中薇金融
CHINA VÊRED FINANCIAL

China Vered Financial Holding Corporation Limited
中薇金融控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 245

2022 Annual Report

CONTENTS

BOARD OF DIRECTORS

Executive Directors

Tan Zhenyu *(Chairman)* (Appointed as Chairman and Executive Director on 5 December 2022)
Tomohiko Watanabe (Resigned as Chief Executive Officer on 30 September 2022 and resigned as Chairman and Executive Director on 5 December 2022)
Ni Xinguang *(Vice Chairman)*
Li Feng (Appointed as Executive Director on 15 March 2022 and appointed as Chief Executive Officer on 30 September 2022)
Li Wei (Resigned as Executive Director on 5 December 2022)

Non-executive Director

Zhang Boyang
Zhang Yang (Resigned on 15 March 2022)

Independent Non-executive Directors

Zhou Hui
Dong Hao
Wen Yuanhua (Appointed on 15 March 2022)
Wang Yongli (Resigned on 15 March 2022)

AUDIT COMMITTEE

Zhou Hui *(Chairperson)*
Dong Hao
Wen Yuanhua (Appointed on 15 March 2022)
Wang Yongli (Resigned on 15 March 2022)

NOMINATION COMMITTEE

Tan Zhenyu *(Chairman)* (Appointed as Chairman and member on 5 December 2022)
Zhou Hui
Dong Hao
Wen Yuanhua (Appointed on 15 March 2022)
Tomohiko Watanabe (Resigned as Chairman and member on 5 December 2022)
Wang Yongli (Resigned on 15 March 2022)

REMUNERATION COMMITTEE

Wen Yuanhua *(Chairman)* (Appointed as Chairman and member on 15 March 2022)
Zhou Hui
Dong Hao
Wang Yongli (Resigned as Chairman and member on 15 March 2022)

COMPANY SECRETARY

Wong Wai Yee Ella

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank Corporation
China Merchants Bank, Hong Kong Branch
China Minsheng Bank, Hong Kong Branch
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
Industrial Bank Co., Ltd., Hong Kong Branch

SOLICITORS

Hong Kong Law
Herbert Smith Freehills

INDEPENDENT AUDITOR

Mazars CPA Limited (Appointed on 8 November 2022)
Certified Public Accountants
Registered Public Interest Entity Auditor
PricewaterhouseCoopers (Retired on 8 November 2022)

REGISTERED OFFICE

22/F, China Taiping Tower
8 Sunning Road
Causeway Bay
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE (CHANGED FROM 15 AUGUST 2022)

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

STOCK CODE

245 HK

WEBSITE

www.chinavered.com

Tan Zhenyu
Chairman

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of China Vered Financial Holding Corporation Limited (the "Company", together with its subsidiaries, the "Group"), I hereby present the annual report of the Group for the financial year ended 31 December 2022.

Looking back over the past year, the Russia-Ukraine conflict continued and prices of commodities around the world surged. The Federal Reserve continued to raise interest rates and caused huge volatility in the global market. Global economy, especially the European, American and Japanese economies, has been under the threat of recession. The recurring outbreaks of COVID-19 in the PRC has resulted in a lack of momentum in terms of economic growth. Facing a series of global political and economic uncertainties, the financial market of Hong Kong, being an international financial center with the highest degree of internationalization, has been volatile as well.

Amid market fluctuations, the stock market and the bond market have been sluggish. The fair value of the security and bond investment of held by the Group has incurred loss due to market volatility. However, as the impact was caused by market fluctuations, the impact to the Company's financial position was limited and temporary. Following relaxation in the anti-pandemic policy in mainland China during the fourth quarter, the shift in market sentiment has led to a strong rebound in the economy, and the financial position of the Company remained stable.

Notwithstanding the suspension of trading in the shares of the Company, the Group is carrying on its business operations as usual. The Company is making every effort to promote the resumption of trading in accordance with the requirements of the resumption guidance of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and will disclose any subsequent progress made. We apologize for any inconvenience caused to all investors.

I. CHANGES IN THE BOARD AND MANAGEMENT

In 2022, in response to the change in development stage of the Group, for more effective expansion of the Group's overseas business, elevation in management level and operational efficiency, strengthening direct leadership of the Board over resumption process and completing resumption process as soon as possible, the Company has implemented changes in the Board of the Company and the management. The new Board and management members have thoroughly gone through and reviewed the current situation and previous investment projects of the Company. Meanwhile, a third-party professional institution has been engaged to conduct independent investigation and findings on the abovementioned aspects. The new management team further concluded experience and insights on this basis to rectify, improve and enhance strategic deployment, business direction, systems and procedures correspondingly and enhance supervision and management on implementation. By the above changes, the Company, from the Board to the management and from management to our staff, has formulated an operations management theory with precise decision-making, scientific management and effective implementation, and our team has become more energetic.

II. BLOMMING ASSET MANAGEMENT BUSINESS

Since 2020, the Company has been actively developing the business in Mainland China, Japan and Canada. By continuous accumulation of experience, talent acquisition and tracking of quality customer resources, our subsidiary in Japan consecutively launched certain real estate funds in 2022, following breakthrough in asset management achieved by our subsidiary in Japan and Canada in 2021. It is estimated that the fund series issued by our subsidiary in Japan will exceed JPY15 billion in the first quarter of 2023. Meanwhile, the scale of financial management of our subsidiary in Canada has significantly increased. Its asset portfolio has been well-performing as compared with the general movement of the U.S. stock market, and its brand awareness among high net worth clients in the Chinese community of Canada has been improved. In 2023, it is expected that our subsidiaries in Japan and Canada will continue to actively expand the markets, enhance management and service level of the license business, increase product diversity and enlarge the scale of asset management.

III. ELEVATION IN INVESTMENT ASSET RISK MANAGEMENT

In 2022, the real estate industry continued to experience a downward trend under the impact of economic cycle and pandemic prevention and control, and industry risk remained at a relatively high level. The Group further enhanced the risk analysis on clients of key industries including real estate to elevate risk management level and awareness of risk prevention and control as well as eliminate market panic by having a deeper understanding on risk exposure. The Company further explores mispricing and actively looks for market opportunities and investment opportunities amid market volatility, provided that industry and individual risks are well contained.

PROSPECT FOR 2023

In 2023, the impact of COVID-19 has been fading in general, yet the impact of pandemic phases is still recurring. International relations have been complicated, and the Russian-Ukraine war is still ongoing. The pushing for decoupling and severing supply chains among the PRC and the U.S. has not faded. Recession caused by global inflation is expected to be more severe. Sluggish external and domestic demand and reduction in marginal utility of investment continues to hinder economic growth of the PRC. Amid various uncertainties, the Company will focus on researching and analyzing the political and economic environment, driving force of social progress and direction of scientific development that it relies on to clarify the direction of key investment industries and play its role fully to achieve growth with outstanding cooperation partners.

The Company will focus on enhancement in asset management and wealth management capabilities in 2023 to continue to enlarge the scale of asset management and effectively make use of the financial services licenses obtained in various regions to establish business cooperation and facilitate the collaboration of asset management business and investment business. The Company will improve its corporate financing capability, increase leverage levels as appropriate, commence research on new business initiatives and proactively increase the level of financial technology to enhance corporate value. The Company will also leverage on its flexible performance appraisal mechanism to make the best use of talents and comprehensively enhance customer service capability.

The Company is making every effort to promote the resumption of trading as soon as possible in accordance with the requirements of the resumption guidance of the Stock Exchange. Under the leadership of the new Board and management, the Company will realize comprehensive upgrade in business model and corporate culture to create greater value for our Shareholders.

Tan Zhenyu
Chairman

Hong Kong, 27 March 2023

MARKET REVIEW

Looking back on the past year, the Russia-Ukraine conflict led to intensification in global tensions. The Federal Reserve raised interest rates consecutively due to global inflation caused by regional conflicts and the pushing for decoupling and severing supply chains among the PRC and the U.S. Reversal of USD led to serious fluctuations in the global market, and various countries experienced economic recession. Under the impact of pandemic prevention and control, the economic growth of the PRC was way below the target set up in the beginning of the year. As the bridgehead into the opening up of the PRC as well as the international financial centre with the highest level of internationalization, the financial market of Hong Kong has experienced serious fluctuations.

In respect of market conditions, looking back on 2022, for the first time in 50 years, the Hong Kong market experienced the rare "triple kill" in the stock market, bond market and foreign exchange market. Due to global financial instability, the global IPO market has been sluggish in 2022. In aggregate, 836 new stocks were listed in Hong Kong, the U.S. and Mainland China. The fund-raising amount of IPO of U.S. stocks recorded a year-on-year decrease of approximately 90%. The Hong Kong IPO market has also been sluggish with aggregate fund-raising amount of HK$104.57 billion, representing a year-on-year decrease of 68%. 90 new stocks were listed throughout the year, representing a year-on-year decrease of 8%. However, as there was a lack of large-scale IPO in the market, the decrease in fund-raising amount was much more significant than the decrease in the number of new stocks. The Hang Sang Index has continued to decline since the start of 2022 and dropped below 15000 in the end of October, being the lowest level since 2009. Yet, the market sentiment of the Hong Kong stock market has improved since November. Hence, the decrease throughout the year has been narrowed. Total amount of Chinese funded offshore bonds issued in 2022 was US$165.753 billion, representing a year-on-year decrease of 43.63%, in which the amount of urban investment bonds was approximately US$48.203 billion. Offshore capital market has been active, and the number of newly issued bonds recorded a year-on-year increase of 27.88%. Due to credit risk incidents and contraction in liquidity, the financing of real estate companies was under disruption, and the scale of bond issue recorded a year-on-year decrease of 67.35%. Under the impact of decline in global stock market and bond market, the Exchange Fund of the Hong Kong Monetary Authority recorded severe loss as well.

BUSINESS REVIEW

Looking back on 2022, against the backdrop of vigorous fluctuations of the global market and the sluggish condition of the Hong Kong financial market, the Company focused on risk prevention and control as well as liquidity management in 2022. In response to adjustments in anti-pandemic policies, changes in economic conditions and divergence of the market, the Company continued to enhance asset allocation and added equity investment funds and special opportunities funds with quality underlying asset, recovered secondary market bonds due and disposed the stocks held by the Company as appropriate.

In terms of financial performance, the investment business of the Company was affected by the sluggish market performance. The net loss incurred due to the change in the fair value of equity securities and bond investments held by the Company and the partial disposal of such securities and investments, while there was an increase in the provision for impairment of expected credit losses on bond investments and loans. The aforementioned factors negatively affected the revenue for the year of the Company with negative operational revenue and results. Meanwhile, due to the abovementioned loss and decrease in difference in foreign exchange translation, the equity owned by the owners of the Company also decreased. The Company considered that the decline in performance was mainly due to the macroeconomic impact, especially the impact of the Chinese real estate bond and stock markets, which was limited and temporary. Otherwise, the overall financial position of the Company remained stable.

Notably, in view of the downward trend of the real estate industry, in 2022, the Company strictly adhered to "double reduction" strategy, i.e. "cutting down fixed-income asset proportion" and "lowering concentration risk associated with real estate sector", and strategically and intentionally disposed of assets with potential risk before the risk is realised. The Company outperformed most of its peers, and there was no material adverse impact on the results.

Meanwhile, as the bonds invested in early days and fixed return investment reached maturity in 2022, the short term liquidity of the Company has improved. Cash balance as at the end of the year increased as compared with that in the beginning of the year, and the liquidity of the Company remained sufficient.

Due to the failure to release the 2021 audited results within the stipulated time, the Company has suspended trading on 1 April 2022. The Company is making every effort to promote the resumption of trading in accordance with the requirements of the resumption guidance of the Stock Exchange and will disclose any subsequent progress made. Also, we apologize for any inconvenience caused to all investors.

PROSPECT

The Hong Kong economy experienced serious market fluctuations in 2022. The stock, bond and foreign exchange markets underperformed. As the anti-pandemic policy in Mainland China has been relaxed in the fourth quarter, the strong market rebound redeemed the previous market decline. Following the stabilization of the Chinese economy in the beginning of 2023 and launch of a series of favorable policies in Hong Kong, it is expected that the Hong Kong economy will regain its growth momentum.

Looking forward to 2023, the raise of interest rates by the Federal Reserve may end in the second half of the year, causing recovery in the overseas market. Meanwhile, the Chinese economy has re-entered the expansion phase. The stock market, bond market and exchange rate of RMB are expected to strengthen. Against this backdrop, the Hong Kong stock market may perform well in 2023. In terms of IPO, more China concept stocks are expected to be listed in Hong Kong by way of A+H, thus enhancing the city's position as a "super-connector" of mainland China and the world. Meanwhile, enhancement in the relevant listing system will facilitate absorption of international capital by mainland enterprises.

In addition, Hong Kong owns one of the top financial derivatives market in Asia. As the risk management center of Asia and the largest offshore RMB clearing centre, Hong Kong can play a more significant role in the interest rate swap market by collaboration with the infrastructure institute of the Mainland and become one of the largest cross-border wealth management centres in the world.

Meanwhile, the financial market of Hong Kong will be more innovative in 2023. In terms of green finance, in 2022, the first carbon futures ETF was listed on the HKEX and the Core Climate international carbon market trading platform of the HKEX was launched, where transactions can be denominated in both HKD and RMB. It is expected that the transaction scale will be further increased in 2023. In addition, the HKEX actively promotes the popularization and enhancement of the ESG concept, and it is expected that the scale of ESG funds and issue of ESG bonds will be further increased in 2023. In terms of fin tech, the first encrypted asset ETF was listed on the HKEX in the end of 2022. Although the regulatory authority of Hong Kong is still prudent when dealing with virtual assets, as one of the participants of the digital currency pilot project of the People's Bank of China, Hong Kong can continue to enlarge the scope and amount of digital RMB transactions. In addition, the breakthrough in artificial intelligence and core technologies such as Web3 will greatly promote fin tech development in Hong Kong.

In view of the co-existence of risks and opportunities in the macroeconomic market, the Company will continue its prudent strategic development direction to expand its business scale, strengthen its own strength, improve its financial performance, and create greater value for its customers, shareholders and business partners, and to provide its customers with a full range of professional financial solutions and quality services as its strategic goal, and strive to become an international professional financial services institution with market influence based on the unique market advantage of Hong Kong and future development direction. Meanwhile, we will continue to expand its business in Japan and Canada, etc. to improve our financial management capabilities and asset utilisation as well as investment research capabilities, and provide a full range of financial services to high net worth clients and quality enterprises of mainly Chinese descend. In addition, the Company will further enhance professional capabilities such as investment research, active management, product design, direct client acquisition for comprehensive improvement of customer service.

Looking forward, "Setting a Foothold in Hong Kong, Covering Asia, Focusing on the Future Globalisation Process" as its long-term goal, the Company will rely on the position of Hong Kong as an international financial centre to seize the opportunities arising from the economic integration of Greater Bay Area, and the connection between the capital markets of China and Hong Kong, proactively expand and build up the service capabilities in asset management and investment banking businesses and explore the increased use of technology in its business model. The Company will grasp market opportunities for steady business expansion, hence maximising the interests of all our shareholders and investors.

FINANCIAL REVIEW

For the year ended 31 December 2022, the consolidated revenue of the Group was approximately HK$243,757,000 (2021: HK$302,540,000), representing a decrease of approximately 19% as compared with the corresponding period last year, mainly due to decrease on fee income from asset management business as a result of volatile investment market.

The analysis of the Group's total revenue recognised in the consolidated statement of profit or loss is as follows:

For the years ended 31 December 2022 and 2021

	2022 **HK$'000**	2021 HK$'000	Change
Interest income	**194,900**	219,155	(11%)
Commission and fee income	**30,463**	69,841	(56%)
Investment income	**18,394**	13,544	36%
Total revenue	**243,757**	302,540	(19%)

The Group recorded a loss of approximately 622,808,000 for the year ended 31 December 2022 (2021: profit of HK$70,180,000), which was mainly due to the net effects of the following factors:

(i) net loss on investments with amount of approximately HK$447,279,000 recorded for the year ended 31 December 2022 (2021: net gain of HK$455,033,000);

(ii) a decrease in revenue by approximately HK$58,783,000 for the reasons mentioned above;

(iii) an increase in share of loss of associates with amount of approximately HK$39,440,000 recorded for the year ended 31 December 2022 (2021: HK$12,000,000); and

(iv) a decrease in provision for ECL allowances on financial assets with amount of approximately HK$174,675,000 recorded for the year ended 31 December 2022 (2021: HK$496,587,000).

The total operating costs (including staff costs, premises expenses, legal and professional fees, depreciation, information technology expenses, finance costs, trading costs and other operating costs) for the year ended 31 December 2022 was approximately HK$188,997,000 (2021: HK$146,026,000), representing an increase of approximately 29.4% which was due primarily to a reversal of provision for certain staff costs recorded for the year ended 31 December 2021 which no longer took place for the year ended 31 December 2022.

On financial position and cash flows:

— the Group's total assets were approximately HK$4,464,246,000 as at 31 December 2022 (as at 31 December 2021: HK$5,467,773,000), representing a decrease of approximately 18.4%; and

— net cash inflows/(outflows) from operating activities, investing activities and financing activities were approximately HK$473,946,000, HK$(18,315,000) and HK$(177,096,000) respectively for the year ended 31 December 2022 (2021: HK$501,616,000, HK$(2,765,000) and HK$(350,962,000) respectively).

Key financial and business performance indicators

The key financial and business performance indicators of the Group are comprised of profitability; loan receivables; impaired loan receivables to total loan receivables ratio; and gearing ratio.

The Group recorded a loss attributable to owners of the Company of approximately HK$623,263,000 for the year ended 31 December 2022 as compared to a profit of approximately HK$71,189,000 for the year ended 31 December 2021.

Loan and interest receivables balance arising from lending business decreased to approximately HK$117,723,000 as at 31 December 2022 (as at 31 December 2021: HK$124,588,000).

