	–	–	–	–	24,554	–	–	(24,554)	–
		–	–	–	–	(377,687)	–	–	(24,554)	(402,241)
Items that are reclassified or may be reclassified subsequently to profit or loss										
Exchange differences arising on translation to presentation currency		–	–	611	–	–	–	–	–	611
		–	–	611	–	–	–	–	–	611
Total other comprehensive (loss) income for the year		–	–	611	–	(377,687)	–	–	(24,554)	(401,630)
Total comprehensive (loss) income for the year		–	–	611	–	(377,687)	–	–	(105,642)	(482,718)
Transactions with owners:										
Contribution and distribution										
Recognition of equity-settled share-based payments	33	–	–	–	–	–	–	20,187	–	20,187
Total transactions with owners		–	–	–	–	–	–	20,187	–	20,187
At 31 December 2022		305,463	194,215	(73,778)	5,682,380	(862,937)	107,225	60,561	(134,814)	5,278,315

Notes:

(i) Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value. The application of the share premium account is governed by Section 46(2) of the Companies Act 1981 of Bermuda (as amended).

(ii) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) Contribution surplus represents residual arising from the reduction of share premium of the Company pursuant to special resolutions passed by the Company on 2 June 2005 and 23 May 2007.

(iv) Investment revaluation reserve (non-recycling) comprises the accumulated net change in the fair value of Designated FVOCI that have been recognised in other comprehensive income, net of the amounts reclassified to retained earnings when those investments are disposed of.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(79,288)**	(3,551,087)
Depreciation of property and equipment and right-of-use assets	15, 17	**30,567**	31,662
Amortisation of intangible assets	22	**500**	500
Interest expenses	9	**22,893**	26,793
Interest income	5, 6	**(19,069)**	(23,472)
(Reversal) Provision of impairment loss in respect of loan receivables, net	37	**(13,688)**	7,941
Loss on disposal of loan receivables		**20,086**	–
Gain on bargain purchase from acquisition of an associate	20(a)	**(1,748)**	(2,482)
Gain on deemed disposal of an associate	20(a)	**(734)**	–
Profit from disposal of a Designated FVOCI under the tactical and/or strategical investments segment	8	**–**	(20,862)
Loss on disposal of financial assets at FVPL	8	**–**	110,162
Recovery of doubtful consideration receivable on disposal of a subsidiary judged by the court in current year, net of withholding tax		**–**	(15,176)
Net gain on acquisition and disposal of an associate	8	**–**	(287,722)
Share of results of associates	20	**(5,664)**	283,393
Share of results of a joint venture	21	**(34,853)**	–
Dividend income	5	**(22,362)**	(15,222)
Share-based payment expenses	33	**20,187**	20,187
Impairment loss on other receivables	8	**–**	20,000
Fair value loss on investment property	16	**–**	7,221
Net unrealised fair value loss on financial assets at FVPL	10	**92,557**	97,400
Changes in working capital			
Other deposits		**(4,118)**	(912)
Financial assets at FVPL		**242,386**	3,596,146
Trade, loan and other receivables		**383,445**	254,058
Bank balances — trust and segregated accounts		**(22,542)**	(19,548)
Trade and other payables		**(136,072)**	3,999
Cash generated from operations		**472,483**	522,979
Interest paid		**(11,817)**	(14,974)
Income tax paid		**(5,913)**	(8,747)
NET CASH FROM OPERATING ACTIVITIES		**454,753**	499,258

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Notes	2022 HK$'000	2021 HK$'000
INVESTING ACTIVITIES			
Dividend received		**22,362**	15,222
Interest received		**18,653**	15,618
Purchase of property and equipment	15	**(7,456)**	(534)
Purchase of intangible assets	22	**(6,248)**	–
Purchase of Designated FVOCI		**(993,503)**	(1,028,352)
Purchase of debt investment at amortised cost	19	**(100,000)**	–
Proceeds from disposal of Designated FVOCI		**187,251**	477,353
Proceeds from disposal of property and equipment		**261**	–
Proceed from redemption of financial assets at FVPL		**–**	152,540
Redemption of promissory note receivable	25	**144,000**	200,000
Receipts of consideration receivables, net of withholding tax		**–**	15,176
Net cash outflow arising from acquisition of subsidiaries		**–**	(129,972)
Acquisition of an associate	20(b)	**(6,000)**	(48,000)
Injection of fund to an associate	20(a)	**(108,800)**	–
Proceeds from disposal of an associate		**–**	16,000
Injection of fund to a newly setup joint venture	21(a)	**(535,000)**	–
Capital and dividend distribution received from a joint venture	21(a)	**420,000**	–
NET CASH USED IN INVESTING ACTIVITIES		**(964,480)**	(314,949)
FINANCING ACTIVITIES			
Shares repurchased		**–**	(2,200)
Drawdown of interest-bearing borrowings	34	**513,000**	–
Repayment of interest-bearing borrowings	34	**(476,101)**	–
Lease payment	34	**(8,003)**	(9,050)
Cash outflow arising from acquisition of non-controlling interests in a subsidiary		**–**	(7,633)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**28,896**	(18,883)
Net (decrease) increase in cash and cash equivalents		**(480,831)**	165,426
Cash and cash equivalents at beginning of the reporting period		**848,645**	683,299
Effect on exchange rate changes on cash and cash equivalents		**1,005**	(80)
Cash and cash equivalents at end of the reporting period, represented by cash and bank balances		**368,819**	848,645

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. GENERAL

Oshidori International Holdings Limited (the "**Company**") is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2022 annual report of the Company.

The Company and its subsidiaries (together the "**Group**") principally engages in investment holdings, tactical and/or strategical investments, and the provisions of (i) securities brokerage services, (ii) margin financing services, (iii) placing and underwriting services, (iv) corporate finance advisory services, (v) investment advisory and asset management services, and (vi) credit and lending services.

Certain group entities are licenced under the Hong Kong Securities and Futures Ordinance with the following regulated activities:

Type 1: Dealing in securities
Type 2: Dealing in futures contracts
Type 4: Advising on securities
Type 6: Advising on corporate finance
Type 8: Securities margin financing
Type 9: Asset management

In October 2020, a group entity applied for the licence for Type 8 (securities margin financing) regulated activity and a licence was granted during the year ended 31 December 2022.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (the "**HKCO**"). The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs

Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

Annual Improvements Project – 2018-2020 Cycle
HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

HKFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment property, equity investment measured at fair value through other comprehensive income ("**Designated FVOCI**"), and financial assets measured at fair value through profit or loss ("**FVPL**"), which are measured at fair values as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

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 is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented in note 42 to the consolidated financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates and joint ventures

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 of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's investment in associate or joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long-term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on an acquisition of an associate or a joint venture is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate or joint venture. Such goodwill is included in interests in associates or joint ventures. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Associates and joint ventures (Continued)

On the loss of significant influence, the Group remeasures any retained interest in the former investee at fair value. The difference between the fair value of any retained investment and proceeds from disposing of the partial interest in the investee and the carrying amount of the investment at the date when significant influence or joint control is lost is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in respect of the former investee are accounted for on the same basis as would be required if the former investee had directly disposed of the related assets or liabilities. The fair value of the retained interest on the date of ceasing to be an associate or joint venture is regarded as the fair value on initial recognition as a financial asset.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	15 to 20%
Yacht	10%
Furniture, fixtures and equipment	18% to 25%
Motor vehicles	20%

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Investment properties

Investment properties are buildings that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Intangible assets

Trading rights

Trading rights that confer eligibility on the Group to trade on the Stock Exchange and Hong Kong Futures Exchange Limited (the "**Futures Exchange**"). The initial cost of acquiring trading rights is capitalised. Trading rights with indefinite useful lives are carried at cost less accumulated impairment losses. Trading rights are tested for impairment annually.

Membership debenture

Membership debenture that confer eligibility on the Group to acquire club membership. The initial cost of acquiring membership debenture is capitalised. Membership debenture with indefinite useful lives is carried at cost less accumulated impairment losses. Membership debenture is tested for impairment annually.

Club membership

The initial cost of acquiring club membership is capitalised. Club membership with finite useful life is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on the straight-line basis over its estimated useful life of 10 years.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

When the fair value of financial assets differs from the transaction price on initial recognition, the Group recognises the difference as follows:

(i) When the fair value is evidenced by a quoted price in an active market for an identical asset (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(ii) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) Designated FVOCI; or (iii) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of HKFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

1) *Financial assets measured at amortised cost*

An equity investment is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade, loan and other receivables, promissory notes receivable, debt investment at amortised cost and bank balances-trust and segregated accounts and cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement (Continued)

2) *Designated FVOCI*

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

The Group's Designated FVOCI include listed and unlisted equity securities not held for trading.

3) *Financial assets at FVPL*

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include listed equity securities, unlisted investment funds and financial assets arising from a financing arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables and interest-bearing borrowings. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items under HKFRS 9

The Group recognises loss allowances for expected credit loss ("**ECL**") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items under HKFRS 9 (Continued)

Measurement of ECL (Continued)

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) 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); or

(ii) there is a breach of financial covenants by the counterparty.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items under HKFRS 9 (Continued)

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

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

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in note 37 to the consolidated financial statements, debt investment at amortised cost, other receivables and bank balances are determined to have low credit risk.

Simplified approach of ECL

For trade receivables other than margin clients, without a significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets and other items under HKFRS 9 (Continued)

Credit-impaired financial asset

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

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Equity instruments

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

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For classification in the statement of financial position, cash equivalents represent assets similar in nature to cash and which are not restricted as to use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is securities brokerage, placing and underwriting, and other corporate finance advisory services.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) 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.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition (Continued)

Revenue or income arising from financial services is recognised on the following basis:

- Commission income for broking business is recorded as income at point in time on a trade date basis;

- Underwriting commission income, sub-underwriting income, placing commission income and referral fee income are recognised as income at point in time in accordance with the terms of the underlying agreement or deal mandate when relevant significant act has been completed; and

- Advisory and other fee income is recognised over time when the relevant transactions have been arranged or the relevant services have been rendered.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Dividend income

Dividend income from financial assets is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Interest income

- Interest income from margin clients is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rate applicable.

- Other interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired.

The effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("**foreign operations**") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period.

- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate.

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property and equipment, right-of-use assets, intangible assets, interests in associates, interests in a joint venture and the Company's investments in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. 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.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, 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, unless those costs are incurred to produce inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

As lessee (Continued)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	2 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset, if any, during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

As lessee (Continued)

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor – operating lease

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

Sale and leaseback transactions

The Group applies the requirements for determining when a performance obligation is satisfied in HKFRS 15 to determine whether the transfer of an asset is accounted for as a sale of that asset.

If the transfer of an asset by the seller-lessee satisfies the requirements of HKFRS 15 to be accounted for as a sale of the asset:

- the seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

- the buyer-lessor accounts for the purchase of the asset applying applicable HKFRSs, and for the lease applying the lessor accounting requirements in HKFRS 16.

If the fair value of the consideration for the sale of the asset does not equal to the fair value of the asset, or if the payments for the lease are not at market rates, the following adjustments are made to measure the sale proceeds at fair value:

- any below-market terms are accounted for as a prepayment of lease payments; and

- any above-market terms are accounted for as additional financing components provided by the buyer-lessor to the seller-lessee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Sale and leaseback transactions (Continued)

If the transfer of an asset by the seller-lessee does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the asset:

- the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The financial liability is accounted for applying HKFRS 9.
- the buyer-lessor does not recognise the transferred asset and recognises a financial asset equal to the transfer proceeds. The financial asset is accounted for applying HKFRS 9.