Based on HKFRS 9 ECL assessment on margin receivables, loan and interest receivables, financial assets at amortised cost, debt investments at fair value through other comprehensive income and other interest receivables, the Group recognised an aggregate ECL allowance of approximately HK$174,675,000 in consolidated statement of profit or loss for the year ended 31 December 2022 (2021: HK$496,587,000). ECL allowances to total margin receivables, loan and interest receivables, financial assets at amortised cost, debt investments at fair value through other comprehensive income and other interest receivables ratio was approximately 79.4% as at 31 December 2022 (as at 31 December 2021: 49.7%). The Group aims to further enhance its credit policy and assessment so as to maintain credit quality of its loan receivables and to take prompt actions to pursue loans recovery regarding potential problem credits.

As at 31 December 2022, the Group's gearing ratio (total debt to total equity) was 0% (as at 31 December 2021: approximately 3.5%). The Group strives to achieve appropriate leverage level in order to grow its business effectively, and at the same time continue to monitor its liquidity prudently, manage key risks cautiously and set appropriate yet flexible business development strategies to strike a balance between business growth and risk management.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's cash and bank balances amounted to approximately HK$1,028,332,000 (as at 31 December 2021: HK$780,823,000). The current ratio as at 31 December 2022 was approximately 643.2% (as at 31 December 2021: 547.0%), which indicated that the Group's overall financial position remained strong.

The Directors are of the opinion that there are sufficient financial resources for the Group to meet its obligations and business requirements.

OPERATIONAL REVIEW

Funding, capital structure and capital management

The main objective of the Group's funding activities is to ensure the availability of funds at reasonable costs to meet all contractual financial commitments and to generate reasonable returns from available funds. The Group has implemented adequate measures to monitor the liquidity for business operations and any investment opportunities, and the foreseeable funding requirements to ensure certain subsidiaries of the Company continuously comply with the relevant rules and regulations.

The Group relies principally on its share capital, internally generated capital and other borrowings to fund its investments and loan lending business. The Group's interest bearing borrowings in the form of margin payables, repurchase agreements and loan payables amounted to HK$Nil as at 31 December 2022 (as at 31 December 2021: HK$172,353,000). Based on the level of total debt to total equity of the Group, the Group's gearing ratio stood at a healthy level of 0% as at 31 December 2022 (as at 31 December 2021: approximately 3.5%). During the year under review, the Group's borrowings were mainly denominated in US dollars, and had remaining average maturity periods of less than one year. The Group's cash and cash equivalents were mainly denominated in US dollars, Renminbi, Japanese Yen, Canadian dollars and Hong Kong dollars. There were no foreign currency net investments hedged by foreign currency borrowings and other hedging instruments by the Group during the year under review. Details of the Group's borrowings are set out in notes 28 and 29 to the consolidated financial statement.

Asset quality and credit management

The Group will continue to manage key risks cautiously and set appropriate yet flexible business development strategies to strike a balance between business growth and risk management. Based on HKFRS 9 ECL assessment on loan and interest receivables, margin receivables, financial assets at amortised cost, debt instruments at fair value through other comprehensive income and other interest receivables, the Group recognised a (reversal of)/ provision for ECL allowances of approximately HK$(40,940,000), HK$(4,000), HK$34,415,000, HK$179,289,000 and HK$1,915,000 respectively in consolidated statement of profit or loss for the year ended 31 December 2022 (2021: HK$36,632,000, HK$(31,000), HK$98,559,000, HK$345,844,000 and HK$15,583,000 respectively).

Furthermore, the Group aims to further enhance its credit policy and assessment so as to maintain credit quality of its financial assets. Further, the Group's investments and cash and bank balances are placed with a diversified portfolio of reputable financial institutions.

Human resources management

The objective of the Group's human resources management is to reward and recognise well performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group. Staff enrolled in external training courses, seminars, professional and technical courses in order to update their technical knowledge and skills, to increase their awareness of the market developments, and to improve their management and business skills. To implement social distancing, the Group tried to keep the indoor or outdoor social and recreational activities to a minimum resulting from the prevalence of COVID-19 pandemic in Hong Kong during the year ended 31 December 2022.

EXPOSURE TO EXCHANGE RATE FLUCTUATION AND RELATED HEDGING

The Directors considered that the Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in foreign currencies other than its functional currency, which is Hong Kong dollars. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency should the need arises.

STAFF AND REMUNERATION POLICY

As at 31 December 2022, the Group has 75 employees (as at 31 December 2021: 83 employees).

The employees are remunerated based on their work performances, professional experiences and prevailing industry practices. The remuneration policy and package of the Group's employees are periodically reviewed by the Group's management.

CHARGES ON GROUP'S ASSETS

The analysis of the charge on Group's assets is as follows:

	2022 **HK$'000**	2021 HK$'000
Financial assets at fair value through profit or loss	–	132,977
Financial assets at fair value through other comprehensive income	–	72,573
Financial assets at amortised cost	–	45,145
Total charges on Group's assets	–	250,695

As at 31 December 2021, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost were bonds and stocks pledged as collateral for the Group's borrowings.

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities as at 31 December 2022 and 2021 are set out in note 34 to the consolidated financial statements.

CAPITAL COMMITMENTS

The Group has entered into contracts to commit investing into certain unlisted investment funds. The non-cancellable capital commitment as at 31 December 2022 is approximately HK$292,829,000 (as at 31 December 2021: HK$442,935,000).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group had no material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2022.

SIGNIFICANT INVESTMENTS

As at 31 December 2022, the Group had investments in financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost with an aggregate carrying amount of approximately HK$2,864,859,000 (as at 31 December 2021: HK$3,859,153,000). The details of significant investments (each of which with carrying value more than 5% of the total assets of the Group) as at 31 December 2022 are as follow:

Name of investee company/fund	Nature of investments	Investee's principal businesses	Number and percentage of shares/ units held	Investment costs HK$000	Fair value/ Carrying value as at 31 December 2022 HK$000	Percentage of Group's total assets as at 31 December 2022	Unrealised gain/(loss) on change in fair value for the year ended 31 December 2022 HK$000	Realised gain/(loss) for the year ended 31 December 2022 HK$000
eToro Group Ltd.	Investment in unlisted preferred shares^	Social investment trading network	1,196,438 (6.83%)	385,508	1,103,318	24.7%	(162,153)	–
Wison (Nantong) Heavy Industry Co., Ltd.	Investment in unlisted shares^	Marine engineering	Not applicable (4.75%)	298,167	330,894	7.4%	16,242	–
Other significant investments as disclosed in 2021:								
Oakwise Innovation Fund SPC-SP3 (Note 1)	Investment in unlisted investment fund*	A diversified portfolio of investments, including but not limited to debt securities and equity securities	753,082 (82.75%)	584,150	146,488	3.3%	–	–
Trenda International Opportunities Fund (Note 2)	Investment in unlisted investment fund^	Investment in unlisted bond	–	–	–	–	(20,254)	13,236

^ Classified as financial assets at fair value through profit or loss

* Classified as financial assets at fair value through other comprehensive income

Note 1: The fund was managed by a licensed asset manager which is an independent third party of the Group. According to the financial information of the fund, it was noted that the underlying assets included a substantial part of investments in listed equity securities under banking and finance sector and remaining part of investment in a loan receivable due from Wison Group Holding Limited, the investments of which were made by the independent asset manager of the fund.

Note 2: The fund was managed by another licensed asset manager which is an independent third party of the Group. According to the financial information of the fund, it was noted that the main underlying assets included an unlisted bond issued by Wison Group Holding Limited, the investment of which was made by the independent asset manager of the fund. During the year ended 31 December 2022, the Group has requested for redemption of the fund and completed redemption with an overall realised gain of approximately HK$13,236,000 on the investment in the fund.

To the best knowledge of the Company, the investee companies and the counterparties of underlying investments in the funds as disclosed in the significant investments above, including Wison Group Holding Limited and Wison (Nantong) Heavy Industry Co. Ltd. which are the affiliates of a minority shareholder of the Company's major shareholder, are not connected persons of the Company.

The Group's investment objective is to increase the value of its investment holding business in order to enhance returns for its shareholders. Through a risk-balanced investment strategy of targeting an appropriate mix of different types of investment instruments in its portfolio, including but not limited to listed equity securities which provide liquidity and capital appreciation, debt securities and interest-bearing instruments which provide recurring and stable stream of interest income, and unlisted equity and fund investments which provide a potential higher return in a medium to long term horizon, the Group seeks not only to widen its source of revenue, but also to achieve risk adjusted return in its overall investment portfolio.

Looking ahead, the stock market is expected to remain volatile. The performance of proprietary investment will be affected by unstable market conditions. The Group will continue to implement strict risk control to minimise the impact of market volatility and will seek potential investment opportunities to diversify its investment portfolio with an aim to maximise value for the shareholders of the Company.

QUALIFIED OPINION

As set out in the Company's annual report for the year ended 31 December 2021 (the "2021 Annual Report"), the predecessor auditor of the Company issued a qualified opinion in the independent auditor's report relating to the audit of the consolidated financial statements of the Group for the year ended 31 December 2021. Further information regarding the qualified opinion last year was set out on pages 68 to 77 of the 2021 Annual Report. The auditor of the Company (the "Auditor") issued a qualified opinion in the independent auditor's report relating to the audit of the consolidated financial statements of the Group for the year ended 31 December 2022. In view of the qualified opinion, the Board would like to provide the following information.

(i) Audit modifications on investment in an offshore fund (the "Fund")

Details of the modification

As stated in the independent auditor's report set out on pages 79 to 86 of this report, given the lack of sufficient appropriate audit evidence to evaluate the fair value of the Fund (including the two underlying fund investments) as at 31 December 2021, the Auditor was unable to determine whether any adjustments to the opening carrying value of the Fund as at 1 January 2022 and the relevant loss on investment recognised in respect of the Fund for the years ended 31 December 2021 and 2022 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2022.

Management's position and basis on the modifications

As at 31 December 2021, the management of the Group considered that the recoverability of the two underlying fund investments made by the Fund was highly uncertain and accordingly assessed the carrying value of the investment in the Fund as fully written down with a fair value loss of approximately HK$142,259,000 recognised in profit or loss during the year ended 31 December 2021, after taking into account the inability to assess the value and existence of the underlying assets of the two underlying funds, insufficient information about the details of investment made by the two underlying funds, high concentration of investments in the two underlying funds to the Fund, uncommon terms of the two underlying funds, and inability to independently verify rationale of investments in the two underlying funds which would result in significant impact to the net asset value of the Fund, and other factors involved in the investment in the Fund.

The Group has taken various actions to obtain documentary evidence and implement best efforts to the recovery of the Fund's investment in relation to the two underlying funds. However, after taking all possible actions, the Group could not successfully redeem and access the investment and the Group concluded that it was no longer able to derive any beneficial interests in terms of their indirect investments in the two underlying funds through the Fund, therefore, the interests in the two underlying funds were considered unrecoverable and the Group's interest in the Fund continued to be fully written off as a result of loss of control on economic resources to the two underlying funds.

The Group would continue to implement best efforts and take all possible actions to the recovery of the Fund's investment in relation to the two underlying funds in order to maximise the recoverable amount of the Group's interests in the Fund.

(ii) **Audit modifications on recoverable amount of loans and interest receivables in a fund (the "Fund D")**

Details of the modification

As stated in the independent auditor's report set out on pages 79 to 86 of this report, given the lack of sufficient appropriate audit evidence to evaluate the recoverable amount of the two underlying loans held by the Fund D as at 31 December 2021, the Auditor was unable to determine whether any adjustments to the opening carrying value of the Fund D as at 1 January 2022 and the fair value loss recognised during the years ended 31 December 2021 and 2022 in respect of the Fund D resulted from impairment assessment of the underlying loans were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2022.

Management's position and basis on the modifications

As at 31 December 2021, the management of the Group considered that the recoverability of the two loans made by Fund D was highly uncertain and accordingly assessed the carrying value of the loans and interest receivables recorded in Fund D as fully written down with a fair value loss of approximately HK$58,984,000 recognised in other comprehensive loss during the year ended 31 December 2021, after taking into account the nature, duration, credit risk and other credit quality factors involved in the two loans.

The Group has taken various actions to determine the fair value of the Fund D, including the assessment on the recoverable amount of the two underlying loans held by the Fund D. After conducting all relevant legal and recovery actions and taking into account the available information obtained, the Group considered the recoverable amount of the two underlying loans held by the Fund D was minimal and accordingly, the Group assessed the carrying value of the loans and interest receivables recorded in Fund D continued to be fully impaired.

The Group submitted a written request for redemption of the Fund D and would continue to implement all possible recovery efforts on the redemption in the Fund D and the recovery of the two underlying loans in order to maximise the recoverable amount of the Fund D.

(iii) Audit Committee's view on the modifications

The Audit Committee was of the view that the qualified opinion for the year ended 31 December 2022 was a consequential effect of the qualified opinion relating to the audit of the consolidated financial statements of the Group for the year ended 31 December 2021 on the comparative figures and opening balances. The Board would like to emphasize that the carrying amounts of investments in the Fund and the Fund D as at 31 December 2022 were not qualified. The Audit Committee also critically reviewed the matters after discussion with the Auditor and the management, and confirmed that it agreed with the management's position and basis of the qualified opinion.

It is understood from the Auditor that the qualified opinion will continue to have an impact on the corresponding figures (i.e. for the year ended 31 December 2022) for the consolidated financial statements of the Group for the year ending 31 December 2023. Accordingly, it is expected that there will be no longer any qualified opinion in the consolidated financial statements of the Group for the year ending 31 December 2024.

The Directors are pleased to present their report and 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 include investment holding, provision of asset management services, consultancy services, financing services, securities advisory and securities brokerage services.

The Group's revenue is mainly derived from business activities in Hong Kong, Mainland China, Japan and Canada. An analysis of the Group's revenue is set out in note 6 to the consolidated financial statements.

Particulars of the Company's major subsidiaries as at 31 December 2022 are set out in note 18 to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to various key risks including credit risk, interest rate risk, liquidity risk, operational risk and market risk. Details of the aforesaid key risks and risk mitigation measures are elaborated in note 3 "Financial Risk Management" to the consolidated financial statements included in this annual report.

The Group's long term profitability and business growth are affected by the volatility and uncertainty of macroeconomic conditions (including but not limited to gross domestic product growth, consumer and asset price indexes, and credit demand), financial volatility (exacerbated by the recent Brexit impact and divergent monetary policies of United States and other countries), and uncertain economic outlook and political conditions of Hong Kong, Mainland China, United States, Eurozone, Japan, Canada and other countries. The divergence of monetary policies in major advanced economies is expected to continue to contribute partly to the volatility of fund and trade flows and that of asset prices and economic growth momentum in Hong Kong and Mainland China. Financial risk could quickly spill over from one to another nation given their increasing economic and political ties amongst each other. In particular, the potential impact on economic activities and on property, stock and debt prices of Hong Kong are subject to political and economic developments of Mainland China, United States, Eurozone, Japan, Canada and other countries.

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-Party Risks

The Group has been relying on third-party service providers in parts of its business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realises that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputable third-party providers and closely monitors their performance.

BUSINESS REVIEW

A fair review of the Group's business and its outlook are set out in the section headed "Management Discussion & Analysis". No significant event affecting the Group has occurred since the end of the financial year under review.

The Group complies with the requirements under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and ordinances relating to occupational safety for the interest of employees of the Group.

The Group is committed to raising environmental awareness among its staff, partners, and stakeholders. It implemented energy saving practices in certain office premises. For example, the Group runs an internal recycling program on a continuous basis for consumable goods such as toner cartridges to minimise the impact on the environment and natural resources. The Group has taken the initiative to reduce energy use and waste, to use environmentally friendly products and aims to lead by example.

Going green will always continue to be a key focus for the Group. Green plants are kept in office and plant care service provider is responsible to take care of the plants every week. The Group currently uses and will continue to install lighting fixtures with LED lighting or T5 fluorescent tubes. Indoor temperature is maintained at 25°C to save energy.

The Group will review its environmental policies from time to time and will consider further eco-friendly practices in the operation of the Group's businesses to move towards enhancing environmental sustainability.

Further discussions on the Group's environmental policy and our relationship with various stakeholders are covered by the "Environmental, Social and Governance Report" section on pages 49 to 78 of this annual report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND BUSINESS PARTNERS

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review.

The Group encompasses working relationships with business partners to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to business partners before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analysis on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 87 to 88 of this annual report.

The Directors do not recommend the payment of dividend in respect of the year ended 31 December 2022 (2021: HK$Nil).

ANNUAL GENERAL MEETING

The 2023 annual general meeting (the "2023 AGM") is expected to be held in June 2023. A further announcement in relation to the date of the 2023 AGM and the closure of register of members will be published in accordance with the Listing Rules.

SHARES CAPITAL

Details of the shares are set out in note 30 to the consolidated financial statements.

RESERVES

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

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2022, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong), amounted to HK$Nil (2021: HK$Nil).

DONATIONS

During the year ended 31 December 2022, no charitable and other donations was made by the Group (2021: HK$42,000).

FIVE YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, are summarised on page 176 of this annual report.

DIRECTORS OF THE COMPANY

The Directors who held office during the year and up to the date of this report were:

Executive Directors

Tan Zhenyu *(Chairman)* (Appointed as Chairman and Executive Director on 5 December 2022)
Tomohiko Watanabe (Resigned as Chief Executive Officer on 30 September 2022 and resigned as Chairman and Executive Director on 5 December 2022)
Ni Xinguang *(Vice Chairman)*
Li Feng (Appointed as Executive Director on 15 March 2022 and appointed as Chief Executive Officer on 30 September 2022)
Li Wei (Resigned as Executive Director on 5 December 2022)

Non-executive Directors

Zhang Boyang
Zhang Yang (Resigned on 15 March 2022)

Independent Non-executive Directors

Zhou Hui
Dong Hao
Wen Yuanhua (Appointed on 15 March 2022)
Wang Yongli (Resigned on 15 March 2022)

The persons who were directors of the subsidiaries of the Company during the year and up to the date of this report (not including those Directors listed above) were:

Chen Xiao
Cheng Song Guo
Guo Yanming (Resigned on 15 February 2023)
Guo Yifan
He Zhun
Kong Suet Long
Lau Hoi Leung
Lee Nelson Ho Wing (Resigned on 24 March 2022)
Leung Cheuk Ho (Appointed on 22 November 2022)
Leung Man Chak (Appointed on 15 February 2023)
Li Man Kiu (Resigned on 9 November 2022)
Li Zhan (Resigned on 1 February 2023)
Liu Junliang
Liu Kairong (Appointed on 22 November 2022)
Lu Zheng Xiong
Lui Kin Wai (Appointed on 15 February 2023)
Lui Siu Man
Mak Tsz Yeung
So Wai Lun (Appointed on 24 March 2022)
Song Pengcheng (Resigned on 2 June 2022)
Takuya Komuro
Wang Yi Peng
Wang Yuehui
Xie Fang
Xu Jiashu
Yip Shun Shun
Yu Liang (Resigned on 15 December 2022)
Zhang Miaoyao
Zhang Chao

Biographical Details of Directors and Senior Management

Biographical Details of Directors and Senior Management are set out on pages 45 to 48 of this annual report.