During the year ended 31 December 2021, there was a transfer of assets with buyer-lessor arrangement which does not satisfy the requirement of HKFRS 15 to be accounted for as a sale of the asset and the relevant financial asset is accounted for under HKFRS 9. For details, please refer to note 26(b) to the consolidated financial statements.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Retirement benefit costs

Payment to defined contribution retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

Long service payments

The Group's net obligation in respect of long service payments under the Hong Kong Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Share-based payment transactions

Equity-settled share-based transactions

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

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the consolidated statement of profit or loss and other comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

Equity-settled share-based transactions (Continued)

When the share awards are vested, the amount previously recognised in share award reserve will be transferred to retained earnings.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital. 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 earnings.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

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

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

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

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

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision makers, namely the executive directors of the Company, for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3. FUTURE CHANGES IN HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1	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]
HKFRS 17	Insurance Contracts [1]
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information [1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [2]
Amendments to HKAS 1	Non-current Liabilities with Covenants [2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback [2]
Amendments to HKAS 12	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] The effective date to be determined

The directors do not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the result of the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Fair value estimation

The Group's unlisted Designated FVOCI have been valued based on the valuation from an independent professional valuer. The valuation requires the Group to make some estimation on a number of significant unobservable inputs associated with the investment. As at 31 December 2022, the Group has unlisted Designated FVOCI of approximately HK$743,543,000 (2021: HK$46,053,000). Details of the key assumption and inputs used in the valuation are set out in note 38 to the consolidated financial statements.

The Group's investment property located in Hong Kong has been valued based on the valuation from an independent professional valuer. The valuation performed was arrived at with reference to recent market transaction prices at the end of reporting period with total fair value of approximately HK$102,750,000 (2021: HK$102,750,000) at 31 December 2022. Favourable or unfavourable changes to recent market prices would result in changes in the fair value of the Group's investment property and corresponding adjustments to the amount of gain or loss reported in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Key sources of estimation uncertainty (Continued)

Loss allowance for ECL

The Group's management estimates the loss allowance for financial assets at amortised cost including trade, loan and other receivables, debt investment at amortised cost and cash and cash equivalents by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, recoverable amount of pledged collateral, past collection history of borrowers, concentration risk of borrowers, the Group's actual loss experience, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the financial assets at amortised cost. Details of the key assumption and inputs used in estimating ECL are set out in note 37 to the consolidated financial statements.

5. REVENUE

	Notes	2022 HK$'000	2021 HK$'000
Advisory, commission income and other fee income	(b)	**3,992**	8,855
Net gain (loss) on sales of financial assets at FVPL	(a)	**25,085**	(3,225,077)
Interest income from:			
– margin clients		**18,907**	25,060
– loan receivables		**33,680**	65,779
– unlisted callable fixed coupon notes at FVPL		**–**	8,306
– debt investment at amortised cost		**5,167**	–
		57,754	99,145
Dividend income from:			
– financial assets at FVPL		**18,298**	9,269
– Designated FVOCI		**4,064**	5,953
		22,362	15,222
		109,193	(3,101,855)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

5. REVENUE (Continued)

Notes:

(a) The amount represented the proceeds from the sale of financial assets at FVPL of approximately HK$266,894,000 (2021: approximately HK$748,076,000) less relevant costs and carrying value of the investments sold of approximately HK$241,809,000 (2021: approximately HK$3,973,153,000).

(b) In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Financial services *(as defined in note 7)*	
	2022	2021
	HK$'000	*HK$'000*
Timing of revenue recognition:		
Fee and commission income		
– at a point in time	**2,288**	4,440
Advisory and other fee income		
– over time	**1,704**	4,415
Total revenue from contracts with customers within HKFRS 15	**3,992**	8,855

6. OTHER INCOME

	Notes	**2022** ***HK$'000***	2021 *HK$'000*
Interest income on:			
– bank deposits		**2,898**	3,645
– promissory note receivable		**–**	7,854
– financial assets at FVPL	26(b)	**11,000**	3,664
– others		**4**	3
		13,902	15,166
Property licence fee income		**2,400**	200
Government subsidies	(a)	**727**	–
Handling fee income		**332**	4,679
Scrip fee income		**816**	2,388
Others		**2,991**	4,885
		21,168	27,318

Note:

(a) During the year, the Group recognised government subsidies of approximately HK$727,000 (2021: Nil) in respect of the 2022 Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government due to the COVID-19 pandemic.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7. SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

The Group's reportable and operating segments are as follows:

Financial services	Provision of securities brokerage, margin financing, placing and underwriting, investment advisory, assets management and corporate finance advisory services
Tactical and/or strategical investments	Investment in financial instruments
Credit and lending services	Provision of credit and lending services

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2022

	Financial services *HK$'000*	Tactical and/ or strategical investments *HK$'000*	Credit and lending services *HK$'000*	Consolidated *HK$'000*
Revenue				
Advisory, commission income and other fee income	3,992	–	–	3,992
Net gain on sales of financial assets at FVPL	–	25,085	–	25,085
Interest income	18,907	5,167	33,680	57,754
Dividend income	–	22,362	–	22,362
Total revenue	22,899	52,614	33,680	109,193
Net unrealised fair value loss on financial assets at FVPL	–	(92,557)	–	(92,557)
Segment revenue	22,899	(39,943)	33,680	16,636
Segment profit (loss)	8,815	(73,866)	5,311	(59,740)
Unallocated other income				17,257
Unallocated other net losses				(12,455)
Share of results of associates				5,664
Share of results of a joint venture				34,853
Unallocated finance costs				(1,770)
Central corporate expenses				(63,097)
Loss before taxation				(79,288)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2021

	Financial services *HK$'000*	Tactical and/ or strategical investments *HK$'000*	Credit and lending services *HK$'000*	Consolidated *HK$'000*
Revenue				
Advisory, commission income and other fee income	8,855	–	–	8,855
Net loss on sales of financial assets at FVPL	–	(3,225,077)	–	(3,225,077)
Interest income	25,060	8,306	65,779	99,145
Dividend income	–	15,222	–	15,222
Total revenue	33,915	(3,201,549)	65,779	(3,101,855)
Net unrealised fair value loss on financial assets at FVPL	–	(92,838)	–	(92,838)
Segment revenue	33,915	(3,294,387)	65,779	(3,194,693)
Segment profit (loss)	23,450	(3,547,191)	37,374	(3,486,367)
Unallocated other income				7,393
Unallocated other net losses				(2,665)
Unallocated unrealised fair value loss on financial assets at FVPL				(4,562)
Unallocated share of results of associates				254
Unallocated finance costs				(319)
Central corporate expenses				(64,821)
Loss before taxation				(3,551,087)

Segment revenue includes revenue from financial services, tactical and/or strategical investments and credit and lending services. In addition, the chief operating decision makers also consider net unrealised fair value loss on financial assets at FVPL as segment revenue.

The accounting policies of the segment reporting are set out as the Group's accounting policies in note 2. Segment result represents the loss incurred or profit earned by each segment without allocation of certain other income, certain other net losses, certain unrealised fair value loss on financial assets at FVPL, share of results of associates, share of results of a joint venture, certain finance costs and the central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

At 31 December 2022

	Financial services HK$'000	Tactical and/ or strategical investments HK$'000	Credit and lending services HK$'000	Consolidated HK$'000
Segment assets	794,213	3,629,545	334,529	4,758,287
Unallocated property and equipment				144,924
Unallocated intangible assets				10,206
Right-of-use assets				7,303
Interests in associates				173,682
Interests in a joint venture				149,853
Unallocated other receivables				17,178
Investment property				102,750
Unallocated financial assets at FVPL				105,438
Income tax recoverable				6,264
Unallocated cash and cash equivalents				278,249
Consolidated assets				5,754,134
Segment liabilities	59,083	251,631	86,974	397,688
Unallocated other payables				16,586
Unallocated lease liabilities				7,484
Unallocated interest-bearing borrowings				53,199
Income tax payable				862
Consolidated liabilities				475,819

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2021

	Financial services *HK$'000*	Tactical and/ or strategical investments *HK$'000*	Credit and lending services *HK$'000*	Consolidated *HK$'000*
Segment assets	611,846	3,578,102	1,419,932	5,609,880
Unallocated property and equipment				158,477
Unallocated intangible assets				4,458
Right-of-use assets				10,554
Interests in associates				50,736
Unallocated other receivables				15,856
Investment property				102,750
Unallocated financial assets at FVPL				105,438
Income tax recoverable				2,666
Unallocated cash and cash equivalents				248,207
Consolidated assets				6,309,022
Segment liabilities	69,982	468,187	128	538,297
Unallocated other payables				17,856
Unallocated lease liabilities				10,646
Income tax payable				1,377
Consolidated liabilities				568,176

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than certain property and equipment, investment property, certain intangible assets, right-of-use assets, interests in associates, interests in a joint venture, certain other receivables, certain financial assets at FVPL, income tax recoverable and certain cash and cash equivalents.

- all liabilities are allocated to operating and reportable segments other than certain other payables, certain lease liabilities, certain interest-bearing borrowings and income tax payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2022

	Financial services *HK$'000*	Tactical and/or strategical investments *HK$'000*	Credit and lending services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:					
Interest income included in revenue and other income	(18,912)	(5,166)	(33,680)	(13,898)	(71,656)
Interest expenses	2	18,500	2,621	1,770	22,893
Gain on bargain purchase from acquisition of an associate	–	–	–	(1,748)	(1,748)
Gain on deemed disposal of an associate	–	–	–	(734)	(734)
Loss on disposal of loan receivables	–	–	20,086	–	20,086
Reversal of impairment loss in respect of loan receivables, net	–	–	(13,688)	–	(13,688)
Business development expenses	–	8,158	–	–	8,158
Depreciation of property and equipment	–	–	2,247	20,748	22,995
Depreciation of right-of-use assets	–	–	–	7,572	7,572
Amortisation of intangible assets	–	–	–	500	500
Share-based payment expenses	–	–	–	20,187	20,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2021

	Financial services *HK$'000*	Tactical and/ or strategical investments *HK$'000*	Credit and lending services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:					
Interest income included in revenue and other income	(25,063)	(16,257)	(65,779)	(7,212)	(114,311)
Interest expenses	4	26,470	–	319	26,793
Fair value losses on investment property	–	–	–	7,221	7,221
Gain on bargain purchase from acquisition of a subsidiary	–	–	–	(29)	(29)
Gain on acquisition and disposal of an associate	–	(287,722)	–	–	(287,722)
Gain on bargain purchase from acquisition of an associate	–	–	–	(2,482)	(2,482)
Impairment loss in respect of loan receivables, net	–	–	7,941	–	7,941
Impairment loss on other receivables	–	–	–	20,000	20,000
Profit from disposal of a Designated FVOCI	–	(20,862)	–	–	(20,862)
Loss on redemption of financial assets at FVPL	–	110,162	–	–	110,162
Recovery of doubtful consideration receivable on disposal of a subsidiary judged by the court in current year	–	–	–	(16,862)	(16,862)
Business development expenses	–	140,141	–	–	140,141
Depreciation of property and equipment	4	–	2,247	20,747	22,998
Depreciation of right-of-use assets	–	–	–	8,664	8,664
Amortisation of intangible assets	–	–	–	500	500
Share-based payment expenses	–	–	–	20,187	20,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Hong Kong. Accordingly, the Group's revenue from external customers and all non-current assets (excluding financial assets) are located in Hong Kong.

Information about major customers

Revenue from the customers individually accounted for 10% or more of the Group's revenue, excluding net loss/gain on sales of financial assets at FVPL, for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
	HK$'000	*HK$'000*
Customer A*	**–**	22,070
Customer B ^	**6,511**	11,944
Customer C ^	**11,921**	–

* Attributable to financial services segment and credit and lending services segment.

^ Attributable to credit and lending services segment.