INDEPENDENCE CONFIRMATION

The Company has received, from each of the independent non-executive Directors, namely Ms. Zhou Hui, Mr. Dong Hao and Mr. Wen Yuanhua a confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

For the executive Directors, Mr. Tan Zhenyu entered into a service contract with the Company for an initial term of three years with effect from 5 December 2022. Mr. Ni Xinguang entered into a service contract with the Company for a period of two years commencing from 1 April 2008 which has expired on 31 March 2010. Mr. Ni has not entered into any new written service contract with the Company but is subject to retirement by rotation in accordance with the Articles. Mr. Li Feng entered into a service contract with the Company for an initial term of three years with effect from 15 March 2022. For the non-executive Director, Mr. Zhang Boyang entered into a service contract with the Company for a term of three years with effect from 26 November 2021. For the independent non-executive Directors, Ms. Zhou Hui entered into an appointment letter with the Company for a term of three years with effect from 21 March 2019. Mr. Dong Hao entered into an appointment letter with the Company for a term of three years with effect from 27 December 2019. Mr. Wen Yuanhua entered into an appointment letter with the Company for a term of three years with effect from 15 March 2022.

No Director proposed for re-election at the 2023 AGM has an unexpired service contract which is not determinable by the Company within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 31 December 2022, the interests or short positions of each Director or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (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 Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), are set out below:

1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

Name of Director	Number of ordinary shares held Personal interests	 Corporate interests	Total	Percentage of the issued share capital *(Note (b))*
Ni Xinguang ("Mr. Ni")	46,068,000	416,004,000 *(Note (a))*	462,072,000	1.33%

Notes:

(a) 416,004,000 shares were owned by Group First Limited, a private company wholly owned by Mr. Ni, representing approximately 1.20% of the issued share capital of the Company. By virtue of the SFO, Mr. Ni is deemed to have interest of the shares held by Group First Limited. There has been no change to such interest of Mr. Ni from 31 December 2022 to the date of this report.

(b) The percentage was calculated based on the total number of 34,714,459,250 ordinary shares of the Company in issue as at 31 December 2022.

Save as disclosed above, as at 31 December 2022 and the date of this report, none of the Directors or chief executives of the Company had any interest in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31 December 2022, none of the Directors or chief executive of the Company, had any short position in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered during the year or subsisting at the end of the year are set out below:

Share Options

The Company adopted a share option scheme on 9 December 2013 (the "2013 Share Option Scheme") to replace the share option scheme adopted on 28 May 2004 (the "2004 Share Option Scheme"). Since then, no further option can be granted under the 2004 Share Option Scheme, but all options granted previously will remain exercisable in accordance with the terms of the 2004 Share Option Scheme and the relevant letters of offers to the respective grantees.

No options were granted during the year ended 31 December 2022, and there was no outstanding option held under 2004 Share Option Scheme and 2013 Share Option Scheme as at 31 December 2022 (2021: nil).

Details of the 2013 Share Option Scheme are listed below in accordance with Rule 17.09 of the Listing Rules:

Purpose of the 2013 Share Option Scheme:	The purpose of the 2013 Share Option Scheme is to enable the Company to grant options (the "Options") to selected Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to the Group or any entity in which the Group holds an equity interest (an "Invested Entity"). The Company considers that the Invested Entity may contribute to the Group's profits. The Company also considers that the granting of the Options to the employees, directors, officers or consultants of the Invested Entity would provide an incentive for their contribution to the Invested Entity which indirectly benefits the Group.
Eligible Participants (each, an "Eligible Participant", and collectively, the "Eligible Participants"):	Any full time or part time employees of the Group or any Invested Entity (including any Directors, whether executive or non-executive and whether independent or not, of the Company or any Subsidiary or any Invested Entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sublicensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity.
Maximum entitlement of each Eligible Participant:	The total number of shares issued and to be issued upon exercise of the Options granted to each Eligible Participant or grantee (including exercised and outstanding Options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the shares in issue. Where it is proposed that any offer is to be made to an Eligible Participant (or where approximate, an existing grantee) which would result in the shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting.
Maximum number of shares available for issue under the current scheme mandate:	241,365,125 shares, representing approximately 0.70% of the shares in issue as at the date of this annual report.

The amount payable on application or acceptance of the Option and the period within which payments or calls must be made or loans for such purposes must be paid:	HK$1.00 is to be paid by each grantee as consideration for the grant of Option within 21 days from the date of offer.
Remaining life of the 2013 Share Option Scheme:	The 2013 Share Option Scheme shall be valid and effective for the period commencing from 9 December 2013 and expiring at the close of business on its tenth (10th) anniversary i.e. 9 December 2023.

Further details of share options were stipulated in note 33 to the consolidated financial statements.

Apart from the aforesaid, at no time during the year ended 31 December 2022 was the Company or any of its subsidiaries or its fellow subsidiaries, or its parent company or its other associated corporations a party to any arrangement to enable the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

SHARE AWARD PLAN

On 19 December 2018, the Company adopted a share award plan ("Share Award Plan"). The purpose of the plan is to recognise and reward the contributions of certain eligible participants to the growth and development of the Group and to give incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Details of the Share Award Plan are set out below in accordance with Rule 17.09 of the Listing Rules:

No share awards have been granted under the Share Award Plan since the Adoption Date up to the date of this report.

Purpose of the Share Award Plan:	The purposes of the Plan are to recognise and reward the contribution of Eligible Participants (as defined below) to the growth and development of the Group, to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Eligible Participants:	Any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity (an "Employee"); any non-executive directors (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity; any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity; and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the Share Award Plan, the Award may be made to any company wholly owned by one or more of the above participant. The eligibility of any of the Eligible Participants to an Award shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution and/or future contribution to the development and growth of the Group.
Maximum entitlement of each Eligible Participant:	The maximum number of shares which may be subject to an award or awards to a Selected Participant shall not in aggregate exceed 1% of the issued share capital of the Company as at 19 December 2018 (the "Adoption Date").
Number of share awards available for grant under the scheme mandate as at 1 January 2022 and 31 December 2022:	2,892,871,925 share awards
Maximum number of shares to be subscribed and/or purchased by the trustee pursuant to the Share Award Plan:	2,892,871,925 shares, representing approximately 8.33% of the issued share capital of the Company as at the date of this annual report.
The amount payable on application or acceptance of the award and the period within which payments or calls must or may be made or loans for such purposes must be paid:	Nil
Remaining life of the Share Award Plan:	The Share Award Plan shall be valid and effective for a period of 10 years commencing from the Adoption Date.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

DIRECTORS' MATERIALS INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Apart from the particulars disclosed in note 36 under the heading "Related Party Transactions" to the consolidated financial statements, there were no transaction, arrangement and contract of significance in relation to the Group's business to which the Company's holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director and the director's connected party had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the usual course of business are set out in note 36 to the consolidated financial statements.

Connected Transaction and Continuing Connected Transaction

During the year ended 31 December 2022, the Group has the following connected transaction and continuing connected transaction.

Asset Management

On 15 March 2021, JBC Holdings Co., Ltd ("JBC"), a wholly-owned subsidiary of the Company at the material time, and Vered Holdings Co., Ltd ("Vered Japan") entered into a subscription agreement, pursuant to which Vered Japan agreed to subscribe for 8,648 ordinary shares of JBC (representing approximately 49.003% of the enlarged equity interest in JBC) at the consideration of JPY86.48 million (equivalent to approximately HK$6.2 million at the date of announcement of the Company) (the "Subscription"). Completion of the Subscription took place on the same day.

Upon the completion of the Subscription, the percentage of equity interests in JBC held by the Company via China Vered Asset Management (Hong Kong) Limited ("CVAM") (a wholly owned subsidiary of the Company) was reduced from 100% to approximately 50.997%. Vered Japan is an indirect wholly-owned subsidiary of Vered Holdings Corporation ("Vered Holdings") which held approximately 28.93% of shareholding in the Company on the date of Subscription. According to Rule 14A.13 of the Listing Rules, Vered Japan is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Rules 14A.25 of the Listing Rules and therefore JBC became a connected subsidiary of the Company under Rule 14A.16(1) of the Listing Rules.

JBC, as an executing partner, would provide management services to JBC Fund I (the "Fund") and the Fund would pay certain management fees to JBC pursuant to the investment partnership agreement dated 24 March 2020 between CVAM Japan Strategy Limited (a direct wholly-owned subsidiary of CVAM) and JBC (the "Investment Partnership Agreement"). The provision of management services under the Investment Partnership Agreement to the Fund by JBC as executing partner and the payment of management fees by the Fund to JBC constitutes a continuing connected transaction under Rules 14A.25 and 14A.31 of the Listing Rules.

Pursuant to the Investment Partnership Agreement, the Fund would pay certain management fees to JBC pursuant, for each business year in the following amounts (each an annual amount) in cash in arrears (on the last Business Day of each quarter period (March, June, September, and December), beginning in June 2020:

(i) For the first business year, an amount equal to 1.5% of the total capital contribution of all Partners (prorated on the basis of a 365-day year);

(ii) For each of the second and subsequent business years until the business year in which the expiration date of the Commitment Period falls, an amount equal to 1.5% of the total capital contribution of all Partners; and

(iii) For each of the business years following the business year in which the expiration date of the Commitment Period falls, an amount equal to 1.5% of the Investment Amount as of the end of the preceding business year.

Pursuant to the announcement dated 15 March 2021, the annual caps for the maximum amount of fees payable by Fund to the Group for the period from 15 March 2021 to 31 December 2021, the year ended 31 December 2022 and the year ending 31 December 2023 are JPY60 million, JPY60 million and JPY60 million, respectively.

During the period from 15 March 2021 to 31 December 2021 and the year ended 31 December 2022, the fee paid or payable by the Fund to JBC amounted to JPY48.0 million (equivalent to approximately HK$3.4 million) and JPY60.0 million (equivalent to approximately HK$3.6 million) respectively.

For further details, please refer to the announcements of the Company dated 15 March 2021 and 19 March 2021.

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions above have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the agreement governing them, on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements HKSAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transaction disclosed by the Group above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Connected Transactions

During the year ended 31 December 2022, the related-party transactions described in note 36 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules and have complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate Directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the highest paid individuals of the Group are set out in note 12 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2022, so far as was known to the Directors, the following persons, other than the Directors and chief executives of the Company, had an interest or short position in the shares and underlying shares of the Company, which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Percentage of the issued share capital *(Note (e))*
Vered Holdings	Interest of controlled corporation *(Note (a))*	10,049,310,000	28.95%
薔薇控股(深圳)有限公司	Interest of controlled corporation *(Note (a))*	10,049,310,000	28.95%
Vered Holdings (Hong Kong) Limited ("Vered Hong Kong")	Interest of controlled corporation *(Note (a))*	10,049,310,000	28.95%
Vered Investment Co., Ltd ("Vered Investment")	Interest of controlled corporation *(Note (a))*	10,049,310,000	28.95%
Vered Holdings Group Ltd ("Vered Holdings")	Beneficial owner *(Note (a))*	10,049,310,000	28.95%
Liu Xueyi	Interest of controlled corporation *(Note (b))*	5,034,511,390	14.50%
Prosper Ascend Limited	Beneficial owner *(Note (b))*	5,034,511,390	14.50%
Zhao Xinlong	Interest of controlled corporation *(Note (c))*	3,500,000,000	10.08%
Hong Kong Baohui Toda Limited	Beneficial owner *(Note (c))*	3,500,000,000	10.08%
China Minsheng Investment Group Corporation Ltd.	Interest of controlled corporation *(Note (d))*	2,072,618,610	5.97%
China Minsheng Asia Asset Management Co, Ltd	Interest of controlled corporation *(Note (d))*	1,430,000,000	4.12%
	Beneficial owner *(Note (d))*	642,618,610	1.85%
CMI Financial Holding Company Limited	Interest of controlled corporation *(Note (d))*	1,430,000,000	4.12%
CMI Financial Holding Corporation	Beneficial owner *(Note (d))*	1,430,000,000	4.12%

Notes:

(a) 10,049,310,000 shares were held by Vered Holdings, which is wholly owned by Vered Investment, and which in turn is wholly owned by Vered Hong Kong. Vered Hong Kong is wholly owned by 薔薇控股(深圳)有限公司, which in turn is wholly owned by Vered Holdings.

(b) 5,034,511,390 shares were held by Prosper Ascend Limited, which is wholly owned by Mr. Liu Xueyi. By virtue of the SFO, Mr. Liu Xueyi was deemed to have interest in the shares held by Prosper Ascend Limited.

(c) 3,500,000,000 shares were held by Hong Kong Baohui Toda Limited, which is wholly owned by Mr. Zhao Xinlong. By virtue of the SFO, Mr. Zhao Xinlong is deemed to have interest in the shares held by Hong Kong Baohui Toda Limited.

(d) 1,430,000,000 shares were held by CMI Financial Holding Corporation, which is wholly owned by CMI Financial Holding Company Limited, and which in turn is wholly owned by China Minsheng Asia Asset Management Co, Ltd ("CM Asia"). CM Asia is wholly owned by China Minsheng Investment Group Corporation Ltd. CM Asia also directly holds 642,618,610 shares.

(e) The percentage has been calculated based on the total number of 34,714,459,250 ordinary shares of the Company in issue as at 31 December 2022.

Save as disclosed above, the Directors and the CEO are not aware that there is any party who, as at 31 December 2022, had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial Shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

RIGHTS TO ACQUIRE COMPANY'S SECURITIES

Other than as disclosed under the sections "Share Options" and "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Specified Undertaking of the Company or Any Other Associated Corporation" above, at no time during the year ended 31 December 2022 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

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

RETIREMENT BENEFITS

MPF Scheme has been set up for employees, including executive Directors of the Company, in Hong Kong, in accordance with the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"). Under the MPF Scheme, the Group's contributions are at 5% of employees' relevant income as defined in the MPF Ordinance up to a maximum of HK$1,500 per employee per month. The employees also contribute a corresponding amount to the MPF Scheme. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

COMPETING INTERESTS

None of the Directors and their respective close associates (as defined under the Listing Rules) had any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 December 2022 and up to the date of this report.

EMOLUMENT POLICY

The emolument policy of the employees and senior management of the Group is set up by the remuneration committee of the Company (the "Remuneration Committee") on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to market competitiveness, individual performance and achievement.

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, the revenue attributable to the five largest customers of the Group accounted for approximately 42.26% of the Group's total revenue while the revenue attributable to the largest customer of the Group was approximately 17.05% of the Group's total revenue. The Group is a provider of financial services. In the opinion of the Board, it is therefore of no value to disclose details of the Group's suppliers.

Save as disclosed above, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers or suppliers.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2022 and up to the latest practicable date prior to the issue of this annual report, there was a sufficiency of public float the Company's securities as required under the Listing Rules.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2022 and up to the date of this annual report.

CHANGE OF AUDITOR

Messrs. PricewaterhouseCoopers acted as the auditor of the Company for the financial years ended 31 December 2019, 2020 and 2021. On 20 October 2022, the Board has resolved, with the recommendation of the audit committee (the "Audit Committee"), to propose the appointment of Mazars CPA Limited ("Mazars") as the new auditor of the Company since PricewaterhouseCoopers decided not to continue their audit relationship with the Company after carefully taken into consideration many factors including the level of audit fees, their available internal resources and the professional risk associated with the audit. For further details in respect of proposed change of auditor, please refer to the announcement of the Company dated 20 October 2022. PricewaterhouseCoopers has retired as the auditor of the Company and Mazars has been appointed as new auditor at the conclusion of the adjourned AGM held on 8 November 2022. Mazars will hold office until the conclusion of the forthcoming AGM and retire, and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming AGM.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The Audit Committee currently comprises Ms. Zhou Hui (chairperson), Mr. Wen Yuanhua and Mr. Dong Hao.

An Audit Committee meeting was held on 27 March 2023 and attended by Ms. Zhou Hui, Mr. Dong Hao and Mr. Wen Yuanhua, who have reviewed the consolidated financial statements of the Group for the year ended 31 December 2022.

By order of the Board
China Vered Financial Holding Corporation Limited
Tan Zhenyu
Chairman

Hong Kong, 27 March 2023

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules.

Throughout the period under review, the Company has complied with the Code Provisions of the CG Code, save for the Code Provision C.2.1 which is explained below.

Under the Code Provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. During 2022, Mr. Tomohiko Watanabe served as both the chairman and the chief executive officer of the Company until 30 September 2022.

With effect from 30 September 2022, Mr. Tomohiko Watanabe resigned as the chief executive officer of the Company, and Mr. Li Feng was appointed as the chief executive officer of the Company. With effect from 5 December 2022, Mr. Tan Zhenyu had been appointed as an executive director of the Company, the chairman of the Board and the chairman of the nomination committee of the Company (the "Nomination Committee"), while Mr. Tomohiko Watanabe had resigned as an executive director of the Company, the chairman of the Board and the chairman of the Nomination Committee. Subsequent to the above changes, the Company has been in compliance with the Code Provision C.2.1.

BOARD OF DIRECTORS

Functions and role

The Board has overall responsibility in formulating the strategic development of the Group, monitoring and controlling the Company's operation and financial performance. All of the appointed Directors are subject to rotation for re-appointment at the annual general meeting, and each of the Directors is subject to retirement by rotation at least once every three years. Appropriate and sufficient information was provided to each of the Directors to keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Company.