8. OTHER NET (LOSSES) GAINS

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Fair value loss on investment property	16	**–**	(7,221)
Net gain on acquisition and disposal of an associate		**–**	287,722
Gain on bargain purchase from acquisition of an associate	20(a)	**1,748**	2,482
Gain on deemed disposal of an associate	20(a)	**734**	–
Impairment loss on other receivables		**–**	(20,000)
Profit from disposal of a Designated FVOCI under the tactical and/or strategical investments segment		**–**	20,862
Loss on redemption of financial assets at FVPL		**–**	(110,162)
Net exchange (loss) gain		**(15,264)**	6,010
Recovery of doubtful consideration receivable on disposal of a subsidiary judged by the court		**–**	16,862
		(12,782)	196,555

9. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Bank interest expense	**–**	4
Interest on bank loan	**1,251**	–
Interest on other loans	**12,804**	11,500
Interest on margin financing	**8,318**	14,970
Imputed interest on lease liabilities	**520**	319
	22,893	26,793

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

10. LOSS BEFORE TAXATION

This is stated after charging:

	Notes	2022 HK$'000	2021 HK$'000
Employee benefits expenses (including directors' emoluments)			
Salaries and other benefits		22,100	26,561
Retirement benefit scheme contributions	40	309	516
Share-based payment expenses	33	2,125	2,125
		24,534	29,202
Net unrealised fair value loss on financial assets at FVPL		92,557	97,400
Depreciation and amortisation expenses			
Depreciation on property and equipment	15	22,995	22,998
Depreciation on right-of-use assets	17	7,572	8,664
Amortisation on intangible assets	22	500	500
		31,067	32,162
Other expenses			
Auditor's remuneration		2,310	2,280
Business development expenses	(a)	8,158	140,141
Business registration fee, statutory fees and listing fees		1,192	1,022
Financial information charge		1,780	1,945
Handling and settlement expenses		809	2,353
Investment transaction cost		2,381	6,695
Legal and professional fees		8,636	6,696
Marketing expenses		8,502	6,649
Other operating expenses		8,105	8,485
Share-based payment expenses to service providers	33	18,062	18,062
Short-term leases		–	200
Withholding tax related to recovery of doubtful consideration receivable on disposal of a subsidiary judged by the court		–	1,686
		59,935	196,214

Note:

(a) The amount represented the expenditures incurred by the Group for participating in the selection process to become the integrated resort operator for the Nagasaki Prefecture which is organised by the Government of Japan since 2020. However, the Group withdrew from the project in August 2021 due to the restrictive and unreasonable rules and measures constantly imposed by the Nagasaki Prefecture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

11. INCOME TAX EXPENSE (CREDIT)

The profits tax rate for the first HK$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK$2,000,000 will be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 December 2022 and 2021, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	2022	2021
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
– Current year	**1,456**	4,143
– Under (Over) provision in prior year	**344**	(797)
	1,800	3,346
Deferred taxation		
Origination and reversal of temporary difference (Note 31)	**–**	(408,705)
Income tax expense (credit)	**1,800**	(405,359)

Reconciliation of income tax expense (credit)

	2022	2021
	HK$'000	*HK$'000*
Loss before taxation	**(79,288)**	(3,551,087)
Income tax at applicable tax rate 16.5% (2021: 16.5%)	**(13,082)**	(585,929)
Effect of two-tiered profits tax rates regime	**(165)**	(165)
Tax effect of expenses not deductible for tax purpose	**20,856**	73,546
Tax effect of income not taxable for tax purpose	**(14,815)**	(63,509)
Tax effect of tax losses not recognised	**12,040**	127,160
Utilisation of tax losses previously not recognised	**(1,617)**	(7,273)
Unrecognised temporary differences	**(1,755)**	51,628
Under (Over) provision in prior year	**344**	(797)
Others	**(6)**	(20)
Income tax expense (credit) for the year	**1,800**	(405,359)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

12. EXECUTIVE AND NON-EXECUTIVE DIRECTORS' AND EMPLOYEES' REMUNERATION

(i) Executive and non-executive directors' remuneration:

The emoluments paid or payable to each of the 11 (2021: 9) directors were as follows:

Year ended 31 December 2022

	Executive Directors		Non-Executive Directors			Independent Non-Executive Directors						
	Mr. Wong Yat Fai HK$'000	Ms. Wong Wan Men HK$'000	Mr. Alejandro Yemenidjian HK$'000 (note c)	Hon. Joseph Edward Schmitz HK$'000 (note c)	Mr. Sam Hing Cheong HK$'000	Mr. Cheung Wing Ping HK$'000 (note c)	Mr. Hung Cho Sing HK$'000	Hon. Chan Hak Kan HK$'000	Dr. Lo Wing Yan, William HK$'000 (note d)	Mr. Lam John Cheung-Wah HK$'000 (note c)	Mr. Yu Chung Leung HK$'000 (note c)	Total HK$'000
Fees (Note a)	–	–	3,890	875	–	146	250	250	480	104	109	6,104
Other emoluments												
– salaries and other benefits (Note b)	600	1,200	–	–	180	–	–	–	–	–	–	1,980
– contributions to retirement benefit schemes	18	18	–	–	9	–	–	–	–	–	–	45
– share-based compensation benefits	–	2,125	–	–	–	–	–	–	–	–	–	2,125
Total emoluments	618	3,343	3,890	875	189	146	250	250	480	104	109	10,254

Year ended 31 December 2021

	Executive Directors		Non-Executive Directors			Independent Non-Executive Directors				
	Mr. Wong Yat Fai HK$'000	Ms. Wong Wan Men HK$'000	Mr. Alejandro Yemenidjian HK$'000 (note c)	Hon. Joseph Edward Schmitz HK$'000 (note c)	Mr. Sam Hing Cheong HK$'000	Mr. Cheung Wing Ping HK$'000 (note c)	Mr. Hung Cho Sing HK$'000	Hon. Chan Hak Kan HK$'000	Dr. Lo Wing Yan, William HK$'000 (note d)	Total HK$'000
Fees (Note a)	–	–	7,779	1,167	–	250	250	250	267	9,963
Other emoluments										
– salaries and other benefits (Note b)	600	1,200	–	–	285	–	–	–	–	2,085
– contributions to retirement benefit schemes	18	18	–	–	11	–	–	–	–	47
– share-based compensation benefits	–	2,125	–	–	–	–	–	–	–	2,125
Total emoluments	618	3,343	7,779	1,167	296	250	250	250	267	14,220

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

12. EXECUTIVE AND NON-EXECUTIVE DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued)

(i) Executive and non-executive directors' remuneration: (Continued)

Notes:

a. The directors' fee of non-executive directors/independent non-executive directors are determined by the Board of Directors pursuant to the authority given by the shareholders at the Company's general meeting and with recommendation from the remuneration committee of the Company with reference to their duties and responsibilities with the Company, the Company's performance and the prevailing market situation.

b. The emoluments of the directors are covered by their respective service contracts and/or supplemental agreements or letters of appointment entered into with the Group.

c. Hon. Joseph Edward Schmitz and Mr. Alejandro Yemenidjian resigned as non-executive directors on 6 October 2022. Mr. Yu Chung Leung and Mr. Lam John Cheung-wah were appointed as independent non-executive directors on 25 July 2022 and 1 August 2022 respectively. Mr. Cheung Wing Ping resigned as an independent non-executive director on 1 August 2022.

d. Dr. Lo Wing Yan, William was appointed as an independent non-executive director on 11 June 2021.

There was no arrangement under which an executive or non-executive director waived or agreed to waive any remuneration during both years. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 31 December 2022 and 2021.

(ii) Employees' remuneration:

The five highest paid individuals of the Group included 2 (2021:2) directors of the Company. Details of their emoluments are included in note 12 (i) above.

The emoluments of the remaining 3 (2021: 3) highest paid individuals for the year are set out as follows:

	2022	2021
	HK$'000	*HK$'000*
Salaries and other emoluments	**4,503**	4,344
Contribution to retirement benefits schemes	**54**	54
	4,557	4,398

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

12. EXECUTIVE AND NON-EXECUTIVE DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued)

(ii) Employees' remuneration: (Continued)

The emoluments of the individuals are within the following bands:

	2022 **Number of employees**	2021 *Number of employees*
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**1**	1

During the years ended 31 December 2022 and 2021, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

The directors of the Company do not recommend the payment of any dividends for the year ended 31 December 2022 (2021: Nil).

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on loss attributable to the equity holders of the Company and the weighted average number ordinary shares in issue during the year as follows:

Loss

	2022 ***HK$'000***	2021 *HK$'000*
Loss for the year attributable to equity shareholders of the Company, for the purpose of basic and diluted loss per share	**(81,088)**	(3,145,728)

Number of shares

	2022	2021
Weighted average number of ordinary shares, for the purpose of basic and diluted loss per share	**6,109,259,139**	6,112,500,783
	HK cents	*HK cents*
Basic loss per share	**(1.33)**	(51.46)
Diluted loss per share	**(1.33)**	(51.46)

Note:

The computation of diluted loss per share for the year ended 31 December 2022 and for the year ended 31 December 2021 did not assume the exercise of certain share option and the issue of certain shares under the share award scheme since their assumed exercise and issue for both years would have an anti-dilutive effect on the basic loss per share amount presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

15. PROPERTY AND EQUIPMENT

	Leasehold improvements	**Furniture, fixtures and equipment**	**Motor vehicles and yacht**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At 1 January 2021	730	41,520	233,322	275,572
Additions	179	355	–	534
At 31 December 2021	909	41,875	233,322	276,106
Additions	7,384	72	–	7,456
Disposals	(179)	(82)	–	(261)
At 31 December 2022	**8,114**	**41,865**	**233,322**	**283,301**
ACCUMULATED DEPRECIATION				
At 1 January 2021	730	41,124	49,219	91,073
Provided for the year	–	187	22,811	22,998
At 31 December 2021	730	41,311	72,030	114,071
Provided for the year	–	184	22,811	22,995
At 31 December 2022	**730**	**41,495**	**94,841**	**137,066**
CARRYING VALUES				
At 31 December 2022	**7,384**	**370**	**138,481**	**146,235**
At 31 December 2021	179	564	161,292	162,035

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

16. INVESTMENT PROPERTY

	2022 HK$'000	2021 HK$'000
At fair value		
At the beginning of the reporting period	**102,750**	–
Additions – Acquisition of a subsidiary	**–**	109,971
Changes in fair value recognised in profit or loss	**–**	(7,221)
At the end of the reporting period	**102,750**	102,750
Unrealised loss on investment property revaluation included in other net gains	**–**	(7,221)

At the end of the reporting period, the investment property of HK$102,750,000 located in Hong Kong is held with the remaining lease term of 104 (2021: 105) years.

The property interests in investment properties thereon (including the whole or part of undivided share in the underlying land) in Hong Kong is held by the Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront. Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to the rateable values, for example, there are no ongoing payments to be made under the terms of the land lease.

The fair value of the investment property is determined by the valuation performed by an independent professional valuer by adopting the direct comparison method based on price information of comparable properties and adjusted to reflect the locations of the subject property. Details of the fair value measurements are set out in note 38 to the consolidated financial statements.

The investment property was pledged to the bank to secure the bank loan as at 31 December 2022. Details are set out in note 30 to the consolidated financial statements.

Leasing arrangement – as licensor

The Group's investment property interests held under leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

The Group granted a licence to the licensee to use the investment property for residential use for a licence period of 3 months with renewal in every 3 months. The licence does not include purchase or termination options. The licence income from investment property are set out in note 6 to the consolidated financial statements.

The investment property is subjected to residual value risk. The licence agreement, as a result, includes a provision on residual value guarantee based on which the Group has the right to charge the licensee for any damage to the investment property at the end of the licence period.

The undiscounted licence fees to be received from the investment property within one year as at the end of the reporting period amount to HK$400,000 (2021: HK$400,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

17. RIGHT-OF-USE ASSETS

	Buildings
	HK$'000
Reconciliation of carrying amount – year ended 31 December 2021	
At beginning of the reporting period	9,900
Additions	9,318
Depreciation	(8,664)
At the end of the reporting period	10,554
Reconciliation of carrying amount – year ended 31 December 2022	
At beginning of the reporting period	10,554
Additions	4,321
Depreciation	(7,572)
At the end of the reporting period	**7,303**
At 31 December 2021	
Cost	27,955
Accumulated depreciation	(17,401)
Net carrying amount	10,554
At 31 December 2022	
Cost	27,865
Accumulated depreciation	(20,562)
Net carrying amount	**7,303**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

17. RIGHT-OF-USE ASSETS (Continued)

The Group leases various premises for its daily operations. Lease terms are 2 years with no renewal or termination option.

The Group has recognised the following amounts for the year:

	2022	2021
	HK$'000	*HK$'000*
Lease payments:		
Short-term leases	**–**	200
Expenses recognised in profit or loss	**–**	200
Lease payments on lease liabilities	**8,003**	9,050
Total cash outflow for leases	**8,003**	9,250

18. DESIGNATED FVOCI

		2022	2021
	Notes	***HK$'000***	*HK$'000*
Equity securities - listed			
Listed in Hong Kong		**2,417,797**	2,709,569
Listed in the United States		**24,670**	24,589
	(a)	**2,442,467**	2,734,158
Equity securities - unlisted	(a)	**673,543**	47,841
Deferred day-one loss	(b)	**70,000**	–
		743,543	47,841
		3,186,010	2,781,999

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

18. DESIGNATED FVOCI (Continued)

Notes:

(a) At the date of initial recognition, the Group irrevocably designated certain investments in equity securities as Designated FVOCI because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

The fair value of each investment classified as Designated FVOCI is as follows.

	Note	**2022** **HK$'000**	2021 HK$'000
Equity securities – Listed			
Shengjing Bank Co., Ltd.		**1,751,600**	2,001,000
ZhongAn Online P&C Insurance Co., Ltd.		**311,298**	256,881
Hao Tian International Construction Investment Group Ltd		**91,500**	132,000
Imagi International Holdings Ltd.		**50,877**	98,623
The Hongkong and Shanghai Hotels, Ltd		**–**	80,320
Others		**237,192**	165,334
		2,442,467	2,734,158
Equity securities – unlisted			
Co-Lead Holdings Limited ("**Co-Lead**")		**24,543**	46,053
Future Capital Group Limited ("**Future Capital**")	(b)	**649,000**	–
Others		**–**	1,788
		673,543	47,841
		3,116,010	2,781,999

During the year ended 31 December 2022, the net unrealised fair value loss on Designated FVOCI of approximately HK$402,241,000 (2021: approximately HK$1,061,279,000) was recognised in other comprehensive income.

Details of the fair value measurements of listed and unlisted investments are set out in note 38 to the consolidated financial statements.

During the year ended 31 December 2022, Designated FVOCI with fair value of approximately HK$187,251,000 (2021: HK$456,491,000) was disposed which is in line with the Group's inherent investment strategy. The cumulative loss of approximately HK$24,554,000 (2021: cumulative loss of approximately HK$261,963,000) that was previously included in the investment revaluation reserve (non-recycling) was transferred directly to retained earnings during the year ended 31 December 2022.

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18. DESIGNATED FVOCI (Continued)

Notes: (Continued)

(b) On 17 February 2022, the Group entered into a subscription agreement with Future Capital, an independent third party incorporated in the Cayman Islands, to subscribe 3,750 newly issued shares, which represents 17.81% equity interests of Future Capital, at a consideration of HK$750,000,000 which was settled by cash. Future Capital and its subsidiaries principally engage in property investments. The transaction was completed on the same day. The Group irrevocably designated the investment in Future Capital as Designated FVOCI because the Group intends to hold for long term strategic purposes. At the initial recognition as Designated FVOCI, the fair value of investment in Future Capital was HK$680,000,000, which was determined based on valuation carried out by independent professional valuer. As the fair value determination is not evidenced by a quoted price in an active market or based on a valuation technique that uses only data from observable markets, the Group should defer the difference of HK$70,000,000 between the transaction price and fair value of investment in Future Capital at acquisition date as a day-one loss. Such deferred day-one loss will be recognised to profit or loss until (a) the fair value is evidenced by a quoted price in active market, (b) the valuation can be determined using market observable inputs or (c) realised through settlement. During the year, the fair value loss on investment in Future Capital of approximately HK$31,000,000 was recognised in other comprehensive income.

19. DEBT INVESTMENT AT AMORTISED COST

	2022	2021
	HK$'000	*HK$'000*
Senior notes	**100,000**	–

As at 31 December 2022, the Group held senior notes issued by a company listed in Hong Kong which bear interest at 9.5% per annum payable semi-annually and will be due on 30 June 2025 (2021: N/A).

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20. INTERESTS IN ASSOCIATES

	2022 *HK$'000*	2021 *HK$'000*
Unlisted shares		
Shares of net assets	**173,682**	50,736

Details of the associates at the end of the reporting period are as follows:

Name of entities	Place of incorporation/ operation	Class of shares held	Proportion of value of issued share capital directly held by the Group 2022 %	2021 %	Principal activities
Eternal Billion Holding Group Limited ("**Eternal**")	BVI	Ordinary	**25**	25	Investment holding
Hope Capital Limited ("**Hope Capital**") (Note a)	BVI	Ordinary	**23.19**	30	Investment holding
HEC Securities Company Limited ("**HEC Securities**") (Note b)	BVI	Ordinary	**25**	–	Investment holding

Notes:

(a) On 27 May 2022, 28 September 2022 and 10 October 2022, 60 shares, 20 shares and 85 shares of Hope Capital were issued to an independent third party investor, acquired by the Group from an independent third party and issued to another independent third party investor, which the Group's equity interests in Hope Capital reduced from 30% to 23.08%, increased from 23.08% to 30.80% and reduced from 30.80% to 23.19% respectively. The changes in shareholding resulted in a gain on deemed disposal of approximately HK$734,000 and gain on bargain purchase of approximately of HK$1,748,000.

On 16 November 2022, Hope Capital issued rights shares to its shareholders. Since all investors including the Group participated in the rights issue, there was no change of the Group's interest in Hope Capital and no gain or loss was recognised from such rights issue exercise.

(b) On 29 December 2022, the Group entered into a sale and purchase agreement with an independent third party to acquire 25% of equity interests in HEC Securities at a cash consideration of HK$6,000,000. The acquisition was completed on the same date. The fair value of the identifiable assets and liabilities of 25% equity interests in HEC Securities at the date of completion is approximately the same as the consideration.

Fair value of investments

At the end of the reporting period, the Group's associates are private companies and there was no quoted market price available for the investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20. INTERESTS IN ASSOCIATES (Continued)

Financial information of associates

Summarised financial information of each of the associates of the Group is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

At 31 December 2022	HEC Securities *HK$'000*	Eternal *HK$'000*	Hope Capital *HK$'000*
Gross amount			
Non-current assets	421	1,000	2,585
Current assets	40,612	1,163	723,342
Current liabilities	(17,395)	(2,414)	(2,182)
Non-current liabilities	–	–	(248)
Equity	23,638	(251)	723,497
Reconciliation			
Gross amount of equity	23,638	(251)	723,497
Group's ownership interests	25%	25%	23.19%
Group's share of equity	5,909	–	167,773

Period/Year ended 31 December 2022	HEC Securities *HK$'000* *(From 29 December 2022 (date of acquisition) to 31 December 2022)*	Eternal *HK$'000*	Hope Capital *HK$'000*
Gross amount			
Revenue	63	–	30,778
(Loss) Profit from continuing operations	(364)	(90)	24,175
Other comprehensive loss	–	–	–
Total comprehensive (loss) income	(364)	(90)	24,175
Group's ownership interests	25%	25%	*(Note 20(a))* 23.08% - 30.80%
Group's share of results	(91)	–	5,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

20. INTERESTS IN ASSOCIATES (Continued)

Financial information of associates (Continued)

At 31 December 2021	Blue River Holdings Limited (“**Blue River**”) *HK$’000*	Eternal *HK$’000*	Hope Capital *HK$’000*
Gross amount			
Non-current assets	–	–	1,558
Current assets	–	238	179,716
Current liabilities	–	(341)	(12,152)
Equity	–	(103)	169,122
Reconciliation			
Gross amount of equity	–	(103)	169,122
Group’s ownership interests	–	25%	30%
Group’s share of equity	–	–	50,736

Period/Year ended 31 December 2021	Blue River *HK$’000* (From 12 March 2021 (date of acquisition) to 30 December 2021 (date of disposal))	Eternal *HK$’000*	Hope Capital *HK$’000* (From 1 November 2021 (date of acquisition) to 31 December 2021)
Gross amount			
Revenue	7,752,628	–	79,791
(Loss) Profit from continuing operations	(991,537)	(56)	846
Other comprehensive loss	(2,502)	–	–
Total comprehensive (loss) income	(994,039)	(56)	846
Group’s ownership interests	28.53%	25%	30%
Group’s share of results	(283,647)	–	254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21. INTERESTS IN A JOINT VENTURE

	2022	2021
	HK$'000	*HK$'000*
Unlisted shares		
Shares of net assets	**149,853**	–

Details of the joint venture at the end of the reporting period are as follows:

Name of entities	Place of incorporation/ operation	Class of shares held	Proportion of value of issued share capital directly held by the Group		Principal activities
			2022	2021	
			%	%	
Golden Thread Investments Limited ("**Golden Thread**")	Republic of the Marshall Islands	Ordinary	**35** (Note a)	–	Engaged in a single purpose project for property assets-based financing business

Note:

(a) On 6 January 2022, the Group entered into a joint venture agreement with independent third parties to set up Golden Thread. The Group held 40% of equity interests in Golden Thread at a consideration of HK$400,000,000. The acquisition was completed on the same date. As all decisions about the relevant activities require the unanimous consent of all the joint venture partners, the Group has joint control over Golden Thread. In June 2022, Golden Thread made capital and dividend distribution of HK$420,000,000 to the Group. On 11 July 2022, Golden Thread issued 100,000 rights shares to all the joint venture partners and the Group subscribed 30,000 rights shares. Upon completion of share subscription, the Group's shareholding in Golden Thread has been decreased from 40% to 35%.

On 31 October 2022, a supplemental agreement was signed by all joint venture partners, pursuant to which the share of profit would be based on the latest capital contribution ratio. As at 31 December 2022, the latest capital contribution ratio of the Group is 30%, thus, the relevant proportion of ownership interest held by the Group is 30%.

Fair value of investments

At the end of the reporting period, the Group's joint venture is private company and there was no quoted market price available for the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

21. INTERESTS IN A JOINT VENTURE (Continued)

Financial information of a joint venture

Summarised financial information of a joint venture of the Group is set out below, which represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

At 31 December 2022	**Golden Thread** *HK$'000*
Gross amount	
Non-current assets	2,120
Current assets	495,263
Equity	497,383
Reconciliation	
Gross amount of equity	497,383
	(Note 21(a))
Group's ownership interests	30%
Group's share of equity	149,853

Period ended 31 December 2022	**Golden Thread** *HK$'000 (From 6 January 2022 (date of acquisition) to 31 December 2022)*
Gross amount	
Revenue	97,996
Profit from continuing operations	97,918
Other comprehensive loss	(535)
Total comprehensive income	97,383
	(Note 21(a))
Group's ownership interests	30% - 40%
Group's share of results	34,853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

22. INTANGIBLE ASSETS

	Trading rights HK$'000 (Note a and c)	Membership debenture HK$'000 (Note b and c)	Club membership HK$'000 (Note d)	Total HK$'000
Reconciliation of carrying amount - year ended 31 December 2021				
At the beginning of the reporting period	3,908	–	4,958	8,866
Additions – Transferred from deposits included in "trade, loan and other receivables"	1,500	–	–	1,500
Amortisation	–	–	(500)	(500)
At the end of the reporting period	5,408	–	4,458	9,866
Reconciliation of carrying amount - year ended 31 December 2022				
At the beginning of the reporting period	5,408	–	4,458	9,866
Additions	–	6,248	–	6,248
Amortisation	–	–	(500)	(500)
At the end of the reporting period	**5,408**	**6,248**	**3,958**	**15,614**
At 31 December 2021				
Cost	5,408	–	5,000	10,408
Accumulated amortisation and impairment losses	–	–	(542)	(542)
	5,408	–	4,458	9,866
At 31 December 2022				
Cost	5,408	6,248	5,000	16,656
Accumulated amortisation and impairment losses	–	–	(1,042)	(1,042)
	5,408	**6,248**	**3,958**	**15,614**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

22. INTANGIBLE ASSETS (Continued)

Notes:

(a) Trading rights that confer eligibility on the Group to trade on the Stock Exchange and the Futures Exchange. The trading rights have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, the trading rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until its useful life is determined to be finite.