The independent non-executive Directors are expressly identified in all corporate communications such as circular, announcement or relevant corporate communications in which the names of Directors are disclosed. Each of the independent non-executive Directors has filed a confirmation to the Company confirming their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors meet the independence guideline set out in Rule 3.13 of the Listing Rules and are independent.

To the best knowledge of the Company, there is no financial, business, family relationship among the members of the Board as at 31 December 2022. All of them are free to exercise their individual judgment.

Composition

As at the date of this Report, the Board comprises seven Directors, of which three are executive Directors, one is non-executive Director and three are independent non-executive Directors. One of the three independent non-executive Directors possesses appropriate professional accounting qualifications and financial management expertise, which complies with the requirement of the Listing Rules. The Directors' respective biographical information is set out in this annual report under the heading "Biographical Details of Directors and Senior Management" and the names of current Directors on Board and their positions are as follows:

Name of Directors	Position
Executive Directors	
Mr. Tan Zhenyu	Chairman
Mr. Ni Xinguang	Vice Chairman
Mr. Li Feng	Chief Executive Officer
Non-executive Director	
Mr. Zhang Boyang	
Independent Non-executive Directors	
Ms. Zhou Hui	
Mr. Dong Hao	
Mr. Wen Yuanhua	

The Board held 11 Board meetings (including four regular Board meetings) during the financial year ended 31 December 2022. Appropriate and sufficient information was provided to the Board in a timely manner for their review before the meetings. Attendance of individual Directors at Board meetings is set out in the section of "Attendance of Board Meetings, Audit Committee Meetings, Nomination Committee Meetings, Remuneration Committee Meetings and Annual General Meeting in 2022".

Chairman and CEO

The positions and roles of Chairman and CEO are held and performed. During 2022, Mr. Tomohiko Watanabe served as both the chairman and the chief executive officer of the Company until 30 September 2022. Ms. Li Wei was appointed as the Acting CEO of the Company with effect from 13 December 2021. Mr. Li Feng was appointed as the Deputy CEO with effect from 15 March 2022.

With effect from 30 September 2022, Mr. Tomohiko Watanabe resigned as the chief executive officer of the Company, and Mr. Li Feng was appointed as the chief executive officer of the Company. With effect from 5 December 2022, Mr. Tan Zhenyu had been appointed as an executive director of the Company, the chairman of the Board and the chairman of the Nomination Committee of the Company, while Mr. Tomohiko Watanabe had resigned as an executive director of the Company, the chairman of the Board and the chairman of the Nomination Committee.

Board Practices

The Board, led by the Chairman, is responsible for overall management of the Company's business, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. One of the important roles of the Chairman is to provide leadership to the Board to ensure that the Board acts in the best interests of the Group. The Chairman shall ensure that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda. The Chairman has delegated the responsibility for drawing up the agenda for each Board meeting to the secretary of the Board. With the support of executive Directors and the company secretary of the Company (the "Company Secretary"), the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. Five Board meetings (including four regular Board meetings) were held during the year for facilitating the function of the Board. The Board believes that the Board meetings held during the financial year were adequate to cover all major issues during the year. In any event all Directors were available for consultation by management from time to time during the year.

The Board also reserves for its decisions on all major matters of the Company, including: the approval and monitoring of major policy matters, overall strategies and annual budgets and business plans, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information and other significant financial and operational matters.

Management is responsible for the day-to-day operations of the Group under the leadership of the CEO. The CEO, working with the management team, is responsible for managing the businesses of the Group including implementation of strategies adopted by the Board and assuming full accountability to the Board for the operations of the Group. All Directors have made full and active contribution to the affairs of the Board and the Board always acts in the best interests of the Group. Apart from the regular Board meetings, the Chairman may hold meetings with the independent non-executive Directors without the presence of executive Directors.

In order to ensure that the Board is able to fulfill its responsibilities, the Board has established and delegated specific responsibilities to the Audit Committee, Nomination Committee and Remuneration Committee. The details of the committees are stipulated on pages 37 to 40 of this report.

Sufficient formal notice of every regular Board meeting is given to all Directors to give them the opportunity to attend. Board papers are circulated not less than three days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. The secretary of the Board shall attend all regular Board meetings and shall seek external advise on corporate governance, statutory compliance, accounting and financial matters when necessary. Directors shall have full access to information on the Group and are able to seek independent professional advice whenever deemed necessary. The secretary of the Board shall prepare minutes and keep records of matters discussed and decisions resolved at all Board meetings. Draft and final versions of Board minutes have been sent to all Directors for their comment and records respectively within a reasonable time after the board meeting.

Appropriate insurance cover on Directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

The Company Secretary, Ms. Wong Wai Yee Ella, is responsible to the Board for ensuring that Board procedures are followed and that the Board is fully briefed on all legislative, regulatory and corporate governance developments and has regarded to them when making decisions. The Company Secretary is also responsible for advising the Board on the Group's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations. During the year ended 31 December 2022, Ms. Wong Wai Yee Ella undertook not less than 15 hours of professional training to update her skills and knowledge.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors, including non-executive Director and independent non-executive Directors, should keep abreast of their collective responsibilities as Directors and of the business and activities of the Group. Each newly appointed Director would receive 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 is sufficiently aware of his responsibilities under the Listing Rules and other relevant regulatory requirements. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and update all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and to enhance their awareness of good corporate governance practices.

During the year ended 31 December 2022, the Directors participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group in the following manner:

Name of Directors	Attended Seminars or Briefing/Read Materials
Executive Directors	
Mr. Tan Zhenyu	✓
Mr. Ni Xinguang	✓
Mr. Li Feng	✓
Non-executive Director	
Mr. Zhang Boyang	✓
Independent Non-executive Directors	
Ms. Zhou Hui	✓
Mr. Dong Hao	✓
Mr. Wen Yuanhua	✓

BOARD INDEPENDENCE EVALUATION

The Company has established a Board Independence Evaluation Mechanism during the year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct an annual review on its independence. A board independence evaluation report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2022, all Directors has completed the independence evaluation in the form of a questionnaire individually. The board independence evaluation report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2022, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Company for each financial period which gives a true and fair view of the financial position of the Group and financial performance and cash flows for that period and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. With the assistance of the Company Secretary, the Directors also ensure the publication of the consolidated financial statements of the Group in a timely manner.

The report of the external auditor of the Company, Mazars CPA Limited, with regard to their reporting responsibilities on the Company's consolidated financial statements is set out in the Independent Auditor's Report on pages 79 to 86 of this annual report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. All the Directors have confirmed, following specific enquiries made by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2022.

AUDIT COMMITTEE

Composition

The Company established an Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. As at 31 December 2022, the Audit Committee consists of three independent non-executive Directors, namely Ms. Zhou Hui (chairperson), Mr. Wen Yuanhua and Mr. Dong Hao respectively. The Audit Committee meets twice a year on a half year basis, or more frequently if required.

Functions and Role

The primary functions of the Audit Committee are, inter alias, to assist the Board in fulfilling its overseeing responsibilities with respect to maintaining appropriate relationship with external auditor, and, to review the annual and interim report and other financial information provided by the Company to its shareholders, the public and other matters within the scope of the terms of reference. The terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange.

In discharging its responsibilities, the Audit Committee performed the following work during the year of 2022:

(i) reviewed the effectiveness of audit process in accordance with applicable standards;

(ii) reviewed the consolidated financial statements and reports and the change in accounting principles and policies and assessment of potential impacts on the Group's consolidated financial statements;

(iii) reviewed the Group's risk management and internal control systems and discussed the relevant issues including financial, operational and compliance controls; and

(iv) reviewed the internal control matters reported by internal auditor and external auditor and ensure the Board will provide a timely response to the issues raised therein.

During the year ended 31 December 2022, five Audit Committee meetings were held and the record of attendance of individual member is listed out on page 42 of this annual report.

NOMINATION COMMITTEE

Composition

The Nomination Committee has been established with a defined terms of reference in consistent with the CG Code on 30 March 2012. As at 31 December 2022, the Nomination Committee consists of one executive Director, namely Mr. Tan Zhenyu (chairman) and three independent non-executive Directors, namely Mr. Wen Yuanhua, Ms. Zhou Hui and Mr. Dong Hao. The Nomination Committee meets at least once a year.

Functions and Role

The primary duties of the Nomination Committee are, inter alias, reviewing the structure, size and composition of the Board, making recommendations to the Board on Board succession, identifying individuals suitably qualified to become Board members and assessing the independence of independent non-executive Directors. The terms of reference setting out the Nomination Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange. In addition, the Company has also adopted a nomination policy on 28 January 2019 in sight of the new Listing Rules that came into effect on 1 January 2019. Please see page 39 of this annual report for further details.

The Nomination Committee is responsible for making recommendations to the Board on nomination and appointment of Directors and Board succession, with a view to appoint to the Board individuals with suitable experience and capabilities to maintain and improve the competitiveness of the Company.

Where vacancies on the Board exist, the Nomination Committee will carry out the selection process by making reference to the skills, past experience, qualifications, professional knowledge, personal integrity and time commitments of proposed candidates, including the independence status in the case of an independent non-executive Director, the Board Diversity Policy, the Company's needs and other relevant statutory requirements and regulations. During the year ended 31 December 2022, Mr. Li Feng was appointed as an executive Director and the chief executive officer of the Company, and Mr. Tan Zhenyu was appointed as an executive Director and the chairman of the Board.

During the year ended 31 December 2022, three Nomination Committee meetings was held for, inter alia, considering the retirement and re-election of the Directors at the annual general meeting, the appointment of Mr. Li Feng as an executive Director and the chief executive officer of the Company, and the appointment of Mr. Tan Zhenyu as an executive Director, the chairman of the Board and the chairman of the Nomination Committee. The record of attendance of individual member is listed out on page 42 of this annual report.

Nomination Policy

On 28 January 2019, the Company has adopted a nomination policy setting out the procedure for selection, appointment and re-appointment of directors containing the selection criteria to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

Pursuant to the Nomination Policy, the Nomination Committee will nominate suitable candidates to the Board with the following selection criteria:

- Reputation for integrity

- Potential contribution to the Board in terms of qualification, skills, independence and experience in the business of the Company

- Commitment in respect of available time and relevant interest

- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

The Nomination Committee may nominate candidates, and/or invite nominations of candidates from Board members, for consideration by the Nomination Committee prior to its meetings from time to time for casual vacancies and/or candidates to stand for election at a general meeting.

In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from shareholders, a circular will be sent to shareholders. The circular will set out the lodgment period for shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to shareholders.

A shareholder can serve a notice to the Company Secretary of the Company within the lodgement period of its intention to propose a resolution to elect a certain person as a Director, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the shareholder circular. The particulars of the candidates so proposed will be sent to all shareholders for information by a supplementary circular.

The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting, and the ultimate responsibility for selection and appointment of Directors rests with the entire Board.

REMUNERATION COMMITTEE

Composition

The Remuneration Committee has been established with written terms of reference in compliance with the CG Code. As at 31 December 2022, the Remuneration Committee members consists of three independent non-executive Directors, namely Mr. Wen Yuanhua (chairman), Ms. Zhou Hui and Mr. Dong Hao. The Remuneration Committee meets at least once a year.

Functions and Role

The primary objectives of the Remuneration Committee include determining the remuneration policy, structure and remuneration packages of the Directors and senior management and make recommendations to the Board, and other related matters. The Remuneration Committee is responsible for establishing transparent procedures to develop such remuneration policy and structure which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The terms of reference setting out the Remuneration Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange. The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

The Remuneration Committee are responsible for reviewing the market conditions, time commitment, responsibilities, performance of individuals and any other relevant information and propose to the Board for consideration and approval. None of the executive Directors can determine his or her own remuneration.

During the year ended 31 December 2022, two Remuneration Committee meetings were held to review the existing remuneration policy and structure of Company, to review and recommend the remuneration of executive Directors and senior management for Board approval and to recommend the remuneration of Mr. Li Feng, the newly appointed executive Director and chief executive officer of the Company and Mr. Tan Zhenyu, the newly appointed executive Director and chairman of the Board. The record of attendance of individual member is listed out on page 42 of this annual report.

Emolument Policy

The emolument policy of the employees and senior management of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are recommended by the Remuneration Committee, having regard to market competitiveness, individual performance and achievement, for the Board approval.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the "Policy") setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

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

The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. There are 19 female employees (including one female senior management) within the Group, representing approximately 37% of the Group's workforce. We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the shareholders' expectation and recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in the near future.

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

During the year ended 31 December 2022, the Nomination Committee has reviewed the Policy to ensure its continued effectiveness.

DIVIDEND POLICY

The Company has a dividend policy which aims to set out the principles and guidelines to be applied in relation to the declaration and/or payment of dividends to its shareholders. The Board has the sole and absolute discretion to declare and distribute dividends to the shareholders of the Company and their decision will depend on the actual and expected financial performance of the Group, retained earnings and distributable reserves of the Group, the level of the Group's debt to equity ratio, return on equity and relevant financial covenants, the current and future operations, expected working capital requirements and future expansion plans, current market condition, future development plan, and any other factors that the Board deem appropriate. The declaration and the amount of the dividends will also be subject to any restrictions under the applicable laws and regulations and the Company's constitutional documents. The dividends policy will be reviewed by the Board from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as it deems fit and necessary.

CORPORATE GOVERNANCE FUNCTION

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board at the Board meeting held on 30 March 2012 and is in compliance with the Code Provision A.2.1. During the year ended 31 December 2022, the Board has reviewed the policy of the corporate governance of the Company and the corporate governance report.

ATTENDANCE OF BOARD MEETINGS, AUDIT COMMITTEE MEETINGS, NOMINATION COMMITTEE MEETINGS, REMUNERATION COMMITTEE MEETINGS AND ANNUAL GENERAL MEETING IN 2022

	Attendance/Number of Meetings Held					
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting held on 29 June 2022	Adjourned Annual General Meeting held on 8 November 2022
Directors						
Executive Directors:						
Tan Zhenyu *(Note 1)*	1/1	N/A	N/A	N/A	N/A	N/A
Ni Xinguang	10/11	N/A	N/A	N/A		
Li Feng *(Note 2)*	11/11	N/A	N/A	N/A	1/1	1/1
Tomohiko Watanabe *(Note 3)*	10/10	N/A	3/3	N/A	1/1	1/1
Li Wei *(Note 4)*	10/10	N/A	N/A	N/A	1/1	1/1
Non-executive Directors:						
Zhang Boyang	9/11	N/A	N/A	N/A	1/1	1/1
Zhang Yang *(Note 5)*	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors:						
Zhou Hui	11/11	5/5	3/3	2/2	1/1	1/1
Dong Hao	11/11	5/5	3/3	2/2	1/1	1/1
Wen Yuanhua *(Note 6)*	10/11	5/5	3/3	2/2	1/1	1/1
Wang Yongli *(Note 7)*	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

1. Mr. Tan Zhenyu was appointed as executive Director on 5 December 2022.
2. Mr. Li Feng was appointed as executive Director on 15 March 2022.
3. Mr. Tomohiko Watanabe resigned as executive Director on 5 December 2022.
4. Ms. Li Wei resigned as executive Director on 5 December 2022.
5. Mr. Zhang Yang resigned as non-executive Director on 15 March 2022.
6. Mr. Wen Yuanhua was appointed as independent non-executive Director on 15 March 2022.
7. Mr. Wang Yongli resigned as independent non-executive Director on 15 March 2022.

AUDITOR'S REMUNERATION

During the year ended 31 December 2022, the fees paid or payable to external auditor of the Company, Mazars CPA Limited were HK$2,980,000 for statutory audit services rendered.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavors to maintain good investor relationship with the Shareholders and potential investors by way of annual general meeting, publication of interim and annual reports on the websites of the Company and the Stock Exchange, and timely press releases on the Company's website. A Shareholder's Communication Policy was adopted by the Board on 30 March 2012 aiming at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company.

Shareholders are encouraged to attend the annual general meetings for which a notice would be served properly. The Chairman and/or Directors are available to answer questions on the Group's business at the meetings. At general meetings, separate resolutions are proposed on each substantial and separate issue such as the election of individual Directors and re-appointment of auditor.

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's registered office at 22/F, China Taiping Tower, 8 Sunning Road, Causeway Bay, Hong Kong.

As part of its regular review, the Board has reviewed its policies in regard to the shareholders' communication for the year ended 31 December 2022 and is of the view that they are effective and adequately implemented.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Hong Kong Companies Ordinance and the Articles, an extraordinary general meeting can be convened by a written request signed by the Shareholders holding not less than one-twentieth of the paid-up share capital of the Company, stating the objects of the meeting, and deposited at the Company's registered office at 22/F, China Taiping Tower, 8 Sunning Road, Causeway Bay, Hong Kong.

Procedures for putting forward Proposals at a General Meeting

A Shareholder shall make a written requisition to the Board or the Company Secretary at the Company's registered office at 22/F, China Taiping Tower, 8 Sunning Road, Causeway Bay, Hong Kong, specifying the shareholding information of the Shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at the Company's registered office at 22/F, China Taiping Tower, 8 Sunning Road, Causeway Bay, Hong Kong or send email to ir@chinavered.com.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change in the Company's constitutional documents.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Board complied with the Code Provisions on risk management and internal control as set out in the CG code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year end review of the effectiveness of the Company's and its subsidiaries risk management and internal control systems has been conducted annually and the systems are considered to be effective and adequate. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

EXECUTIVE DIRECTORS

Mr. Tan Zhenyu ("Mr. Tan"), aged 47, was appointed as an executive director, the chairman of the Board and the chairman of the nomination committee of the Company on 5 December 2022. Mr. Tan has been serving as the Executive Vice President of Vered Holdings since September 2018 and has been appointed as a director of Vered Holdings since July 2020. Before joining Vered Holdings, Mr. Tan acted as the president of Huayun Finance Leasing Company Limited* (華運金融租賃股份有限公司) from April 2015 to July 2015. Prior to this, Mr. Tan served as the general manager of the wholesale banking medium-sized enterprises department of China Bohai Bank* (中國渤海銀行) ("Bohai Bank") from August 2007 to April 2009 and served as the general manager of the small and medium-sized enterprises loan center credit management department of Bohai Bank from April 2009 to June 2009. Mr. Tan has extensive experience and valuable expertise in the financial industry.

Mr. Tan obtained a bachelor's degree in economics majoring in finance from the Hunan Institute of Finance and Economics (湖南財經學院) (currently known as Hunan University (湖南大學)) in June 1997.

Mr. Ni Xinguang ("Mr. Ni"), aged 53, was appointed as an executive Director of the Company on 11 January 2017 and Vice Chairman on 21 November 2017. He previously served as the Chairman and an executive Director from 12 March 2004 until his re-designation as a non-executive Director on 11 December 2015, He re-designated as an executive Director on 11 January 2017.

Mr. Ni has extensive experience in the retail, distribution and printing business in the People's Republic of China. Further to a Diploma in Education, Mr. Ni also has a Degree of Master of Business Administration from the Nanyang Technological University in the Republic of Singapore.

Mr. Li Feng ("Mr. Li"), aged 44, has been serving as a director of Vered Holdings since 2017. Before joining Vered Holdings, Mr. Li was employed by China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司) and held various positions from January 2003 to February 2016, including the account manager of the corporate business department of the Dalian branch, the product manager assistance of the corporate banking management department of the Dalian branch, general manager assistant of the Dalian branch of the trade finance department and the general manager of the corporate finance department of the Hong Kong branch.

Mr. Li graduated from Dongbei University of Finance and Economics (東北財經大學) in June 2011 with a master degree in business administration.

* For identification purposes only

NON-EXECUTIVE DIRECTOR

Mr. Zhang Boyang ("Mr. Zhang"), aged 35, was appointed as non-executive Director of the Company on 26 November 2021.

Mr. Zhang has been serving as the general manager of Beijing Winhoo Group Co., Ltd.* (北京盈中祥合集團有限公司) since July 2019, and has worked as a director, a deputy general manager and a general manager at Beijing Bashiyi Investment Co., Ltd.* (北京八十一投資有限公司) since November 2016. From March 2014 to November 2016, Mr. Zhang worked as the deputy head of the finance department at Tangshan Ganglu Iron Steel Co., Ltd.* (唐山港陸鋼鐵有限公司), and worked at the metallurgy business unit of China Minsheng Bank (中國民生銀行) from August 2012 to February 2014.

Mr. Zhang graduated from Bangor University in July 2010 with a Degree of Bachelor of Arts in banking and finance and obtained a degree of Master of Science in banking and finance from Bangor University in January 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhou Hui ("Ms. Zhou"), aged 60, was appointed as an independent non-executive Director, the chairperson of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee on 21 March 2019. She graduated from the Renmin University of China (中國人民大學) with a master's degree in economics and holds the qualification of a senior professional accountant (高級會計師) in the PRC. Prior to joining the Company, Ms. Zhou had served at various managerial and finance-related positions at Huaneng Power International, Inc. (華能國際電力股份有限公司), a company whose shares are listed on the Stock Exchange (stock code: 902) and the Shanghai Stock Exchange (stock code: 600011) and whose American Depositary Receipts are traded on the New York Stock Exchange (ticker symbol: HNP), including chief accountant from March 2006 to January 2016, and vice general manager from October 2012 to March 2018. In addition, Ms. Zhou served as the vice chairperson of Huaneng Sichuan Hydropower Co., Ltd. (華能四川水電有限公司) and China Huaneng Finance Corporation (中國華能財務有限責任公司) from June 2005 to December 2016 and from March 2006 to October 2016, respectively. She was also a supervisor of China Yangtze Power Co., Ltd. (中國長江電力股份有限公司, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600900)) from June 2010 to August 2016, a supervisor of Hainan Nuclear Power Co., Ltd. (海南核電有限公司) from August 2011 to September 2017 (including serving as the chairperson of the supervisory committee from December 2011 to September 2017), and a director of Tuas Power Ltd. (大士能源有限公司) from March 2008 to May 2018.

* For identification purposes only

Mr. Dong Hao ("Mr. Dong"), aged 66, was appointed as an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee on 27 December 2019. Mr. Dong is currently an independent director of Fujian Green Pine Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300132). Prior to joining Fujian Green Pine Co., Ltd., Mr. Dong served as the deputy director of the Judicial Bureau of Yan'an City of Shaanxi Province (陝西延安市司法局副局長), deputy director of the research office of, deputy president and president of the administrative tribunal of, deputy head of the Intermediate People's Court of Zhuhai City (珠海市中級人民法院研究室副主任、行政庭副庭長、庭長、副院長), president of the docket tribunal and the administrative tribunal of the Higher People's Court of Guangdong Province (廣東省高級人民法院立案庭庭長、行政庭庭長), head of Zhuhai Intermediate People's Court (珠海市中級人民法院院長), and vice president of Guangzhou University (廣州大學副校長). Mr. Dong obtained his master degree in administrative law from China University of Political Science and Law in 1991 and doctoral degree in constitutional and administrative law from Wuhan University in 1998.

Mr. Wen Yuanhua ("Mr. Wen"), aged 53, has worked as the director and president of Zhongji Investment Co., Ltd.* (中冀投資股份有限公司) ("Zhongji") since November 2017, and has been in charge of Zhongji's strategy, organisation, business, and building of a large-scale asset allocation portfolio platform that involves equity investment, high-yield debt, non-performing assets and fixed increase business. Mr. Wen previously worked as an executive director of Bank of Tianjin ("BOT") from December 2014 to February 2017 and as the president of BOT from December 2014 to December 2016, mainly responsible for the overall business and management of BOT, and was in charge of the general office, asset and liability management department, science and technology department, operation management department, investment banking department and asset management department. Prior to joining BOT, Mr. Wen held a number of positions at China Construction Bank Corporation (中國建設銀行股份有限公司), including serving as the deputy head of the board of directors' office of China Construction Bank Corporation and the deputy president of the Tianjin branch of China Construction Bank Corporation from September 2006 to March 2008 and March 2008 to July 2013, respectively. Mr. Wen also served as the deputy general manager of the strategic planning and equity investment division and equity management division of China Construction Bank Corporation from July 2013 to March 2014 and March 2014 to September 2014, respectively. Prior to that, Mr. Wen worked at China Central Huijin Investment Limited* (中央匯金投資有限責任公司) as the deputy head of equity management division from September 2005 to September 2006. Between September 1996 to August 2000, August 2000 to March 2002 and January 2003 to September 2005, Mr. Wen held various positions at China CITIC Bank International Limited (中信銀行(國際)有限公司), including being the deputy general manager of the financial planning division and credit management division, and general manager of the integrated banking and comprehensive managing services division, respectively.

* For identification purposes only

Mr. Wen obtained a bachelor's degree in engineering in geophysical surveying from East China University of Science and Technology (東華理工大學) (formerly known as East China Institute of Geology (華東地質學院)) in Jiangxi, China in July 1991. He also obtained a master degree in quantitative economics from Capital University of Economics and Business (首都經濟貿易大學) in Beijing, China in June 1996 and a doctorate degree in economics from the Chinese Academy of Social Sciences (中國社會科學院) in Beijing, China in June 2003. Mr. Wen studied at the Centre for International Management Studies of McGill University, Canada from March 2002 to November 2002 and was a participant in the World Fellows Program at the Yale University, the United States from August to December 2012. He is qualified as a senior economist, accredited by China CITIC Bank (中信銀行) (formerly known as CITIC Industrial Bank (中信實業銀行)) in 2004.

Save as disclosed above, the Directors have not held any other positions in the Company or any of its subsidiaries and each of them is not connected with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, none of the Directors held any directorships in any other listed companies on the Stock Exchange and any other stock exchange or other major appointments or professional qualifications during the three years preceding the date of this report.

SENIOR MANAGEMENT

Ms. Li Wei ("Ms. Li"), aged 46, was appointed as the Acting Chief Executive Officer of the Company with effect from 13 December 2021. Ms. Li served as an executive director of the Company from 30 July 2018 to 5 December 2022, and previously served as the executive vice president of the Company from 17 August 2018 to 23 May 2019. Ms. Li is currently the executive director of Capital Finance Holdings Limited (stock code: 8239) ("CFHL"). Ms. Li was also the vice chairlady and deputy chief executive officer of CFHL from September 2019, and all such roles ceased in December 2021. Ms. Li obtained a master's degree in management from Tianjin University in the PRC.

Mr. Xie Fang ("Mr. Xie"), aged 36, has been appointed as the Chief Risk Officer of the Company since 30 September 2022., Mr. Xie has joined the Company as the head of risk management department since May 2021. Prior to joining the Group, Mr. Xie served as a senior manager, vice president and senior vice president of the risk management department of CITIC Securities Company Limited from July 2010 to February 2021. Mr. Xie graduated from Tsinghua University in 2010 with a master degree in computer science and technology. Mr. Xie was certified as a qualified Financial Risk Manager by the Global Association of Risk Professionals in December 2017.

CONTENTS

SCOPE AND REPORTING PERIOD

This is the Environmental, Social, and Governance ("**ESG**") report prepared by China Vered Financial Holding Corporation Limited (the "**Group**"), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social aspects of the Group's business operations, in its Hong Kong office, including asset management services, securities brokerage services, investment holding, and investment banking services from 1 January 2022 to 31 December 2022 (the "**Reporting Period**"), unless otherwise stated.

As the business operations in Tokyo, Canada and Shenzhen are small in scale with lower contributions to the whole Group's revenue, these operations are regarded as having no significant impacts on the environment and excluded from the reporting scope.

Reporting Principles

The preparation of the ESG Report has applied the following principles:
Materiality — materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section "Stakeholder Engagement and Materiality" in the Report.

Quantitative — key performance indicators ("**KPIs**") have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Balance — performance of the Group was presented in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.

Consistency — consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group communicates with key stakeholders through daily interaction to understand their concerns and expectations on ESG issues. The Group engages stakeholders via various communication channels such as regular meetings, satisfaction surveys, the company website, e-mails and phone calls. Through regular engagement sessions, the Group obtains valuable feedback and reviews areas of attention which will help the business to meet its potential growth and be prepared for future ESG challenges. The details of various communication channels between the Group and stakeholders are shown in the following table:

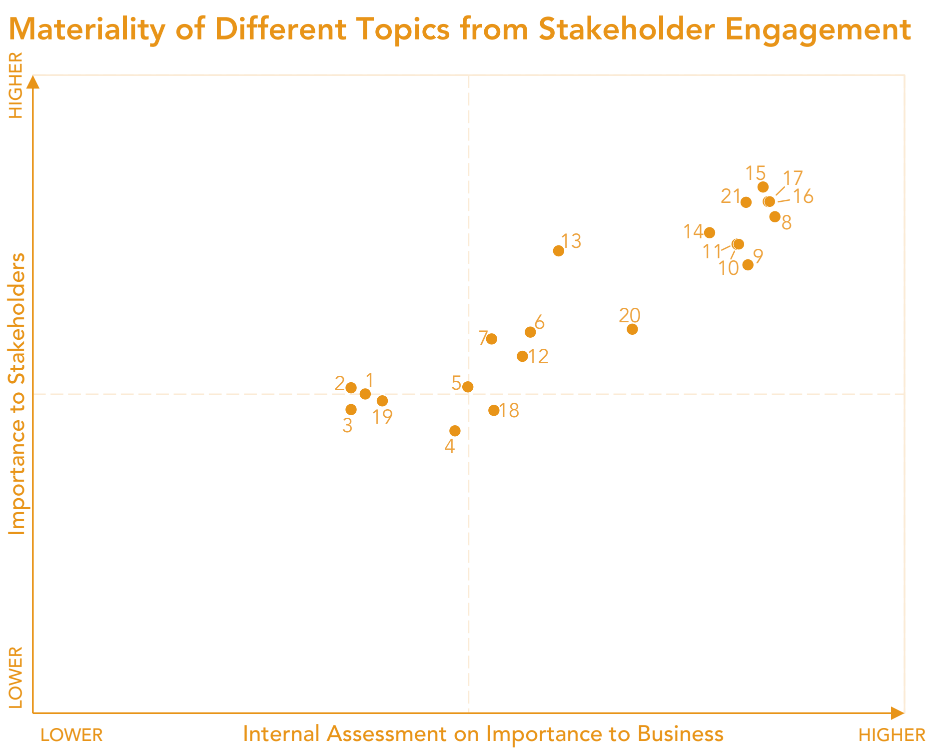
Stakeholders	Means of communications
Shareholders	➢ Shareholders' annual general meetings ➢ Press releases, annual reports, interim reports, periodic announcements and circulars ➢ Investor communication meetings
Clients	➢ Meetings and visits ➢ Email ➢ WeChat official account ➢ Customer service hotline ➢ Satisfaction survey ➢ Feedback via frontline staff
Business partners	➢ Meetings ➢ Conferences ➢ Email or telephone ➢ Business negotiations ➢ Contracts and agreements
Employees	➢ Internal announcements and notices ➢ Performance review ➢ Staff training
Regulatory authorities	➢ Ad-hoc enquiries ➢ Regulator's inspection ➢ Regular publications and information disclosure
Community	➢ Company website ➢ Regular publications and announcements ➢ Community engagement/services

Materiality Assessment

To identify material ESG issues, the Group has specifically engaged a wide range of stakeholders, including the board of directors (the "**Board**"), shareholders, senior management, frontline workers, partners, clients and suppliers, to gain insights into ESG material topics. In the materiality assessment, stakeholders were asked to rate a list of 21 ESG topics in terms of their relevance and importance to the Group's business continuity and sustainability performance, as well as to the wider community.

Results of the materiality assessment and the consolidated list of material aspects with respective management are presented in the following matrix, table and sections respectively.

Figure 1 Materiality Matrix



Environmental and Social Issues for Materiality Assessment

Environmental			
1	Energy	**12**	**Supply Chain Management**
2	Water	**13**	**Intellectual Property Rights**
3	Air Emission	**14**	**Data Protection**
4	Waste and Effluent	**15**	**Customer Service**
5	Other Raw Materials Consumption	**16**	**Product/Service Quality**
6	Environmental Protection Policies	**17**	**Anti-corruption**
7	Climate Change	**18**	**Community Investment**

Social		Others	
8	**Employment**	19	Marketing and Advertising
9	**Occupational Health and Safety**	20	Innovation
10	**Development and Training**	21	Economic and Business Performance
11	**Labour Standards**		

Through ongoing dialogue and materiality assessment during the Reporting Period, the Group has identified 5 material issues that were deemed as the most important by the stakeholders:

- Employment
- Customer Service
- Product/Service Quality
- Anti-corruption
- Economic and Business Performance

As the above topics were all important to the Group's management, these aspects had mostly been addressed and respective measures and initiatives have been put in place. The Group will continue to invest in financial and non-financial resources to strengthen the management of the above material topics. The Group will continue to identify areas of improvement for the concerned aspects and keep close communication with its stakeholders to share and exchange ideas for advancing the Group's ESG management.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our ESG approach and performance. Please give your suggestions or share your views with us by email: ir@chinavered.com.

THE BOARD STATEMENT

Sound corporate governance forms the foundation of the Group's operations. The Board establishes the overall direction for the Group's sustainability strategy and oversees its sustainability performance. The Board is responsible for promoting sustainable business operations that create long-term value for its stakeholders in the long term. The Board has the authority to approve ESG targets and policies and make suggestions to improve the Group's sustainability performance regularly.

The Board is also responsible for evaluating and identifying the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. For detailed information on climate-related risks and opportunities identified by the Board and the mitigative measures, please refer to the "A4. Climate Change" section.

The ESG Working Group (the "**Working Group**") assists the Board in coordinating the Group's ESG management, creating pertinent ESG goals and activities, and collecting data and information on ESG issues. The Working Group comprises of various department heads including Human Resources, General Administration, Internal Audit, Risk Management, Board Office and Finance. The Working Group is in charge of establishing ESG initiatives, plans, and policies, and ensuring the Group's operation complies with relevant legal and regulatory requirements. Additionally, it reports to the Board on the Group's ESG strategy development and other relevant ESG reporting-related issues regularly.

The Board has been engaging with its stakeholders to deliver more sustainable outcomes and services that align with their expectations. The Group encourages internal communication between managers and employees to further understand the needs of one another. In addition, feedback from the clients is being listened to and responded to in order to understand more about their expectations and concerns. To raise the awareness of the management and employees regarding the Group's ESG reporting responsibilities, ESG reporting training is provided for them.

Supporting the United Nations Sustainable Development Goals

The Group fully supports the implementation of the 17 SDGs that were adopted by United Nations Member States in September 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

The Group has identified eight goals that are most relevant to its business and sustainability strategy. Over the long term, the Group is exploring ways to enhance its sustainability approaches in order to be better aligned with and contribute to the United Nations' goals. After reviewing the business strategies of the Group, the eight specific goals are presented below.

Goals	Description	Corresponding Issues
SDG 3 Good Health and Well-being	Ensure healthy lives and promote well-being	Employment; Community Investment
SDG 4 Quality Education	Ensure inclusive and quality education and promote lifelong learning	Development and Training
SDG 7 Affordable and Clean Energy	Ensure access to affordable, reliable, sustainable and modern energy for all	Environment
SDG 8 Decent Work and Economic Growth	Promote inclusive and sustainable economic growth, employment and decent work	Employment; Product Responsibility
SDG 10 Reduced Inequalities	Reduce inequality within and among countries	Employment
SDG 12 Responsible Consumption and Production	Ensure sustainable consumption and production patterns	Supply Chain Management; Environment
SDG 13 Climate Action	Take urgent action to combat climate change and its impacts	Climate Change
SDG 16 Peace, Justice and Strong Institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Anti-corruption

ENVIRONMENTAL

The Group is highly conscious of balancing development and environmental protection to maintain a sustainable society. The Group has incorporated environmental considerations into its daily operations, including but not limited to reducing waste, utilizing electricity efficiently and improving environmental policies. The Group has also taken measures to promote and support green business operations and green offices in order to raise employee awareness of energy conservation and recycling as well as to lessen the environmental impacts brought by its business.

The Group stringently complies with national and local laws and regulations concerning environmental protection and pollution control, including but not limited to:

- Air Pollution Control Ordinance (Cap. 311);
- Waste Disposal Ordinance (Cap. 354); and
- Water Pollution Control Ordinance (Cap. 358).