(b) The membership debenture has no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, membership debenture is considered by the management of the Group as having indefinite useful life. The membership debenture will not be amortised until its useful life is determined to be finite.

(c) No impairment losses on trading rights and membership debenture have been recognised for the year ended 31 December 2022.

(d) Club membership has a validity of 10 years and the Group has determined that this asset has a useful life of 10 years. It is tested for impairment where an indicator of impairment appears.

23. OTHER DEPOSITS

	2022	2021
	HK$'000	*HK$'000*
Statutory and other deposits with exchanges and clearing houses	**5,472**	1,354

The deposits are non-interest bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. TRADE, LOAN AND OTHER RECEIVABLES

	Notes	**2022** **HK$'000**	2021 HK$'000
Trade receivables			
Trade receivables arising from the business of securities brokerage			
– cash clients		**98**	99
– margin clients	(b)	**668,167**	440,457
– Others		**2,121**	–
	(a)	**670,386**	440,556
Trade receivable arising from the provision of corporate finance advisory services		**–**	310
		670,386	440,866
Loan receivables			
Loan and interest receivables from independent third parties		**340,648**	1,027,435
Less: Loss allowance	37	**(34,650)**	(49,034)
	(c)	**305,998**	978,401
Less: Non-current portion		**(31,917)**	(12,405)
Current portion		**274,081**	965,996
Other receivables			
Deposits with securities brokers	(d)	**9,663**	1,781
Other receivables, deposits and prepayments		**63,541**	38,424
Less: Loss allowance		**–**	(20,000)
		73,204	20,205
	(e)	**1,017,671**	1,427,067

Information about the Group's exposure to credit risks and loss allowance for trade, loan and other receivables is included in note 37 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

24. TRADE, LOAN AND OTHER RECEIVABLES (Continued)

Notes:

(a) No aging analysis by invoice date is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of brokerage business. The Group offsets certain trade receivables and trade payables when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously. Details are set out in note 39 to the consolidated financial statements.

(b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 30% (2021: 8% to 30%) per annum for year ended 31 December 2022. The loans are secured by pledged marketable securities with a total fair value of approximately HK$1,927,536,000 (2021: approximately HK$2,153,150,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. During the years ended 31 December 2022 and 2021, no margin loans were granted to the directors of the Company or directors of subsidiaries.

(c) As at 31 December 2022, the Group's net loan receivables included both fixed and variable rate loan advances to independent third parties of which approximately HK$70,790,000 (2021: approximately HK$129,988,000) were secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 5% to 15% (2021: 5% to 15%) per annum and had contractual loan period between 12 months and 7 years (2021: between 18 months and 7 years) under the Group's credit and lending services. The remaining balance included fixed rate (2021: both fixed and variable rate) loan advances to independent third parties of which approximately HK$235,208,000 (2021: HK$848,413,000) were unsecured, bearing interest ranging from 5% to 15% (2021: 3% to 36%) per annum. The contractual loan period for majority of the unsecured loan receivables from third parties is between 6 months and 5 years (2021: between 6 months and 5 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their background, and financial position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. During the year ended 31 December 2022, net reversal of impairment loss of approximately HK$13,688,000 (2021: net impairment loss of approximately HK$7,941,000) was recognised for the loan receivables. Details are set out in note 37 to the consolidated financial statements.

(d) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.

(e) The trade, loan and other receivables are expected to be recovered within one year, except for the deposits of approximately HK$10,168,000 (2021: approximately HK$13,436,000).

25. PROMISSORY NOTE RECEIVABLE

As at 31 December 2021, the amount represented a zero-coupon promissory note at principal amount of HK$144,000,000 maturing on 31 March 2022. The promissory note was early settled on 10 January 2022.

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26. FINANCIAL ASSETS AT FVPL

	Notes	2022 HK$'000	2021 HK$'000
Mandatorily measured at FVPL			
– Listed shares in Hong Kong		**183,353**	496,498
– Listed shares in the United States		**865**	2,546
– Unlisted investment funds	(a)	**103,143**	123,260
– Financial assets arising from a financing arrangement	(b)	**105,438**	105,438
		392,799	727,742
Analysed as:			
Non-current		**2,485**	2,497
Current		**390,314**	725,245
		392,799	727,742

Notes:

(a) The unlisted investment funds are mainly subscribed from independent financial institutions in Hong Kong and overseas. The portfolios of these funds mainly comprise securities listed in Hong Kong and overseas and unlisted debt and equity securities in Asia-Pacific region. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment, except for certain unlisted investment funds which was held for long-term investment.

(b) The amount represented the consideration of HK$110,000,000 paid to an independent third party (the "**Vendor**") to acquire the entire interest of Siston Holdings Limited and its wholly owned subsidiary, High Step Investment Limited (together the "**Siston Group**") on 1 September 2021. The principal activity of Siston Group is property investment.

On 1 September 2021, the Group signed a licence agreement and a call option agreement with the Vendor to grant the Vendor a licence to use the property for residential use only for a licence period of six months till 1 March 2022 and a right to repurchase the entire interest of the Siston Group at the original consideration of HK$110,000,000 within one month after the expiry of licence agreement. On 9 February 2022 and 9 August 2022, new licence agreements and an addendum to call option agreement were signed to extend the licence period for another six months till 1 September 2022 and for another six months till 1 March 2023 respectively and amend the effective date of the call option to one month after the expiry of the new licence agreement.

The transfer of assets with the above arrangement does not satisfy the requirement of HKFRS 15 to be accounted for as a sales and purchase of assets and the relevant financial asset is accounted for under financial assets at FVPL. The fair value of the financial asset is determined based on valuation carried out by independent qualified professional valuer at the end of reporting period. Details of the fair value measurements are set out in note 38 to the consolidated financial statements.

During the year ended 31 December 2022, licence fee of HK$11,000,000 (2021: HK$3,664,000) was classified as interest income from financial asset at FVPL.

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27. BANK BALANCES – TRUST AND SEGREGATED ACCOUNTS/CASH AND CASH EQUIVALENTS

Bank balances – trust and segregated accounts

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions (Note 28). However, the Group does not have a currently enforceable right to offset those payables with the deposits placed.

Cash and cash equivalents

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates with an original maturity of three months or less.

Bank balances carry interest at prevailing market rate ranging from 0.001% to 0.35% (2021: 0.001% to 0.35%) per annum.

28. TRADE AND OTHER PAYABLES

	Notes	**2022** **HK$'000**	2021 HK$'000
Trade payables			
Trade payables arising from the business of securities brokerage			
– cash clients	(a)	**808**	483
– margin clients	(a)	**46,147**	22,077
– HKSCC	(b)	**7,684**	42,927
	24(a)	**54,639**	65,487
Secured margin loans from securities brokers	(c)	**101,028**	225,382
		155,667	290,869
Other payables			
Other payables and accrued charges		**17,783**	18,716
		173,450	309,585

Notes:

(a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the directors of the Company, no aging analysis is disclosed as the aging analysis does not give additional value.

(b) The settlement terms of trade receivables and payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of brokerage business.

(c) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at a range from 3.35% to 8% per annum (2021: 1.87% to 12% per annum). The total market value of equity securities pledged as collateral in respect of the loans was approximately HK$505,697,000 (2021: approximately HK$1,420,924,000) as at 31 December 2022.

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29. LEASE LIABILITIES

As at 31 December 2022, the weighted average discount rate applied was 5.99% (2021: 5.75%) per annum. The interest expenses on lease liabilities are set out in note 9 to the consolidated financial statements.

Commitments and present value of lease liabilities:

	Minimum lease payments 2022 *HK$'000*	**Present value of minimum lease payments 2022** *HK$'000*
Amounts payable:		
Within one year	**6,419**	**6,173**
In the second to fifth years inclusive	**1,330**	**1,311**
	7,749	**7,484**
Less: future finance charges	**(265)**	**–**
Total lease liabilities	**7,484**	**7,484**

	Minimum lease payments 2021 *HK$'000*	Present value of minimum lease payments 2021 *HK$'000*
Amounts payable:		
Within one year	7,053	6,623
In the second to fifth years inclusive	4,139	4,023
	11,192	10,646
Less: future finance charges	(546)	–
Total lease liabilities	10,646	10,646

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30. INTEREST-BEARING BORROWINGS

	Notes	**2022** **HK$'000**	2021 HK$'000
Secured bank loan	(a)	**53,199**	–
Unsecured other loans	(b)	**240,824**	246,568
		294,023	246,568

Notes:

(a) The bank loan as at 31 December 2022 is secured by the Group's investment property with carrying value of HK$102,750,000 (2021: HK$102,750,000) and corporate guarantees provided by the Group's subsidiaries. The loan is interest bearing at Hong Kong Interbank Offered Rate plus 1.3% (2021: N/A) per annum. At the end of the reporting period, the bank loan with a clause in their terms that gives the bank an overriding right to demand for repayment without notice or with notice period of less than 12 months at their sole discretion are classified as current liabilities even though the Directors do not expect that the banks would exercise their right to demand repayment.

The maturity terms of the bank loan based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause) are as follows:

	2022 **HK$'000**	2021 HK$'000
Within one year	**1,964**	–
In the second to fifth year	**9,821**	–
Over five years	**41,414**	–
	53,199	–

(b) The loans from an independent third parties and an associate (2021: an independent third party) as at 31 December 2022 are unsecured, interest bearing ranging from 4% to 7.5% (2021: 5%) per annum and repayable within 1 year (2021: 1 year) at the end of the reporting period.

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31. DEFERRED TAXATION

The movement for the year in the Group's deferred tax assets (liabilities) was as follows:

	Unrealised (gain) loss on financial assets at FVPL *HK$'000*	Depreciation allowance *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1 January 2021	(423,601)	(704)	15,600	(408,705)
Charge to profit or loss for the year (Note 11)	421,376	294	(12,965)	408,705
At 31 December 2021	(2,225)	(410)	2,635	–
Credit to profit or loss for the year (Note 11)	2,225	318	(2,543)	–
At 31 December 2022	**–**	**(92)**	**92**	**–**

Recognised deferred tax assets (liabilities) at the end of the reporting period represent the following:

	Assets		Liabilities	
	2022 ***HK$'000***	2021 *HK$'000*	**2022** ***HK$'000***	2021 *HK$'000*
Unrealised gain on financial assets at FVPL	**–**	–	**–**	(2,225)
Depreciation allowance	**–**	–	**(92)**	(410)
Tax losses	**92**	2,635	**–**	–
Deferred tax assets (liabilities)	**92**	2,635	**(92)**	(2,635)
Offsetting	**(92)**	(2,635)	**92**	2,635
Net deferred tax assets (liabilities)	**–**	–	**–**	–

At the end of the reporting period, the Group had unrecognised temporary differences arising from unused tax losses and unrealised losses on financial assets at FVPL of approximately HK$1,991,355,000 and HK$279,220,000 respectively (2021: HK$1,928,184,000 and HK$290,052,000 respectively). Deferred tax assets have not been recognised due to the unpredictability of future profit available against which the Group can utilise the benefits therefrom. The tax losses do not expire under current tax legislation.

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32. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.05 (2021: HK$0.05) each		
Authorised:		
At 1 January 2021 and 31 December 2021, 1 January 2022 and **31 December 2022**	**20,000,000,000**	**1,000,000**

	Number of shares	Share capital HK$'000
Issued and fully paid:		
At 1 January 2021	6,113,609,139	305,680
Cancellation of repurchased shares	(4,350,000)	(217)
At 31 December 2021,1 January 2022 and **At 31 December 2022**	**6,109,259,139**	**305,463**

All shares issued during the year rank pari passu with the existing shares in all respects.

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YEAR ENDED 31 DECEMBER 2022

33. SHARE OPTION AND SHARE AWARD SCHEMES

2012 Share Option Scheme

On 17 May 2012, the Company adopted a share option scheme (the "**2012 Share Option Scheme**") which has a life of ten years from 17 May 2012. Under the 2012 Share Option Scheme, the Board of Directors may, at its discretion, offer the eligible persons (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

During the years ended 31 December 2022, no share options were granted or exercised (2021: Nil) and 60,000,000 share options (2021: Nil) lapsed under the 2012 Share Option Scheme.

The following tables disclose details of the Company's share options held by eligible persons (including directors) and movement in such holdings during the years ended 31 December 2022 and 2021:

	Number of the share options					
2012 Share Option scheme	**Outstanding at 1 January 2022**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding at 31 December 2022**	**Exercisable at 31 December 2022**
Directors of the Company	80,000,000	–	–	(60,000,000)	20,000,000	20,000,000
Employees	72,000,000	–	–	–	72,000,000	72,000,000
Other participants	100,000,000	–	–	–	100,000,000	100,000,000
	252,000,000	**–**	**–**	**(60,000,000)**	**192,000,000**	**192,000,000**
Weighted average exercise price	**HK$0.85**	**–**	**–**	**HK$0.84**	**HK$0.85**	**HK$0.85**

	Number of the share options					
2012 Share Option scheme	Outstanding at 1 January 2021	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2021	Exercisable at 31 December 2021
Directors of the Company	80,000,000	–	–	–	80,000,000	80,000,000
Employees	72,000,000	–	–	–	72,000,000	72,000,000
Other participants	100,000,000	–	–	–	100,000,000	100,000,000
	252,000,000	–	–	–	252,000,000	252,000,000
Weighted average exercise price	HK$0.85	–	–	–	HK$0.85	HK$0.85

The weight average remaining contractual life is 6.76 years (2021: 7.92 years) for the share options outstanding as at 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

33. SHARE OPTION AND SHARE AWARD SCHEMES (Continued)

2019 Share Award Scheme

On 19 December 2019, the Company adopted a share award scheme (the "**2019 Share Award Scheme**") which has a life of ten years from 19 December 2019. Under the 2019 Share Award Scheme, the Board of Directors may, at its discretion, issue awarded shares to the eligible persons (including any executive director) of the Company or its subsidiaries subject to the terms and conditions stipulated therein.

On 22 January 2020, the Company granted 95,000,000 awarded shares to 10 eligible persons under the 2019 Share Award Scheme which shall be vested on the fourth anniversary of the date of grant (i.e. 22 January 2024). The share-based payment expenses shall be recognised with reference to the fair value of the shares granted determined based on the share price of the Company at the date of grant over 4 years from the date of grant on a straight line basis. During the year ended 31 December 2022, the Group recognised HK$20,187,000 (2021: HK$20,187,000) (included in employee benefits expense and other expenses) as the equity-settled share-based payment expenses with the corresponding amounts being credited to share award reserve.

Movements of the awarded shares granted under the 2019 Share Award Scheme during the years ended 31 December 2022 and 2021 are as follows:

	Number of awarded shares				
2019 Share Award Scheme	**At 1 January 2022**	**Granted during the year**	**Vested during the year**	**Lapsed during the year**	**Unvested at 31 December 2022**
Director of the Company	**10,000,000**	**–**	**–**	**–**	**10,000,000**
Other participants	**85,000,000**	**–**	**–**	**–**	**85,000,000**
	95,000,000	**–**	**–**	**–**	**95,000,000**

	Number of awarded shares				
2019 Share Award Scheme	At 1 January 2021	Granted during the year	Vested during the year	Lapsed during the year	Unvested at 31 December 2021
Director of the Company	10,000,000	–	–	–	10,000,000
Other participants	85,000,000	–	–	–	85,000,000
	95,000,000	–	–	–	95,000,000

During the years ended 31 December 2022 and 2021, no awarded shares were granted, vested or lapsed under the 2019 Share Award Scheme.

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YEAR ENDED 31 DECEMBER 2022

33. SHARE OPTION AND SHARE AWARD SCHEMES (Continued)

2022 Share Option Scheme

On 13 June 2022, the Company adopted a share option scheme (the "**2022 Share Option Scheme**") which has a life of ten years from 13 June 2022. Under the 2022 Share Option Scheme, the Board of Directors may, at its discretion, offer the eligible persons (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

During the year ended 31 December 2022, no share options were granted under the 2022 Share Option Scheme.

34. OTHER CASH FLOW INFORMATION

Details of the changes in the Group's liabilities from financing activities are as follows:

For the year ended 31 December 2022

	Lease liabilities *HK$'000*	**Interest-bearing borrowings** *HK$'000*	**Total** *HK$'000*
At 1 January 2022	**10,646**	**246,568**	**257,214**
New lease	**4,321**	**–**	**4,321**
Interest expenses	**520**	**14,055**	**14,575**
Interest paid	**–**	**(3,499)**	**(3,499)**
Cash inflow (outflow) in financing activities:			
Drawdown of interest-bearing borrowings	**–**	**513,000**	**513,000**
Repayment of interest-bearing borrowings	**–**	**(476,101)**	**(476,101)**
Lease payments (including interest payment)	**(8,003)**	**–**	**(8,003)**
At 31 December 2022	**7,484**	**294,023**	**301,507**

For the year ended 31 December 2021

	Lease liabilities *HK$'000*	Interest-bearing borrowings *HK$'000*	Total *HK$'000*
At 1 January 2021	10,059	235,068	245,127
New lease	9,318	–	9,318
Interest expenses	319	11,500	11,819
Cash outflow in financing activities:			
Lease payments (including interest payment)	(9,050)	–	(9,050)
At 31 December 2021	10,646	246,568	257,214

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YEAR ENDED 31 DECEMBER 2022

35. RELATED PARTY TRANSACTIONS

In addition to the remuneration to the key management personnel and those disclosed elsewhere in these consolidated financial statements, during the year, the Group had following transactions with related parties:

Related party relationship	Nature of transaction	2022 HK$'000	2021 HK$'000
Associate	Interest on other loans	**366**	–

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 12.

36. CAPITAL 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 Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes interest-bearing borrowings and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries engaged in securities dealings and broking, corporate finance and investment advisory services which are regulated entities under the Securities and Futures Commission and require to comply with Hong Kong Securities and Futures (Financial Resources) Rules (the "**SF(FR)R**") subject to the respective minimum capital requirements and liquid capital requirements. The management closely monitors the liquid capital requirements under SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by SF(FR)R throughout the years ended 31 December 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Notes	2022 *HK$'000*	2021 *HK$'000*
Financial assets			
Mandatorily measured at FVPL		**392,799**	727,742
Amortised cost	(a)	**1,557,984**	2,445,884
Designated FVOCI		**3,186,010**	2,781,999
Financial liabilities			
Amortised cost	(b)	**467,473**	556,153

Notes:

(a) Financial assets at amortised cost include trade, loan and other receivables (excluding certain deposits and prepayments), promissory note receivables, debt investment at amortised cost, bank balances – trust and segregated accounts and cash and cash equivalents.

(b) Financial liabilities at amortised cost include trade and other payables and interest-bearing borrowings.

Financial risk management objectives and policies

At 31 December 2022, the Group's major financial instruments include Designated FVOCI, trade, loan and other receivables, debt investment at amortised cost, financial assets at FVPL, bank balances – trust and segregated accounts, cash and cash equivalents, trade and other payables and interest-bearing borrowings. Details of the 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 manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged from prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

Foreign currency risk

Certain bank balances are denominated in foreign currencies which expose the Group to foreign currency risk.

At the end of the reporting period, the Group had the following amounts denominated in currencies other than the functional currency of the relevant entities to which they relate.

	Assets	
	2022	2021
	HK$'000	*HK$'000*
RMB	**177,907**	191,943
US$	**38,703**	22,991

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The management considers the Group's exposure on foreign exchange rate risk from the remaining foreign currencies is minimal due to insignificant balances denominated in other foreign currencies.

Sensitivity analysis

At the end of the reporting period, if exchange rate of RMB had appreciated/depreciated against the functional currencies of the respective group entities by 4% (2021: 7%) and all other variables were held constant, the Group's loss before tax would decrease/increase by approximately HK$7,116,000 (2021: approximately HK$13,436,000) as a result of changes in the carrying amount of these assets.

Since the exchange rate of HK$ is pegged with US$, the Group does not expect any significant movements in the US$/HK$ exchange rates.

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at the end of the reporting period and had been applied to each of the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents. The management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The management considers that the Group's exposure to cash flow interest rate risk on variable-rate bank balances as a result of the change of market interest rate is insignificant due to low interest rates on bank balances at the end of the reporting period, thus no sensitivity analysis is prepared for cash flow interest rate risk.

Equity price risk

The Group is exposed to equity price risk arising from investments in listed equity securities which classified as financial assets at FVPL and Designated FVOCI. The sensitivity analysis has been determined based on the exposure to equity price risk.

Sensitivity analysis

At the end of the reporting period, if the quoted market prices of the listed equity securities classified as financial assets at FVPL had been 25% (2021: 7%) higher or lower while all other variables were held constant, the Group's loss before tax would decrease/increase by approximately HK$46,055,000 (2021: approximately HK$34,933,000) as a result of changes in fair value of these financial assets.

At the end of the reporting period, if the quoted market prices of the listed equity securities classified as Designated FVOCI had been 25% (2021: 7%) higher or lower while all other variables were held constant, the Group's other comprehensive loss for the year would decrease/increase by approximately HK$610,617,000 (2021: approximately HK$191,391,000) as a result of changes in fair value of these financial assets.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the equity prices had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the investments of the Group would change in accordance with the market price and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant market price over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

The carrying amount of financial assets on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group reviews the recoverable amount of each individual financial assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables from margin clients

The Group provides financing services only to recognised and creditworthy third parties. It is the Group's policy that all these margin clients are subject to credit verification procedures. The margin loans are secured by pledged marketable securities and margin is set to ensure that certain proportion of the fair value of pledged marketable securities of the individual margin clients is sufficiently higher than the corresponding outstanding loans.

The Group's customer base consists of a wide range of clients and the trade receivables from margin clients are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience, loan to value ratio which determined using current trade receivable balances and pledged marketable securities and adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

After considering the above factors, the management assess that all of the trade receivables from margin clients have not had a significant increase in credit risk and 12-month ECL will be recognised. The management of the Group considers the 12-month ECL of trade receivables from margin clients to be insignificant, so no loss allowance was recognised during the year (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Loan receivables

Management has money lending policies in place and the exposure to the credit risk is monitored on an ongoing basis. The Group grants loans only to recognised and creditworthy third party and related party borrowers. It is the Group's policy that all these borrowers are subject to credit verification procedures. Also, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts.

As at 31 December 2022, the Group has concentration of credit risk as 48% and 89% (2021: 15% and 64%) of total loan receivables was due from the Group's largest borrower and the five largest borrowers respectively, within the money lending segment.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the loan receivable is credit-impaired, the Group has taken into account the historical actual credit loss experience for the borrowers and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

The Group has established a loan credit risk classification system and performs credit risk management based on loan classification in one of three categories of internal credit rating. The information about the ECL for the loan receivables as at 31 December 2022 is summarised below. After considering the above factors, a loss allowance of approximately HK$34,650,000 (2021: approximately HK$49,034,000) was recognised as at 31 December 2022.

At 31 December 2022

Internal credit rating	Gross carrying amount *HK$'000*	ECL	Loss allowance *HK$'000*	Net carrying amount *HK$'000*
Performing (Note i)	207,764	12-month	4,155	203,609
Underperforming (Note ii)	128,404	Lifetime	26,015	102,389
Not performing (Note iii)	4,480	Lifetime	4,480	–
	340,648		34,650	305,998

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YEAR ENDED 31 DECEMBER 2022

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Loan receivables (Continued)

At 31 December 2021

Internal credit rating	Gross carrying amount *HK$'000*	ECL	Loss allowance *HK$'000*	Net carrying amount *HK$'000*
Performing (Note i)	719,099	12-month	14,382	704,717
Underperforming (Note ii)	303,856	Lifetime	30,172	273,684
Not performing (Note iii)	4,480	Lifetime	4,480	–
	1,027,435		49,034	978,401

Notes:

(i) Performing (Normal Credit Quality) refers to the loans that have not had a significant increase in credit risk and ECL in the next 12 months will be recognised;

(ii) Underperforming (Significant Increase in Credit Risk) refers to the loans that have had a significant increase in credit risk and for which the lifetime ECL will be recognised;

(iii) Not performing (Credit-impaired) refers to the loans that have objective evidence of impairment and for which the lifetime ECL will be recognised.