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to the environment was identified during the Reporting Period.

A1. Emissions

A1.1 Air Emissions

Vehicle Operation

Private cars are used for transportation. The consumption of petrol by private cars results in the emission of air pollutants. Exhaust gas emissions generated mainly include nitrogen oxides ("**NOx**"), sulphur oxides ("**SOx**") and particulate matter ("**PM**").

Air Emissions from Mobile Fuel Combustion

Mobile fuel emissions	Air emissions (non-GHG) from vehicle operations		
	NOx (kg)	SOx (kg)	PM (kg)
Petrol	1.49	0.05	0.11

Note 1: Emission factors for calculations on environmental parameters throughout the report were made reference to Appendix 27 of the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

The Group was not involved in the gases fuel consumption from stationary sources. Compared with last year, the total emissions of NOx, PM and SOx decreased by 8%, 8% and 17% respectively.

A1.2 Greenhouse Gas Emissions

During the reporting period, the Group's business activities contributed to the greenhouse gas ("**GHG**") emissions of 123.38 tonnes of carbon dioxide equivalent (tCO_2e.), and the overall intensity of the GHG emissions for the Group was 0.07 $tCO_2e./m^2$ of total area. The Group's GHG emissions are primarily generated from the consumption of electricity in its office operation.

The GHG emissions reported include the following activities and scopes:

- Direct (scope 1) GHG emissions from the stationary and mobile fuel combustion sources;
- Indirect energy (scope 2) GHG emissions from purchased electricity; and
- Other indirect (scope 3) GHG emissions from wastepaper landfilling.

Greenhouse Gas Emissions by Scope

Scope of GHG emissions	Emission sources		GHG Emission (in tCO_2e) 2022	GHG Emission (in tCO_2e) 2021
Scope 1 **Direct emissions**	Combustion of fuels from mobile sources	Petrol	**10.32**	10.26
Scope 2 **Energy indirect emissions**	Purchased electricity		**110.58**	128.93
Scope 3 **Other indirect emissions**	Paper waste disposal at landfills		**2.48**	N/A
Group total			**123.38**	139.19

Note 2: Emission factors were made reference to Appendix 27 to the Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

Note 3: Scope 3 GHG emissions were calculated based on available emission factors referred by the Appendix 27 to the Listing Rules and their referred documentation.

A1.3 Hazardous Waste

The Group did not generate any hazardous waste in its business operation.

A1.4 Non-hazardous Waste

The Group produced 516.4 kg of office paper waste during the Reporting Period. The overall intensity is 0.31 kg/m^2 by total area. All office paper waste was collected by the property management company for recycling.

A1.5 Measures to Mitigate Emissions and Targets

The main source of the Group's carbon footprint is the indirect GHG emissions that result from its electricity consumption. In order to manage the environmental impact of its operations, the Group is responsible for disclosing its carbon footprint regularly.

The Group has implemented the following energy-saving measures for reducing GHG emissions:

- Install high energy efficiency electrical equipment based on their grading under the Hong Kong EMSD Mandatory Energy Efficiency Labelling Scheme ("**MEELS**");
- Install sensor-based lighting in the rooms of management for energy saving;
- Turn off any unnecessary energy device to avoid overuse of energy;
- Deploy natural light as much as possible;
- Set the temperature of air conditioning in all offices to 25 degrees Celsius.

The Group has set a target to reduce GHG emission intensity in tCO_2e/m^2 by 10% within 10 years, with 2022 as the base year. The Group strives to review and improve the GHG reduction measures continuously in order to achieve the target in the long term.

A1.6 Wastes Reduction Initiatives and Targets

The Group has established the following waste management and reduction measures:

- Promote the use of electronic communications for sending information, disseminating notices, reporting on the latest activities, and receiving suggestions;
- Promote a "think before you copy" attitude;
- Share documents with co-workers;
- Print only the number of copies needed;
- Encourage double-sided printing;
- Promote waste recycling;
- Encourage to reuse the pen shafts by using refills;
- Promote the 4R Environmental Management Model including Reduce, Reuse, Recycle and Replace to cultivate a green culture among employees.

The Group has set a target to reduce waste generation intensity in kg/m^2 by 20% within 10 years, with 2022 as the base year. The Group strives to review and improve the waste reduction measures continuously in order to achieve the target in the long term.

A2. Use of Resources

Policy On Efficient Use Of Resources

Protecting environment is one of the Group's key concerns. The Group is committed to protecting environment and formulating environmental protection measures in its business operation, in the purpose of reducing its long-term negative impacts on environment through rigorous supervision and control.

A2.1 Energy Consumption

The total energy consumption of the Group was 193.34 Megawatt-hour ("**MWh**"), with an overall energy intensity of 0.12 MWh/m^2 of the total area during the Reporting Period. Types of energy consumed included electricity, natural gas, gasoline and diesel. The table below presents energy consumption by energy types and the associated energy intensity.

Energy Consumption and Intensity

Direct/indirect energy sources	Consumption (MWh) 2022	Consumption (MWh) 2021	Energy Intensity (MWh/m^2) 2022	Energy Intensity (MWh/m^2) 2021
Electricity	155.75	181.59	0.09	0.11
Petrol				
— for passenger cars	37.59	35.13	0.02	0.02
Group total	193.34	216.72	0.12	0.13

Note 5: Conversion factors were made reference to IEA Energy Statistics Manual and 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

Electricity consumption (155.75 MWh) accounted for 81% of the total energy consumption during the Reporting Period, contributing to an intensity of 0.09 MWh/m^2 of the total area. The total energy consumption during this Reporting Period decreased by 11% compared with last year. The main reason for this reduction in energy consumption is the decrease in electricity used.

A2.2 Water Consumption

The Group's business operation did not consume a significant amount of water. Freshwater used by the Group came from the Water Supplies Department of Hong Kong and no issues on sourcing water were reported during the Reporting Period.

A2.3 Energy Use Efficiency Initiatives and Targets

The Group has implemented various measures of energy conservation and emissions reduction. For details of the Group's energy-saving measures, please refer to the "A1.5 Measures to Mitigate Emissions and Targets" Section.

The Group has set a target to reduce total energy consumption intensity in MWh/m^2 by 20% within 10 years, with 2022 as the base year. The Group strives to review and improve the energy reduction measures continuously in order to achieve the target in the long term.

A2.4 Water Use Efficiency Initiatives and Targets

In the daily business operation, fresh water was used for drinking, toilet flushing and office cleaning. The Group encouraged employees to develop a habit of water saving. Water conservation slogans were posted in the offices to remind employees of proper water usage. Water consumption data was not available as the property management of our offices does not record the water usage of individual tenants.

As the Group's business operation did not consume a significant amount of water, and the water consumption data was not directly controlled by the Group, no water reduction target was set. However, the Group strives to review and improve the water-saving measures continuously in order to preserve water resource.

A2.5 Packaging Material

The business of the Group did not produce tangible goods so there were no packaging materials used.

A3. The Environment and Natural Resources

A3.1 Significant Impacts of Activities on the Environment and Mitigation Policy

The Group's business nature does not cause significant negative environmental impact. However, the Group committed to improving environmental protection measures continuously in its operation through rigorous supervision and control to minimise its negative impact on the environment. The detailed reduction measures of air pollutants, GHG emissions, water consumption and energy consumption are stated in sections A1.5, A1.6, A2.3 and A2.4. The Group strictly abides by the relevant environmental laws and regulations in its daily operations.

A4. Climate Change

A warming planet creates a wide range of risks for businesses, from disrupted supply chains to rising insurance costs to labour challenges. With the increasing threat of climate change and the associated physical damage, change in market perception and shift in preference of the public towards more environmentally friendly products and services, the financial, reputational and strategic risk implications are becoming increasingly prominent. Climate change will undoubtedly be of increasing concern to the Group and industry as a whole for the foreseeable future. The Group has identified the climate-related risks and opportunities by using the following matrix.

Physical and Transition Risks:

Climate-related Risk	Time Horizon	Potential financial impacts	Risk level	Trend
		Physical Risks		
Extreme weather	Short term Long term	Extreme weather events, such as typhoons, storm surges and rainstorms, may cause physical damage to infrastructure and operations, and failure of technology and equipment incur costs on recovery and repair. Recovery and repair can take months or even years.	Medium	Increase
		Transition Risks		
Tightening of climate-related policies	Long term	Tightened environmental policies increase the cost of fulfilling such requirements. It might also raise the operating costs, insurance costs and penalties for noncompliance.	Low	Increase
Cost to transition to lower emissions technology	Medium term	Substitution of existing technology and equipment with lower emissions or resource-saving options to comply with the new energy and sustainability standards incur investment and maintenance costs.	Low	Increase
Changing customer behaviour	Medium term	A change in customer or user behaviour and preferences leads to a loss of customers and income if there is a failure to meet stakeholders' expectations on climate risk management and goals.	Low	Increase
Reputation Risk	Medium term	The change in customer or user preferences may increase the chance of receiving negative stakeholder feedback about the existing financial services. It may affect the reputation of the Group.	Low	Increase

Measures to cope with the climate-related physical and transition risks

1. During extreme weather events, employees are advised to remain in a safe place until it is safe to resume normal activities. The Group continues to enhance internal awareness and training for the Group's professionals regarding climate risk so that the ability of the Group to cope with the negative impacts of extreme weather can be strengthened.

2. The Group adopts industry best practices according to the potential climate-related risks identified, which aims to improve energy efficiency throughout the Group's operation. All internal professionals and frontline staff are encouraged to focus on the daily procedure to achieve the objective of climate change mitigation.

3. To mitigate the transition risks, the Group purposes to conduct research on the low-carbon technology trend in the financial industry sector and to develop new intelligent technology to increase the efficiency of financial services, increase service capacity, and avoid overuse of resources in financial operations. The Group cares about the stakeholders' preferences on climate-related performance and disclosure and ensures transparent communication with stakeholders. The Group also purposes to promote green financial services in order to meet the market demand for eco-friendly services in the future.

As the business activities of the Group are mainly focused on financial services, the Group believes that climate change does not have significant impacts on the business directly. However, the Group will remain vigilant concerning upcoming regulatory changes and potential risks posed by climate change and will identify opportunities for increasing efficiency and reducing carbon emissions.

SOCIAL

1. Employment and Labour practices

The Group values its employees and is devoted to protecting employees' rights, treating them fairly and equally, supporting employees' career development and fostering a safe working environment. All relevant provisions of the following regulations are strictly complied with, including but not limited to:

- Employment Ordinance, Chapter 57;

- Employees' Compensation Ordinance (Cap. 282); and

- Minimum Wage Ordinance (Cap. 608).

No non-compliance with relevant laws and regulations that had a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

B1. *Employment*

The Employee Handbook of the Group clearly outlines the details of recruitment, promotion, discipline, working hours, vacations and other benefits, and the Group has laid down compliance procedures and a series of work safety rules. The Human Resources Department is responsible for the confirmation that the staff has a full understanding of the content of the Employee Handbook before they commence employment with the Group.

Employee Profile and Turnover

As of 31 December 2022, the Group had a total number of 51 employees. All the employees of the Group are full-time workers. The breakdown of employees according to employment type, employee category, age group, gender and region is as follows.

Employment Data by Employment Type, Category, Age Group, Gender and Region

	Number of Employees	Percentage %
Total number of employees	51	
Employment type		
Full-time	51	100%
Part-time	0	0%
Employee category		
Senior management	3	6%
Middle management	2	4%
Frontline and other staff	46	90%
Age group		
18–25	1	2%
26–35	14	27%
36–45	27	53%
46–55	7	14%
56 or above	2	4%
Gender		
Male	32	63%
Female	19	37%
Region		
Hong Kong	51	100%

During this Reporting Period, a total of 10 employees left the Group, with an annual staff turnover rate of 19.61%. Similar to the last reporting period, employees who left the Group were mainly frontline staff.

Total Turnover Rate by Employment Category, Employee Type, Age Group, Gender and Region

Turnover rate by employee category	
Senior management	33%
Middle management	0%
Frontline and other staff	20%
Turnover rate by employment type	
Full-time	20%
Part-time	0%
Turnover rate by age group	
18–25	0%
26–35	43%
36–45	11%
46–55	0%
56 or above	50%
Turnover rate by gender	
Male	13%
Female	32%
Turnover rate by region	
Hong Kong	20%

Note 6: The turnover rate was calculated by (no. of employees leaving the Group during the Reporting Period/no. of employees as of 31 December 2022)*100%.

Diversity, Equal Opportunities and Anti-discrimination

The Group strictly complies with the local regulations relating to equal opportunities to eliminate discrimination in the Group, including but not limited to the relevant provisions of the Disability Discrimination Ordinance (Cap. 487), Sex Discrimination Ordinance (Cap. 480), Family Status Discrimination Ordinance (Cap. 527) and Race Discrimination Ordinance (Cap. 602). Employees should be treated equally regardless of age, gender, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation and sexual orientation. The Group also has zero tolerance for harassment in the workplace. Those who are involved in any conduct of sexual harassment or any form of discrimination will be punished or their employment contracts will be terminated.

Employee Recruitment, Retention Strategy and Benefits

The Group attaches great importance to the recruitment and retention of high-calibre employees as well as attracting high-quality recruits that are valuable to the Group. The Group's remuneration policy is formulated to motivate workers to contribute to the accomplishment of its development objectives. Fair and motivational remuneration is offered taking employees' positions, responsibilities and performance into account. The Group provides discretionary bonuses depending on the individual performance of each employee and the group performance.

The performance of the Group and the current economic and market conditions are taken into consideration when the management reviews the remuneration policy regularly. Additionally, the Group has been implementing a share option scheme for eligible workers, including directors, in order to reward them for their ongoing efforts and foster the positive development of the workers and the Group.

Employees are also entitled to a five-day working week, paid annual leave, sick leave, paternity and maternity leaves, wedding and funeral leaves in addition to the statutory holidays.

Labour Contract Management

The Labour contract management of the Group includes the signing and termination of labour contracts, and determination of the positions, working hours, remuneration and benefits of the employees, to ensure its compliance with labour standards. Any overtime arrangement must be made with mutual consent of the company and employees and on an optional basis. The related overtime compensation, if applicable, must be paid in accordance with the applicable laws and regulations. During the Reporting Period, the Group complied with all employment-related laws and regulations.

Staff Activities

In order to strengthen employees' sense of belonging, the Group arranges activities such as hiking to facilitate communication and interaction among staff to develop a harmonious culture within the Group.

Response to the COVID-19 pandemic

During the COVID-19 pandemic, the Group adopted emergency measures to maintain normal business operations. The duties of the infected workers were reallocated by the management. There were no large-scale layoffs or wage cuts. Salaries were still offered normally to the employees who underwent quarantine periods.

B2. Employee Health and Safety

The Group strives to maintain the physical and mental health and security of employees. The Group strictly complies with regulations including all relevant provisions of the Occupational Safety and Health Ordinance, Chapter 509. No non-compliance with relevant laws and regulations that had a significant impact on the Group relating to occupational health and safety had been identified during the Reporting Period.

The Group attaches great importance to providing occupational health and safety for its employees and has established internal safety procedures that all employees are required to follow strictly, which are clearly stated in the Employee Handbook.

In order to provide a safe working environment and protect employees from occupational hazards, the Group has adopted the following health and safety measures in its workplaces:

- Keep passages and stairs clear and accessible;
- Organise fire drills regularly;
- Equip offices with first-aid boxes and other medical supplies;
- Maintain adequate indoor air ventilation;
- Clean and sanitise office area to maintain a hygienic workplace;
- Provide medical and dental benefits;
- Offer annual body check-ups for all staff; and
- Prohibit smoking in workplaces.

Preventative Measures on COVID-19 Pandemic

The COVID-19 outbreak has harmed economies, societies, and commercial enterprises. The security and health of employees continue to be the Group's top priorities during the pandemic. To identify and address any potential hazards in workplaces, the Group has implemented pandemic control systems. Protective equipment such as face masks and hand sanitisers were provided to employees, and all office areas were disinfected regularly. In addition, the Group also established "Work from Home Arrangements" in accordance with the pandemic control regulations released by the Government of the Hong Kong Special Administrative Region ("**HKSAR Government**").

Number of Work-Related Fatality and fatality rate, Injury Cases, Lost Days

	2022	2021	2020
Number of work-related fatalities	0	0	0
Total No. of Employees	51	58	61
Fatality Rate	0%	0%	0%

There were no work-related fatalities in the past 3 years, including the Reporting Period. In addition, there were no lost days recorded due to work-related injury. In order to ensure a safe working condition for all staff and avoid work-related fatalities in the future, the Group always evaluates and improves the current work safety measures to ensure employees work in a healthy and safe condition.

B3. Development and Training

The Group puts emphasis on the continuous growth and development of every member of the Group, which subsequently contributes to the organic growth of the Group. Various trainings are provided to employees based on their job natures and positions for skills enhancement and professional development. The Group conducts performance appraisals annually. Based on the assessment results, personalized trainings are provided to employees, and attractive roles and development and promotion opportunities are offered to outstanding employees. The Group encourages its employees to participate in internal and external trainings. The topics to be covered in internal training are based on the development needs of the Group and employees, including updates on market trends and relevant financial rules and regulations. To encourage employees to pursue personal development, the Group offers subsidies, fee reimbursement and leave to employees who take career-related examinations.

All of the Group's Responsible Officers and Licensed Representatives are required to participate in annual continuous professional training in accordance with Securities and Futures Commission ("**SFC**") regulations. For registered employees and licensed traders, who are subject to a Continuous Professional Development ("**CPD**") requirement, their training progress is monitored by the corresponding compliance officers. The compliance officers are responsible for ensuring all of them comply with the CPD requirements.

As of 31 December 2022, the Group provided over 50 training hours to a total of 8 employees (inclusive of employees who have left the Group during the Reporting Period). The average training hours per employee was 1 hour. The number of Employees who received training and average training hours completed are as follows.