Aging analysis

Aging analysis of loan receivables (net of loss allowance) prepared based on loan commencement date set out in the relevant contracts is as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Less than 1 month	**12,290**	353,249
1 to 3 months	**9,902**	78,625
4 to 6 months	**19,746**	34,097
7 to 12 months	**160,615**	327,858
Over 12 months	**103,445**	184,572
At the end of the reporting period	**305,998**	978,401

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37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Loan receivables (Continued)

Aging analysis (Continued)

Aging analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	2022 *HK$'000*	2021 *HK$'000*
Not yet past due	**245,598**	913,911
7 to 12 months past due	**60,400**	64,490
At the end of the reporting period	**305,998**	978,401

As at 31 December 2022, the Group recognised a loss allowance of approximately HK$34,650,000 (2021: approximately HK$49,034,000) on its loan receivables. The movement in the loss allowance for loan receivables during the year is summarised below.

	2022			
	12-month ECL	**Lifetime ECL**		
	Performing *HK$'000*	**Under-performing** *HK$'000*	**Not performing** *HK$'000*	**Total** *HK$'000*
At the beginning of the reporting period	**14,382**	**30,172**	**4,480**	**49,034**
Increase in allowance	**4,134**	**5,856**	**–**	**9,990**
Reversal of allowance upon recovery of loan	**(13,665)**	**(10,013)**	**–**	**(23,678)**
Written off upon disposal	**(696)**	**–**	**–**	**(696)**
At the end of the reporting period	**4,155**	**26,015**	**4,480**	**34,650**

	2021			
	12-month ECL	Lifetime ECL		
	Performing *HK$'000*	Under-performing *HK$'000*	Not performing *HK$'000*	Total *HK$'000*
At the beginning of the reporting period	18,442	18,872	6,109	43,423
Increase in allowance	9,071	25,410	–	34,481
Reversal of allowance upon recovery of loan	(13,131)	(13,409)	–	(26,540)
Written off upon disposal	–	(701)	(1,629)	(2,330)
At the end of the reporting period	14,382	30,172	4,480	49,034

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37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Loan receivables (Continued)

During the year ended 31 December 2022, except for the loan classify as Under-Performing at 31 December 2021, no additional loans had a significant increase in credit risk and were reclassified as Under-Performing.

The management closely monitors the credit quality of the loans and there are no indications that the loan receivables neither past due nor impaired will be uncollectible.

Debt investment at amortised cost and other receivables

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial assets are credit-impaired, the Group has taken into account the historical actual credit loss experience, financial information and adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or methodology made during the year.

Debt investment at amortised cost

After considering the above factors, the management assesses that the debt investment at amortised cost has not had a significant increase in credit risk at the end of the reporting period and 12-month ECL will be recognised. The management of the Group considers the 12-month ECL of the debt investment at amortised cost to be insignificant, so no loss allowance was recognised during the year (2021: N/A).

Other receivables

The Group considers that other receivables have low credit risk based on the debtors' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default, therefore, the credit risk associated with other receivables is minimal. No loss allowance was recognised for the year (2021: loss allowance of HK$20,000,000) and the loss allowance for the year ended 31 December 2021 was written off during the year.

Deposits with financial institution

The credit risk on bank balances is limited because majority of the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance was recognised during the year (2021: Nil).

Liquidity risk

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 Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both principal and interest cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

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37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables

	Weighted average effective interest rate %	On demand or less than 1 year *HK$'000*	1 to 2 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at 31.12.2022 *HK$'000*
2022					
Non-derivative financial liabilities					
Amounts due to cash and margin clients	–	46,955	–	46,955	46,955
Amounts due to HKSCC	–	7,684	–	7,684	7,684
Secured margin loans from securities brokers	–	101,028	–	101,028	101,028
Other payables and accrued charges	–	17,783	–	17,783	17,783
Interest-bearing borrowings	4.66%	311,289	–	311,289	294,023
Lease liabilities	5.99%	6,419	1,330	7,749	7,484
		491,158	1,330	492,488	474,957

	Weighted average effective interest rate %	On demand or less than 1 year *HK$'000*	1 to 2 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at 31.12.2021 *HK$'000*
2021					
Non-derivative financial liabilities					
Amounts due to cash and margin clients	–	22,560	–	22,560	22,560
Amounts due to HKSCC	–	42,927	–	42,927	42,927
Secured margin loans from securities brokers	–	225,382	–	225,382	225,382
Other payables and accrued charges	–	18,716	–	18,716	18,716
Interest-bearing borrowings	5%	252,971	–	252,971	246,568
Lease liabilities	5.75%	7,053	4,139	11,192	10,646
		569,609	4,139	573,748	566,799

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38. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

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

(a) Fair value of the Group's assets that are measured at fair value

Assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	2022	2021		
1) Investments in listed equity securities classified as financial assets at FVPL	**Listed equity securities in: – Hong Kong HK$183,353,000 – United States HK$865,000**	Listed equity securities in: – Hong Kong HK$496,498,000 – United States HK$2,546,000	Level 1	Quoted bid prices in an active market
2) Investments in unlisted investment funds classified as financial assets at FVPL	**HK$103,143,000**	HK$123,260,000	Level 2	Derived from quoted prices from pricing services based on net asset value of the funds
3) Financial assets arising from a financing arrangement classified as financial assets at FVPL	**HK$105,438,000**	HK$105,438,000	Level 3	Derived from direct comparison approach and Black-Scholes Option Pricing Model by an independent professional qualified valuer
4) Investments in listed equity securities classified as Designated FVOCI	**Listed equity securities in: – Hong Kong HK$2,417,797,000 – United States HK$24,670,000**	Listed equity securities in: – Hong Kong HK$2,709,569,000 – United States HK$24,589,000	Level 1	Quoted bid prices in an active market
5) Investments in unlisted equity securities classified as Designated FVOCI	**HK$743,543,000**	HK$46,053,000	Level 3	Derived from unobservable inputs for the asset or liability by an independent professional qualified valuer

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YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Fair value of the Group's assets that are measured at fair value (Continued)

Assets	Fair value as at 2022	Fair value as at 2021	Fair value hierarchy	Valuation techniques and key inputs
6) Investments in unlisted equity securities classified as Designated FVOCI	**Nil**	HK$1,788,000	Level 2	Estimated by external fund manager by reference to available market information adjusted to reflect liquidity of the investments
7) Investment property	**HK$102,750,000**	HK$102,750,000	Level 3	Derived from direct comparison approach with adjustment on unobservable inputs by an independent professional qualified valuer

There were no transfers between Level 1 and Level 2 fair value measurement, and no transfers into and out of Level 3 fair value measurements for both years. The details of the movements of the recurring fair value measurements categorised as Level 3 of the fair value hierarchy during the years ended 31 December 2022 and 2021 are as follows:

Movements in Level 3 fair value measurements
2022

	Investment property	Financial assets at FVPL	Designated FVOCI	
Description	**Residential property located in Hong Kong** ***HK$'000***	**Financial assets arising from a financing arrangement** ***HK$'000***	**Unlisted equity securities** ***HK$'000***	**Total** ***HK$'000***
At the beginning of the reporting period	102,750	105,438	46,053	254,241
Purchase	–	–	750,000	750,000
Total gains or losses				
reported as "net unrealised fair value loss on financial assets at FVPL" in profit or loss	–	–	–	–
reported as "fair value change on Designated FVOCI" in other comprehensive income	–	–	(52,510)	(52,510)
At the end of the reporting period	102,750	105,438	743,543	951,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Fair value of the Group's assets that are measured at fair value (Continued)

Movements in Level 3 fair value measurements (Continued)

2021

	Investment property	Financial assets at FVPL	Designated FVOCI	
Description	Residential property located in Hong Kong *HK$'000*	Financial assets arising from a financing arrangement *HK$'000*	Unlisted equity securities *HK$'000*	Total *HK$'000*
At the beginning of the reporting period	–	–	94,941	94,941
Purchase	109,971	110,000	–	219,971
Disposal	–	–	(20,191)	(20,191)
Total gains or losses				
reported as "net unrealised fair value loss on financial assets at FVPL" in profit or loss	–	(4,562)	–	(4,562)
reported as "fair value change on Designated FVOCI" in other comprehensive income	–	–	(28,928)	(28,928)
reported as "fair value losses on investment property" in profit or loss	(7,221)	–	–	(7,221)
Exchange alignment	–	–	231	231
At the end of the reporting period	102,750	105,438	46,053	254,241

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value of the Group's assets that are measured at fair value (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement (Continued)

Description	Fair value at 31 December 2022 *HK$'000*	Fair value at 31 December 2021 *HK$'000*	Valuation techniques	Unobservable input	Sensitivity of fair value to changes in unobservable inputs
Assets					
Financial assets at FVPL					
(a) Financial assets arising from a financing arrangement	**105,438**	105,438	Direct comparison approach and Black-Scholes Option Pricing Model	a) Unit sale rate is at about HK$37,000/sq.ft. (2021: HK$37,000/sq.ft) saleable area, after downward adjustment of 15% and 10% for the difference in location and quality respectively for the comparable.	a) If the unit sale rate is 4% (2021: 1%) higher/ lower, the fair value of the fair value of the financial assets arising from a financing arrangement will increase/decrease by HK$4,200,000 (2021: HK$1,050,000).
				b) Volatility of the REITS listed on the Stock Exchange of 36.83% (2021: market price of properties of 15.48%)	b) If the volatility of the REITS listed on the Stock Exchange (2021: the market price of properties) increased/ decreased by 1%, the fair value of the financial assets arising from a financing arrangement would decrease/increase by HK$210,000 (2021: HK$180,000).
Designated FVOCI					
(b) unlisted equity securities in BVI and Cayman Islands	**743,543**	46,053	Adjusted net asset value method	a) The mean of MVIC/ Total assets ratios of the comparable companies of 0.46 (2021:0.49)	a) If the MVIC/Total assets ratio increased/decreased by 5%, the fair value of the unlisted equity securities would increase/decrease by HK$120,000 (2021: HK$263,000).
				b) The mean of P/B ratios of the comparable companies of 0.35 (2021: 0.33)	b) If the P/B ratio increased/ decreased by 5%, the fair value of the unlisted equity securities would increase/ decrease by HK$138,000 (2021: HK$100,000).
				c) Weighting factor of 50:50 (2021: 50:50) for fair value arrived by MVIC/ Total assets ratio and P/ B ratio	c) If the weighting factor was changed to 55:45/45:55 for fair value arriving by MVIC/ Total assets ratio and P/B ratio, the fair value of the unlisted equity securities would decrease/increase by HK$116,000 (2021: HK$71,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value of the Group's assets that are measured at fair value (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement (Continued)

Description	Fair value at 31 December 2022	Fair value at 31 December 2021	Valuation techniques	Unobservable input	Sensitivity of fair value to changes in unobservable inputs
	HK$'000	*HK$'000*			
Assets					
Investment property					
(c) Residential property located in Hong Kong	**102,750**	102,750	Direct comparison approach	a) Unit sale rate is at about HK$38,000/sq.ft. (2021: HK$38,000/sq.ft.) saleable area, after upward adjustment of 20% (2021: 20%) for the difference in location for the comparable.	a) If the unit sale rate is 4% (2021: 1%) higher/lower, the fair value of the property will increase/decrease by HK$4,110,000 (2021: HK$1,030,000).

The fair value of the unlisted equity securities without an active market classified in Level 3 fair value measurement was determined by the management based on the valuation from Grant Sherman Appraisal Limited, an independent professional qualified valuer.

The fair value of the financial assets arising from a financing arrangement and investment property classified in Level 3 fair value measurement was determined by the management based on the valuation from Ravia Global Appraisal Advisory Limited, an independent professional qualified valuer.