Number of Employees who Received Training and Average Training Hours Completed

Training data	
Total number of trained employees	8
Total training hours for all employees	50
Average training hours per employee	1.0
By employee category	
Number of trained Senior Management	8
Average training hours per senior management employee	10
Number of trained Middle Management	0
Average training hours per middle management employee	0
Number of trained Frontline and other Staff	0
Average training hours per frontline and other employee	0
By gender	
Number of trained Male employees	6
Average training hours per male employee	1.17
Number of trained Female employees	2
Average training hours per female employee	0.66

Note 7: The average training hours per employee was calculated by (Total no. of training hours during the Reporting Period/no. of employees as of 31 December 2022)*100%.

Percentage of Employees Who Received Training

	Percentage %
Total percentage of trained employees	16%
By employee category	
Senior management	160%
Middle management	0%
Frontline and other Staff	0%
By gender	
Male	19%
Female	11%

Note 8: The percentage of employees who received training was calculated by (Total no. of the trained employee during the Reporting Period/no. of employees as of 31 December 2022)*100%.

B4. Labour Standards

Child and forced labour are strictly prohibited within the Group. The Group strictly observes applicable laws and regulations regarding employment and Labour standards, including but not limited to the Employment Ordinance (Cap. 57), Employees' Compensation Ordinance (Cap. 282) and Minimum Wage Ordinance (Cap. 608).

The Group only recruits employees who are over the legal working age, and new employees are required to provide true and accurate personal data. Furthermore, background checks will be conducted during the recruitment process in order to verify the identity of the employees before they are employed. The physical examination certificates, academic credentials and identity cards of the candidates are reviewed strictly. If a violation of the law is discovered, immediate action will be taken to terminate the recruitment.

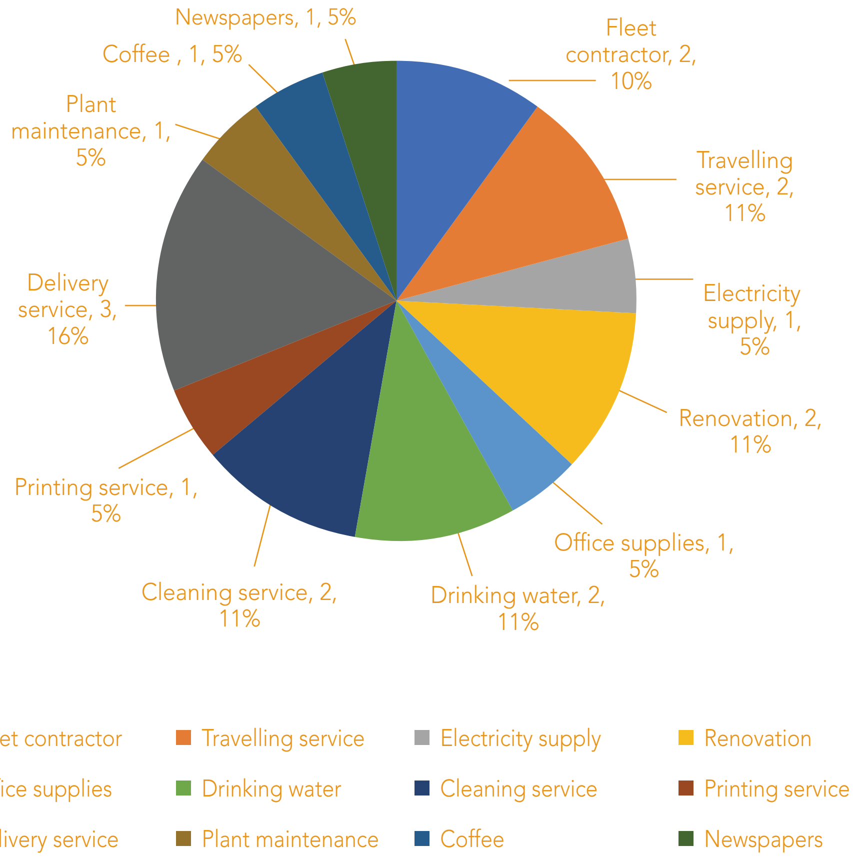
No non-compliance with relevant laws and regulations relating to preventing child and forced labour was identified during the Reporting Period. There were no major risks associated with incidents of child and forced labour within the Group's operation sites.

2. Operating Practices

B5. Supply Chain Management

The Group includes suppliers of various industries . The following chart shows the number of suppliers of the Group in this Reporting Period. All suppliers of the Group are from Hong Kong.

Supplier Distribution by Type



Supply chain management

With a transparent and fair procurement process, the Group supports its suppliers and maintains strategic partnerships with them. The following credentials of potential suppliers are taken into consideration when making procurement decisions:

- adherence to rules and regulations;
- past experience in the industry;
- environmental sustainability;
- the quality of goods and services; and
- the current market price.

The Group prefers to cooperate with the suppliers who share the same ethical, social and environmental values. Apart from considering quality, cost and delivery efficiency, the Group also gives priority to environmentally friendly and energy-saving products when selecting suppliers.

B6. Product Responsibility

In order to ensure the safety and quality of services, the protection of intellectual property rights and data protection, the Group complies with the laws and regulations including but not limited to:

- Inland Revenue Ordinance (Cap. 112);
- Securities and Futures Ordinance (Cap. 571) and the Listing Rules;
- Personal Data (Privacy) Ordinance (Cap. 486); and
- Copyright Ordinance (Cap. 528).

There was no non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress in this Reporting Period.

Data Protection

The group strictly implements the policy of protecting personal information, as maintaining confidentiality is vital for building trust between the Group and clients. To standardize the processing of client information, we developed and implemented a data privacy and security policy. In order to prevent improper disclosure or abusive use of client information, it clearly outlines the procedures for client information access, transfer, and management.

The Group has also implemented information system control to regulate its use and storage of information. The Group signed confidentiality undertakings with the relevant personnel to maintain the client information security and transaction security.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations relating to data privacy.

Products and Services Quality

The Group has put in place procedures to ensure the compliance and service quality of various processes of its operations, and that all required due diligence has been performed. The Group prohibits any form of dishonesty and deceptive claims. All marketing materials must be fact-based and free from any biased views intended to mislead customers into making a purchase. The Group has the responsibility to ensure that the contents of all marketing materials and statements are true and accurate. A risk profile assessment is required to be conducted before making any investment proposals to a customer, so as to ensure that the investment products recommended match well with the customer's own risk appetite.

In order to maintain the highest service quality, the Group has formal procedures to handle complaints. All complaints from clients can be reported through emails, letters and recording complaint hotlines. The received reports will be handled by the responsible officer or division head, the complaints will be reviewed, and remedial measures will be adopted to prevent the recurrence of similar complaints.

The Group did not receive any service-related complaints during the Reporting Period. As an office-based financial services provider, there were no product recalls or service complaints due to health and safety reasons received during the Reporting Period.

Intellectual Property Rights

The Group has standardised the procurement process for office hardware and software to protect intellectual property rights. The Group has implemented the Information Technology Management System, which ensures that all hardware and software used for business or operational purposes are properly licensed and in compliance with the requirements of the protection of intellectual properties.

During the Reporting Period, the Group did not receive any complaint relating to the infringement of intellectual property rights.

B7. Anti-corruption

The Group regards honesty, integrity, and fairness as its core values, so the below regulations are strictly complied with, including but not limited to:

- Prevention of Bribery Ordinance (Cap. 201); and
- Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ("**SFC**").

All directors, management and frontline employees are responsible for understanding and complying with the above-mentioned regulations, and have an obligation to report violations to the responsible officer or division head. The Group had no non-compliance with relevant laws and regulations regarding bribery, extortion, fraud and money laundering, and no concluded legal cases regarding corrupt practices during this Reporting Period.

In order to prevent money laundering, the Group has implemented the following policies:

- Operation Department should take all reasonable steps to verify the true and full identity of each client, in particular the detail of personal information such as name, address and contact of the clients in relation to gaining commercial or economic benefits through the transactions and bear their commercial or economic risk;
- Request for certified copies of client identification documents;
- Third-party cheques are not encouraged unless given further supporting documents;
- The record of a substantial cash deposit (i.e.: over HK$100 million) should be kept and remarked with the reasons provided by the client.

The Group prohibits any employee who solicits or accepts benefits from a third party in any situation, whether directly or indirectly. Benefits prohibited include cash, gifts, excessive entertainment, hospitality, subsidised travel and lodging, loans, guarantor commitments, preferential credit terms, fees, rewards, positions, employment, contracts, services, privileges, and exemptions from all or some of the responsibilities that ought to be fulfilled.

Whistle-blowing Policy

All employees can report any suspected cash movement to the responsible officer or division head. The responsible officer or division head is responsible for reviewing the cases and reporting the cases to the Independent Commission Against Corruption ("**ICAC**") if necessary.

For the preventive measures and whistle-blowing procedures, the Group also knows that protecting whistle-blowers is important in reporting and investigation of corruption. The reported cases are handled confidentially. The Group prohibits any unlawful discrimination or retaliation, or hostile measures against investigators.

Anti-corruption Training

In order to strengthen the awareness of anti-corruption in the workplace, anti-money laundering training was arranged for all employees, including directors. The contents of the training included anti-money laundering regulations, the role of the employees in anti-money laundering, how to identify suspicious transactions, the ways to report suspicious transactions, the consequences the consequences of violating anti-money laundering laws and regulations and the directors' responsibility on anti-corruption management in workplace. The Group will periodically provide anti-corruption training for all employees and directors.

B8. Community Investment

The Group encourages employees to contribute to the community by reaching out to the community and participating in voluntary activities. Participating in these activities can increase the employees' sense of social responsibility and can develop positive value in helping people and our society. Due to the preventive policy of the COVID-19 pandemic launched by the HKSAR government, voluntary activities were suspended during the Reporting Period. With the relaxation of the COVID-19 control policy, the Group plans to arrange voluntary services for the coming reporting period.

APPENDIX I — HKEX ESG REPORTING GUIDE INDEX

General Disclosures and KPIs	Description	Section(s)
Environmental		
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A. Environment
KPI A1.1	The types of emissions and respective emissions data.	A1. Emission
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	A1.2 Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	A1.3 Hazardous Waste
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	A1.4 Non-hazardous Waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	A1.5. Measures to Mitigate Emission and Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1.6. Waste Reduction Initiatives and Targets
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A2. Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	A2.1. Energy Consumption
KPI A2.2	Water consumption in total and intensity.	A2.2. Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2.3. Energy Use Efficiency Initiatives and Targets
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2.4. Water Use Efficiency Initiatives and Targets
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	A2.5. Packaging Materials

General Disclosures and KPIs	Description	Section(s)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	A3. The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3.1. Significant Impacts of Activities on the Environment
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A4. 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.	A4. Climate Change
Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B. Social 1. Employment and Labour Practices B1. Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	B1. Employment– Employee Profile and Turnover
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2. Employee Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2. Employee Health and Safety
KPI B2.2	Lost days due to work injury.	B2. Employee Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	B2. Employee Health and Safety Responses to the COVID-19 pandemic

General Disclosures and KPIs	Description	Section(s)
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	B3. Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	B4. Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored.	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	

General Disclosures and KPIs	Description	Section(s)
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6. Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6. Product Responsibility Products and Services Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B6. Product Responsibility Products and Services Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6. Product Responsibility Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	B6. Product Responsibility Products and Services Quality
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	B6. Product Responsibility Data Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7. Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7. Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	B7. Anti-corruption Whistle-blowing Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7. Anti-corruption Anti-corruption Training
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8. Community Investment
KPI B8.1	Focus areas of contribution.	
KPI B8.2	Resources contributed to the focus area.	

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TO THE MEMBERS OF CHINA VERED FINANCIAL HOLDING CORPORATION LIMITED

(incorporated in Hong Kong with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the consolidated financial statements of China Vered Financial Holding Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), set out on pages 87 to 175, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of 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, except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, 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 Companies Ordinance.

Basis for Qualified Opinion

A. Investment in an offshore fund

As disclosed in note 20 to the consolidated financial statements, the Group has invested in a fund, namely Shareholder Value Offshore Fund (the "Fund"), which was managed by the Group's asset management subsidiary, at an initial investment cost of approximately HK$139.0 million. It has been accounted for as financial asset at fair value through profit or loss. The Fund operates in a typical "feeder fund" and "master fund" structure whereby the Fund is the feeder fund which has been subscribed by and received funding from the Group and other third-party investors, and its wholly owned master fund, namely Shareholder Value Fund (the "Master Fund"), invests in various investments. The Master Fund invested in certain listed securities and two subject funds (the "Subject Fund A" and "the Subject Fund B") managed by a third-party fund manager, by in-specie subscription of two leveraged notes and certain listed shares.

As at 31 December 2022, the Group held around 31.7% interest in the Fund, and the carrying value of the Fund was determined by the directors to be zero (2021: zero) with relevant accumulated fair value loss on investment of approximately HK$139.0 million (2021: loss of approximately HK$139.0 million).

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Basis for Qualified Opinion *(Continued)*

A. Investment in an offshore fund (Continued)

As explained in note 20 to the consolidated financial statements, during the year ended 31 December 2022 and up to the date of approval of the consolidated financial statements, the Group has taken various actions to obtain documentary evidence and implement best efforts to the recovery of the Fund's investment in relation to the Subject Fund A and the Subject Fund B. However, after taking all possible actions, the Group could not successfully redeem and access the investment and the Group concluded that it was no longer able to derive any beneficial interests in terms of their indirect investments in the Subject Fund A and the Subject Fund B through the Master Fund, therefore, the interests in the Subject Fund A and the Subject Fund B were considered unrecoverable and the Group's interest in the Fund (including its interests in the Subject Fund A and the Subject Fund B) was fully written off as a result of loss of control on economic resources to the Subject Fund A and the Subject Fund B as at 31 December 2022 notwithstanding the carrying amount of the Fund had become zero as at 31 December 2021.

Despite the above, given the lack of sufficient appropriate audit evidence to evaluate the fair value of the Fund (including the underlying investments of the Subject Fund A and the Subject Fund B) as at 31 December 2021, thus, we were unable to verify the opening carrying value of the Fund as at 1 January 2022 and the timing of the relevant loss on investment recognised in relation to the Fund. Therefore, we were unable to determine whether any adjustments to the opening carrying value of the Fund as at 1 January 2022 and the relevant loss on investment recognised in respect of the Fund for the years ended 31 December 2021 and 2022 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2022.

B. Recoverable amount of loans and interest receivables in a fund

As disclosed in note 21 to the consolidated financial statements, the Group has invested in 100% interest in a fund (the "Fund D") which has been accounted for as financial asset at fair value through other comprehensive income. The Fund D has been managed by a third-party fund manager. As at 31 December 2022, the carrying value of the Fund D was determined by the directors to be approximately HK$0.2 million (2021: approximately HK$5.6 million) and a fair value loss of approximately HK$5.4 million (2021: approximately HK$59.0 million) was recognised by the Group during the year ended 31 December 2022.

As explained in note 21 to the consolidated financial statements, during the year ended 31 December 2022 and up to the date of approval of the consolidated financial statements, the Group has taken various actions to determine the fair value of the Fund D, including the assessment on the recoverable amount of the two underlying loans held by the Fund D. After conducting all relevant legal and recovery actions and taking into account the available information obtained, the Group considered the recoverable amount of the two underlying loans held by the Fund D was minimal and accordingly, the Group assessed the carrying value of the loans and interest receivables recorded in Fund D should be fully impaired. While for the remaining net assets, including cash and other securities investment, less liabilities, the fair value was approximately HK$0.2 million as at 31 December 2022.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Basis for Qualified Opinion *(Continued)*

B. *Recoverable amount of loans and interest receivables in a fund* (Continued)

Despite the above, given the lack of sufficient appropriate audit evidence to evaluate the recoverable amount of the two underlying loans held by the Fund D as at 31 December 2021, we were unable to verify the opening carrying value of the Fund D as at 1 January 2022 and the timing of the fair value loss recognised in respect of the impairment assessment on the underlying loans held by the Fund D. Therefore, we were unable to determine whether any adjustments to the opening carrying value of the Fund D as at 1 January 2022 and the fair value loss recognised during the years ended 31 December 2021 and 2022 in respect of the Fund D resulted from impairment assessment of the underlying loans were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2022.

We conducted our audit in accordance with Hong Kong Standards on Auditing 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 qualified 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. In addition to the matters described in the "Basis for Qualified Opinion" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which were categorised as level 3	
Refer to notes 2.8, 3.5, 4.1, 20 and 21 to the consolidated financial statements. As at 31 December 2022, the Group held financial assets classified as fair value through profit or loss and financial assets at fair value through other comprehensive income with carrying value of HK$1,968,187,000 and HK$146,648,000 respectively, which were categorised as level 3 in the fair value hierarchy. In assessing valuation of such assets, management exercise significant judgement on the selection of appropriate valuation techniques such as market approach, discounted cash flows and net asset value method which include unobservable inputs such as price to sales ratio, price to book ratio, discount rates, and liquidity discounts, etc. We have identified the above matter as a key audit matter due to the materiality of the balances and the high degree of subjectivity and management judgement. Due to the fact that availability of market data and observable inputs is limited for these financial assets, management judgement is involved in both selection of appropriate valuation technique and unobservable inputs.	Our key procedures, among other, included: • Obtained an understanding of the management's internal control over the valuation of the financial assets categorised as level 3 and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • Based on the results of risk assessments, involved our expert to review the reasonableness of the valuation by assessing the model, inputs and key assumptions adopted, as appropriate; • Evaluated the competence, capabilities and objectivity of the independent qualified professional valuer and our expert; • Assessed the appropriateness of the valuation techniques based on our industry knowledge and the market practices; • Verified key inputs and information identified by management that were used in the valuation against the underlying source documentation, including external report relevant for valuation; and • Assessed the need of key valuation adjustments by challenging management on the appropriateness of key assumptions based on available information and facts and circumstances of these financial assets without quoted price in active market.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of expected credit losses ("ECL") of loan and interest receivables, margin receivables, other interest receivables, financial assets at amortised cost and debt investments at fair value through other comprehensive income	
Refer to notes 2.9, 3.2, 21, 22, 23 and 25 to the consolidated financial statements. As at 31 December 2022, the Group had loan and interest receivables, margin receivables, other interest receivables, financial assets at amortised cost and debt investments at fair value through other comprehensive income of approximately HK\$117,723,000, HK\$56,634,000, HK\$22,354,000, HK\$35,562,000 and HK\$60,349,000 respectively, after provision of ECL of HK\$260,266,000, HK\$63,566,000, HK\$17,498,000, HK\$133,779,000 and HK\$561,300,000 respectively. The Group assessed whether the credit risk of loan and interest receivables, margin receivables, other interest receivables, financial assets at amortised cost and debt investments at fair value through other comprehensive income has increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their ECL. In assessing the provision of ECL, management exercise significant judgement on the selection of unobservable data inputs to this three-stage impairment model including probability of default, exposure at default, loss given default and discount rate. We have identified the above matter as a key audit matter because it involves critical accounting estimates and judgements on management assessment and identification of significant changes in borrowers' and issuers' credit risks and selection of key unobservable inputs to the three-stage impairment model.	Our key procedures, among other, included: • Evaluated management's key control over the identification of significant changes in borrowers' and issuers' credit risk based on established criteria. The key controls are the watch list monitoring, staging allocation approval and review of quarterly credit monitoring reports by the risk function; • With the support of our expert assessed the application of key ECL model definitions, staging, model methodologies, key inputs and assumptions; • Evaluated the competence, capabilities and objectivity of our expert; • Assessed and challenged the reasonableness of the management judgement in determining the criteria for significant increase in credit risk, and definition of credit-impaired. We also tested the application of such criteria for the staging allocation; and • Tested the completeness and accuracy of key ECL data inputs on a sample basis by reviewing the counterparties' credit information such as credit risk ratings, overdue status and other relevant information.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the 2022 annual report of the Company other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence regarding a) whether any adjustments were necessary on the opening carrying value of the Fund as at 1 January 2022 and the relevant loss on investment for the years ended 31 December 2022 and 2021; and b) whether any adjustments were necessary in respect of the opening carrying value of the Fund D as at 1 January 2022 and the fair value loss for the years ended 31 December 2022 and 2021. Accordingly, we are unable to conclude whether or not the other information is materially inconsistent or misstated with respect to these matters.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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 Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is 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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.