Valuation process

The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group will establish the appropriate valuation techniques and inputs to the model. Management reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

(b) Fair value of the Group's financial assets and financial liabilities carried at other than fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

Under the continuous net settlement arrangement, money obligations receivable and payable with HKSCC due to or from the Group entities on the same settlement date are settled on a net basis. The Group has legally enforceable right to set off the amounts of receivables and payables with cash clients and margin clients that are due to be settled on the same date.

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

	Gross amounts of recognised financial assets *HK$'000*	Gross amounts of recognised financial assets set off in the consolidated statement of financial position *HK$'000*	Net amounts of financial assets presented in the consolidated statement of financial position *HK$'000*	Related amount not set off in the consolidated statement of financial position: Financial instruments *HK$'000*	Related amount not set off in the consolidated statement of financial position: Collateral pledged *HK$'000*	Net amount *HK$'000*
As at 31 December 2022						
Trade receivables from cash clients	**98**	**–**	**98**	**–**	**–**	**98**
Trade receivables from margin clients	**672,997**	**(4,830)**	**668,167**	**–**	**(668,167)**	**–**
Trade receivables from HKSCC	**2,216**	**(2,216)**	**–**	**–**	**–**	**–**
Financial assets at FVPL	**287,361**	**–**	**287,361**	**(101,028)**	**–**	**186,333**

	Gross amounts of recognised financial assets *HK$'000*	Gross amounts of recognised financial assets set off in the consolidated statement of financial position *HK$'000*	Net amounts of financial assets presented in the consolidated statement of financial position *HK$'000*	Related amount not set off in the consolidated statement of financial position: Financial instruments *HK$'000*	Related amount not set off in the consolidated statement of financial position: Collateral pledged *HK$'000*	Net amount *HK$'000*
As at 31 December 2021						
Trade receivables from cash clients	99	–	99	–	–	99
Trade receivables from margin clients	444,558	(4,101)	440,457	–	(440,457)	–
Trade receivables from HKSCC	4	(4)	–	–	–	–
Financial assets at FVPL	622,304	–	622,304	(225,382)	–	396,922

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS (Continued)

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral pledged	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2022						
Trade payables to cash clients	**(808)**	**–**	**(808)**	**–**	**–**	**(808)**
Trade payables to margin clients	**(50,977)**	**4,830**	**(46,147)**	**–**	**–**	**(46,147)**
Trade payables to HKSCC	**(9,900)**	**2,216**	**(7,684)**	**–**	**–**	**(7,684)**
Secured margin loans from securities brokers	**(101,028)**	**–**	**(101,028)**	**–**	**101,028**	**–**

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral pledged	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2021						
Trade payables to cash clients	(483)	–	(483)	–	–	(483)
Trade payables to margin clients	(26,178)	4,101	(22,077)	–	–	(22,077)
Trade payables to HKSCC	(42,931)	4	(42,927)	–	–	(42,927)
Secured margin loans from securities brokers	(225,382)	–	(225,382)	–	225,382	–

The amounts which have been offset against the related recognised financial assets and financial liabilities in the Group's consolidated statement of financial position are measured on the same basis as the recognised financial assets and financial liabilities, which is at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

40. RETIREMENT BENEFIT SCHEMES

In December 2000, the Group enrolled all Hong Kong employees in a Mandatory Provident Fund ("**MPF**") Scheme. The assets of the MPF Scheme are held separately from those of the Group under the control of trustees. The retirement benefit cost for the MPF charged to the consolidated statement of profit or loss and other comprehensive income represents contributions paid and payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

During the year ended 31 December 2022, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income is approximately HK$309,000 (2021: approximately HK$516,000).

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2022 and 2021 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
			2022		2021		
			Directly	Indirectly	Directly	Indirectly	
Enerchina Resources Limited	Hong Kong – limited liability company	HK$2 of 2 ordinary shares	100	–	100	–	Provision of management services
Global Mind Investment Limited	BVI – limited liability company	US$1 of 1 ordinary share	–	100	–	100	Investment holding
Kenson Investment Limited	Bermuda – limited liability company	US$10 of 10 ordinary shares (2021: US$1 of 1 ordinary share)	–	100	–	100	Securities trading and investments
Noble Order Limited	BVI – limited liability company	HK$91,476,207 of 1,000 ordinary shares	–	100	–	100	Holding of Yacht
Nu Kenson Limited	BVI – limited liability company	US$1 of 1 ordinary share	–	100	–	100	Securities trading and investments
Oshidori Citizens Money Lending Corporation Limited	Hong Kong – limited liability company	HK$15,000,000 of 15,000,000 ordinary shares	–	100	–	100	Money lending
Oshidori Corporate Finance Limited	Hong Kong – limited liability company	HK$10,000,000 of 10,000,000 ordinary shares	–	100	–	100	Corporate finance advisory services
Oshidori Securities Limited	Hong Kong – limited liability company	HK$1,000,000,000 of 1,000,000,000 ordinary shares (2021: HK$750,000,000 of 750,000,000 ordinary shares)	–	100	–	100	Securities brokerage and financial services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
			2022		2021		
			Directly	Indirectly	Directly	Indirectly	
Oshidori WW Resources Limited	Hong Kong – limited liability company	HK$150,000,001 of 150,000,001 ordinary shares	–	100	–	100	Money lending
Roxy Link Limited	BVI – limited liability company	US$1 of 1 ordinary share	–	100	–	100	Securities investment
Smart Jump Corporation	BVI – limited liability company	US$1 of 1 ordinary share	–	100	–	100	Securities trading and investments
Uptown WW Group Limited	BVI – limited liability company	100 ordinary shares with no par value	–	100	–	100	Holding of Yacht and motor vehicles
Uptown WW Value Investments Limited	BVI – limited liability company	1 ordinary share with no par value	–	100	–	100	Investment holding
Win Wind Capital Limited	BVI – limited liability company	HK$2,350,663,816.42 of 115,425,007 ordinary shares	100	–	100	–	Investment holding
Win Wind Corporate Services Limited	Hong Kong – limited liability company	HK$1 of 1 ordinary share	–	100	–	100	Provision of management services
Win Wind Recreational Fishing Limited	Marshall – limited liability company	US$1 of 1 ordinary share	–	100	–	100	Investment holding
威華達信息管理(深圳)有限公司 (Note i)	PRC – limited liability company	Paid-up capital of RMB10,000,000	100	–	100	–	Investment holding
深圳市威華軒信息諮詢有限公司 (Note i)	PRC – limited liability company	Paid-up capital of RMB18,000,000	–	100	–	100	Investment holding

Note:

(i) 威華達信息管理(深圳)有限公司 and 深圳威華軒信息諮詢有限公司 are wholly foreign owned enterprises.

The above list includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or assets and liabilities of the Group. To give details of all other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Non-current assets			
Investments in subsidiaries		**3,687,958**	3,924,012
Amounts due from subsidiaries		**4,123,572**	4,137,794
Designated FVOCI		**136,350**	218,940
		7,947,880	8,280,746
Current assets			
Other receivables, deposits and prepayments		**441**	1,200
Cash and cash equivalents		**821**	701
		1,262	1,901
Current liabilities			
Other payables and accrued charges		**9,018**	9,502
Amounts due to subsidiaries		**1,496,104**	1,496,132
		1,505,122	1,505,634
Net current liabilities		**(1,503,860)**	(1,503,733)
NET ASSETS		**6,444,020**	6,777,013
Capital and reserves			
Share capital	32	**305,463**	305,463
Reserves	(a)	**6,138,557**	6,471,550
TOTAL EQUITY		**6,444,020**	6,777,013

This statement of financial position was approved and authorised for issue by the Board of Directors on 30 March 2023 and is signed on its behalf by:

Director
Wong Wan Men

Director
Wong Yat Fai

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

(a) Movement of the reserves

	Note	Share premium *HK$'000*	Contributed surplus *HK$'000*	Investment revaluation reserve (non-recycling) *HK$'000*	Share option reserve *HK$'000* (Note 33)	Share award reserve *HK$'000* (Note 33)	Retained earnings/ (Accumulated losses) *HK$'000*	Total *HK$'000*
At 1 January 2021		196,198	5,726,232	111,610	107,225	20,187	438,498	6,599,950
Loss for the year		–	–	–	–	–	(169,344)	(169,344)
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Fair value change on Designated FVOCI		–	–	22,740	–	–	–	22,740
Fair value change on Designated FVOCI reclassified to retained earnings upon disposal		–	–	(58,450)	–	–	58,450	–
Total other comprehensive income for the year		–	–	(35,710)	–	–	58,450	22,740
Total comprehensive loss for the year		–	–	(35,710)	–	–	(110,894)	(146,604)
Transactions with owners:								
Contributions and distributions								
Cancellation of repurchased shares		(1,983)	–	–	–	–	–	(1,983)
Recognition of equity-settled share-based payments	33	–	–	–	–	20,187	–	20,187
		(1,983)	–	–	–	20,187	–	18,204
At 31 December 2021		194,215	5,726,232	75,900	107,225	40,374	327,604	6,471,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: (Continued)

(a) Movement of the reserves (Continued)

	Note	Share premium *HK$'000*	Contributed surplus *HK$'000*	Investment revaluation reserve (non-recycling) *HK$'000*	Share option reserve *HK$'000* (Note 33)	Share award reserve *HK$'000* (Note 33)	Retained earnings/ (Accumulated losses) *HK$'000*	Total *HK$'000*
At 1 January 2022		**194,215**	**5,726,232**	**75,900**	**107,225**	**40,374**	**327,604**	**6,471,550**
Loss for the year		**-**	**-**	**-**	**-**	**-**	**(270,590)**	**(270,590)**
Other comprehensive loss								
Items that will not be reclassified to profit or loss								
Fair value change on Designated FVOCI		**-**	**-**	**(82,590)**	**-**	**-**	**-**	**(82,590)**
Total other comprehensive loss for the year		**-**	**-**	**(82,590)**	**-**	**-**	**-**	**(82,590)**
Total comprehensive loss for the year		**-**	**-**	**(82,590)**	**-**	**-**	**(270,590)**	**(353,180)**
Transactions with owners:								
Contributions and distributions								
Recognition of equity-settled share-based payments	33	**-**	**-**	**-**	**-**	**20,187**	**-**	**20,187**
		-	**-**	**-**	**-**	**20,187**	**-**	**20,187**
At 31 December 2022		**194,215**	**5,726,232**	**(6,690)**	**107,225**	**60,561**	**57,014**	**6,138,557**

Nature of the respective reserves is set out in the notes to Consolidated Statement of Changes in Equity.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2018	2019	2020	2021	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Revenue	(94,493)	282,333	280,459	(3,101,855)	**109,193**
Net unrealised fair value gain (loss) on financial assets at FVPL	183,199	(419,809)	2,649,597	(97,400)	**(92,557)**
(Loss) Profit before taxation	(21,241)	(396,101)	3,209,089	(3,551,087)	**(79,288)**
Taxation	19,865	36,087	(389,631)	405,359	**(1,800)**
(Loss) Profit for the year	(1,376)	(360,014)	2,819,458	(3,145,728)	**(81,088)**
Attributable to:					
Owners of the Company	21,035	(360,031)	2,819,555	(3,145,728)	**(81,088)**
Non-controlling interests	(22,411)	17	(97)	–	**–**
(Loss) Profit for the year	(1,376)	(360,014)	2,819,458	(3,145,728)	**(81,088)**

	As at 31 December				
	2018	2019	2020	2021	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	7,268,722	6,840,212	10,902,547	6,309,022	**5,754,134**
Total liabilities	(769,304)	(665,723)	(965,378)	(568,176)	**(475,819)**
	6,499,418	6,174,489	9,937,169	5,740,846	**5,278,315**
Equity attributable to owners of the Company	6,414,015	6,170,118	9,935,364	5,740,846	**5,278,315**
Non-controlling interests	85,403	4,371	1,805	–	**–**
	6,499,418	6,174,489	9,937,169	5,740,846	**5,278,315**