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

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

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

REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding a) whether any adjustments were necessary on the opening carrying value of the Fund as at 1 January 2022 and the relevant loss on investments for the years ended 31 December 2022 and 2021; and b) whether any adjustments were necessary in respect of the opening carrying value of the Fund D as at 1 January 2022 and the fair value loss for the years ended 31 December 2022 and 2021 as described in the Basis for Qualified Opinion section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 27 March 2023

The engagement director on the audit resulting in this independent auditor's report is:
Fong Chin Lung
Practising Certificate Number: P07321

	Note	2022 HK$'000	2021 HK$'000
Interest income		194,900	219,155
Commission and fee income		30,463	69,841
Investment income		18,394	13,544
Total revenue	5, 6	243,757	302,540
Net (loss)/gain on financial assets/liabilities	7	(447,279)	455,033
Other (loss)/income		(12,742)	7,599
Trading costs		(11,790)	(17,981)
Staff costs and related expenses	11	(96,029)	(39,531)
Premises expenses		(17,490)	(22,754)
Legal and professional fees		(22,825)	(10,369)
Depreciation		(4,761)	(10,695)
Information technology expenses		(4,778)	(5,068)
Expected credit losses ("ECL")	3.2	(174,675)	(496,587)
Other operating expenses		(29,333)	(27,474)
Net losses on disposal of subsidiaries		–	(4,089)
Impairment of goodwill	16	(10,792)	–
Impairment of intangible assets	17	(700)	–
Share of post-tax loss of associates	19	(39,440)	(12,000)
Finance costs	8	(1,991)	(12,154)
(Loss)/profit before income tax	9	(630,868)	106,470
Income tax credit/(expense)	10	8,060	(36,290)
(Loss)/profit for the year		(622,808)	70,180
(Loss)/profit attributable to:			
— Owners of the Company		(623,263)	71,189
— Non-controlling interests		455	(1,009)
		(622,808)	70,180
		HK Cents per share	HK Cents per share
(Loss)/earnings per share attributable to owners of the Company			
Basic (loss)/earnings per share	14	(1.89)	0.22
Diluted (loss)/earnings per share	14	(1.89)	0.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
(Loss)/profit for the year		**(622,808)**	70,180
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value on equity instruments at fair value through other comprehensive income, net of tax	21	**(201,266)**	(383,924)
Items that may be reclassified subsequently to profit or loss			
Net change in fair value on debt investments at fair value through other comprehensive income, net of tax	21	**(110,864)**	(418,597)
Net change in ECL allowances on debt instruments at fair value through other comprehensive income	21	**179,289**	345,844
Reclassified to profit or loss on disposal of debt instruments at fair value through other comprehensive income		**6,866**	24,261
Exchange differences on translation of foreign operations		**(36,692)**	(6,508)
Release of reserves upon disposal of subsidiaries		**–**	(43,435)
Other comprehensive loss for the year, net of tax		**(162,667)**	(482,359)
Total comprehensive loss for the year		**(785,475)**	(412,179)
Total comprehensive loss for the year attributable to:			
— Owners of the Company		**(785,110)**	(408,038)
— Non-controlling interests		**(365)**	(4,141)
		(785,475)	(412,179)

	Note	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	3,079	9,244
Right-of-use assets		10,743	2,455
Goodwill	16	5,079	15,871
Other intangible assets	17	902	1,602
Investments in associates	19	72,138	93,356
Rental and other deposits		3,130	3,215
Financial assets at fair value through profit or loss	20	1,906,019	1,894,785
Financial assets at fair value through other comprehensive income	21	376,103	417,566
Financial assets at amortised cost	22	–	33,765
Deferred tax assets	10	127,277	156,622
Total non-current assets		2,504,470	2,628,481
Current assets			
Margin receivables and other trade receivables	23	77,553	72,364
Other receivables, prepayments and deposits	24	30,934	134,608
Loan and interest receivables	25	117,723	124,588
Other interest receivables		22,354	31,803
Financial assets at fair value through profit or loss	20	487,814	911,303
Financial assets at fair value through other comprehensive income	21	59,361	556,589
Financial assets at amortised cost	22	35,562	45,145
Tax receivables		716	894
Deposits with brokers	26	99,427	181,175
Cash and cash equivalents	26	1,028,332	780,823
Total current assets		1,959,776	2,839,292
Total assets		4,464,246	5,467,773

At 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	30	4,454,374	4,454,374
Other reserves	31	(74,786)	87,061
(Accumulated losses)/retained earnings		(230,012)	393,251
		4,149,576	4,934,686
Non-controlling interests		5,624	5,989
Total equity		4,155,200	4,940,675
LIABILITIES			
Non-current liabilities			
Lease liabilities		2,619	–
Deferred tax liabilities	10	1,749	8,030
Total non-current liabilities		4,368	8,030
Current liabilities			
Accruals and other payables	27	107,273	70,819
Loan and interest payables	28	–	163,189
Margin payables	29	–	9,164
Financial liabilities at fair value through profit or loss	20	70,615	115,785
Current tax liabilities		118,064	157,322
Lease liabilities		8,726	2,789
Total current liabilities		304,678	519,068
Total liabilities		309,046	527,098
Total equity and liabilities		4,464,246	5,467,773
Net current assets		1,655,098	2,320,224
Total assets less current liabilities		4,159,568	4,948,705

Approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Tan Zhenyu
Director

Li Feng
Director

	Attributable to owners of the Company												
	Share capital HK$'000	Capital reduction reserve HK$'000	Share-based payments reserve HK$'000	Shares held for share award plan HK$'000	Special capital reserve HK$'000	Foreign currency translation reserve HK$'000	Statutory surplus reserve HK$'000	Investment revaluation reserve non-recycling HK$'000	Investment revaluation reserve recycling HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000	Non-Controlling Interests HK$'000	Total Equity HK$'000
Balance at 1 January 2022	4,454,374	140,850	–	(178,764)	726,699	6,429	1,542	(563,513)	(46,182)	393,251	4,934,686	5,989	4,940,675
Comprehensive (loss)/income													
Loss for the year	–	–	–	–	–	–	–	–	–	(623,263)	(623,263)	455	(622,808)
Other comprehensive (loss)/income													
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	(201,266)	(110,864)	–	(312,130)	–	(312,130)
Net change in ECL allowances on debt instruments at fair value through other comprehensive income	–	–	–	–	–	–	–	–	179,289	–	179,289	–	179,289
Reclassified to profit or loss on disposal of debt instruments at fair value through other comprehensive income	–	–	–	–	–	–	–	–	6,866	–	6,866	–	6,866
Exchange differences on translation of foreign operations	–	–	–	–	–	(35,872)	–	–	–	–	(35,872)	(820)	(36,692)
Total comprehensive loss for the year ended 31 December 2022	–	–	–	–	–	(35,872)	–	(201,266)	75,291	(623,263)	(785,110)	(365)	(785,475)
Balance at 31 December 2022	4,454,374	140,850	–	(178,764)	726,699	(29,443)	1,542	(764,779)	29,109	(230,012)	4,149,576	5,624	4,155,200

	Note	Attributable to owners of the Company												
		Share capital HK$'000	Capital reduction reserve HK$'000	Share-based payments reserve HK$'000	Shares held for share award plan HK$'000	Special capital reserve HK$'000	Foreign currency translation reserve HK$'000	Statutory surplus reserve HK$'000	Investment revaluation reserve non-recycling HK$'000	Investment revaluation reserve recycling HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000	Non-Controlling Interests HK$'000	Total Equity HK$'000
Balance at 1 January 2021		6,154,374	–	7,108	(178,300)	726,699	53,240	7,328	(188,095)	2,310	(1,034,730)	5,549,934	(261,312)	5,288,622
Comprehensive income/(loss)														
Profit for the year		–	–	–	–	–	–	–	–	–	71,189	71,189	(1,009)	70,180
Other comprehensive (loss)/income														
Net change in fair value of financial assets at fair value through other comprehensive income		–	–	–	–	–	–	–	(383,924)	(418,597)	–	(802,521)	–	(802,521)
Net change in ECL allowances on debt instruments at fair value through other comprehensive income		–	–	–	–	–	–	–	–	345,844	–	345,844	–	345,844
Reclassified to profit or loss on disposal of debt instruments at fair value through other comprehensive income		–	–	–	–	–	–	–	–	24,261	–	24,261	–	24,261
Exchange differences on translation of foreign operations		–	–	–	–	–	(3,376)	–	–	–	–	(3,376)	(3,132)	(6,508)
Release of reserves upon disposal of subsidiaries		–	–	–	–	–	(43,435)	–	–	–	–	(43,435)	–	(43,435)
Total comprehensive loss for the year ended 31 December 2021		–	–	–	–	–	(46,811)	–	(383,924)	(48,492)	71,189	(408,038)	(4,141)	(412,179)
Transfer of loss on disposal of equity instruments at fair value through other comprehensive income to accumulated losses		–	–	–	–	–	–	–	8,506	–	(8,506)	–	–	–
Total transactions with owners, recognised directly in equity														
Capital reduction		(1,700,000)	140,850	–	–	–	–	–	–	–	1,559,150	–	–	–
Acquisition of shares for share award plan	33	–	–	–	(464)	–	–	–	–	–	–	(464)	–	(464)
Change in ownership interests of a subsidiary without change of control		–	–	–	–	–	–	–	–	–	212	212	6,092	6,304
Release of reserves upon disposal of subsidiaries		–	–	–	–	–	–	(5,861)	–	–	5,861	–	–	–
Appropriation of surplus reserves		–	–	–	–	–	–	75	–	–	(75)	–	–	–
Transaction with equity holders		–	–	–	–	–	–	–	–	–	(206,958)	(206,958)	206,958	–
Disposal of subsidiaries		–	–	–	–	–	–	–	–	–	–	–	58,392	58,392
Lapse of share-based payments		–	–	(7,108)	–	–	–	–	–	–	7,108	–	–	–
Balance at 31 December 2021		4,454,374	140,850	–	(178,764)	726,699	6,429	1,542	(563,513)	(46,182)	393,251	4,934,686	5,989	4,940,675

	2022 HK$'000	2021 HK$'000
Cash flows from operating activities		
(Loss)/profit before income tax	(630,868)	106,470
Adjustments for:		
Interest income	(194,900)	(219,155)
Dividend income	(18,394)	(13,544)
Depreciation of property, plant and equipment	4,761	10,695
Depreciation of right-of-use assets (included in premises expenses)	8,310	10,115
Loss on disposal of property, plant and equipment	2	–
Written-off of property, plant and equipment	1,391	–
Impairment of goodwill	10,792	–
Impairment of intangible assets	700	–
Share of loss from investments accounted for using equity method	39,440	12,000
ECL allowances	174,675	496,587
Net loss/(gain) on financial assets/liabilities	447,279	(455,033)
Net loss on disposal of subsidiaries	–	4,089
Finance costs	1,991	12,154
Foreign exchange loss/(gain) on operating activities	15,377	(7,463)
Operating cash flows before movements in working capital	(139,444)	(43,085)
Change in margin receivables and other trade receivables, other receivables, prepayments and deposits	98,573	(129,673)
Change in loan receivables	43,489	19,367
Change in deposits with brokers	81,747	(16,551)
Change in accruals and other payables	36,454	(33,758)
Cash generated from/(used in) operations	120,819	(203,700)
Purchases of financial assets at fair value through profit or loss	(1,665,390)	(12,254,870)
Purchases of financial assets at fair value through other comprehensive income	(483,180)	(497,521)
Proceeds from disposal of financial assets at fair value through profit or loss	1,577,545	12,317,180
Proceeds from disposal of financial assets at fair value through other comprehensive income	693,905	665,809
Proceeds from disposal of financial assets at amortised cost	–	263,588
Dividend received	18,394	13,544
Bank and other interest received	224,695	218,374
Interest paid	(5,290)	(9,686)
Income tax paid	(7,552)	(11,102)
Net cash from operating activities	473,946	501,616

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Cash flows from investing activities			
Acquisition of a subsidiary		–	(902)
Net cash outflow from disposal of subsidiaries		–	(1,868)
Purchases of property, plant and equipment		(95)	(1,004)
Increase in investments in associates		(18,222)	(2,735)
Proceeds from disposal of property, plant and equipment		2	–
Dividend received from associate		–	3,744
Net cash used in investing activities		(18,315)	(2,765)
Cash flows from financing activities			
Acquisition of shares for share award plan		–	(465)
Net cash inflow from capital injection of a subsidiary		–	6,304
Repayment of margin payables		(9,164)	(188,167)
Repayment of loan payables		(159,890)	(157,512)
Principal elements of lease rentals paid		(8,042)	(11,122)
Net cash used in financing activities		(177,096)	(350,962)
Net increase in cash and cash equivalents		278,535	147,889
Cash and cash equivalents at the beginning of the year		780,823	626,976
Effects of exchange rate changes		(31,026)	5,958
Cash and cash equivalents at the end of the year, represented by bank balances	26	1,028,332	780,823

1. GENERAL INFORMATION

China Vered Financial Holding Corporation Limited (the "Company") was incorporated in Hong Kong with limited liability. The address of its registered and business office is 22/F, China Taiping Tower, 8 Sunning Road, Causeway Bay, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries include investment holding, provision of asset management services, consultancy services, financing services, securities advisory and securities brokerage services.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and the Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2022:

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

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published but are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post- acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person of Group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the executive directors as its chief operating decision maker.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in thousands of HK dollars ("HK$'000"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "Finance costs". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "Other (loss)/income".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, except that for non-monetary financial assets, such as equities, classified as financial assets at fair value through other comprehensive income, in which case with translation differences are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the end of the reporting period;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Foreign currency translation *(Continued)*

(c) Group companies (Continued)

(b) income and expenses for each consolidated statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the lease term of 2–3 years
Furniture, fixtures and office equipment	20%
Software	20%
Motor vehicles	20%

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (loss)/income" in the consolidated statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trading right and license

Separately acquired licences are shown at historical cost. Licenses acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

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

2.8 Financial assets

Initial recognition and measurement

Financial assets within the scope of HKFRS 9 are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired and the contractual cash flows of the financial assets. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets *(Continued)*

Initial recognition and measurement (Continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Assets are classified as current assets if expected to be realised within 12 months; otherwise, they are classified as non-current.

The Group's financial assets include margin receivables and other trade receivables, other receivables, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, financial assets at amortised cost, loan and interest receivables, deposits with brokers, pledged bank deposits and cash and bank balances.

Transfers between levels of the fair value hierarchy are deemed to be occurred at the beginning of the reporting period.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at fair value through profit or loss ("FVPL")*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss within "Net (loss)/gain on financial assets/liabilities" in the period in which they arise. These net fair value changes do not include any interest earned on these financial assets. Interest income is recognised in revenue on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the gross carrying amount of the financial asset.

Financial assets designated upon initial recognition at FVPL are designated at the date of initial recognition and only if the criteria under HKFRS 9 are satisfied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets *(Continued)*

Subsequent measurement *(Continued)*

(ii) Financial assets at amortised cost

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, such as most loan receivables and some debt securities, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes the directly attributed transactions costs.

The Group may commit to underwriting loans on fixed contractual terms for specified periods of time. When the loan arising from the lending commitment is expected to be held for trading, the commitment to lend is recorded as a financial liabilities at fair value through profit or loss by initial recognition. When the Group intends to hold the loan, the loan commitment is included in the impairment calculations set out below.

(iii) Financial assets at fair value through other comprehensive income ("FVOCI")

(a) Debt instruments

Financial assets held for a business model that is achieved by both selling and collecting contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. These comprise primarily debt securities. They are recognised on the trade date when the Group enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed. They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the consolidated statement of profit or loss as "Net gain/(loss) on financial assets/liabilities".

(b) Equity instruments

The equity securities and investment funds for which fair value movements are shown in other comprehensive income are for business facilitation and other similar investments where Group holds the investments other than to generate a capital return. Otherwise, equity investments are measured at fair value through profit or loss. Gains or losses on derecognition of these equity investments are not transferred to profit or loss, except for dividend income which is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Impairment of amortised cost and debt investments at fair value through other comprehensive income

Expected credit losses ("ECL") are recognised for loan and interest receivables, margin receivables, financial assets at amortised cost, other interest receivables and debt investments at fair value through other comprehensive income. At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ("12-month ECL"). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ("lifetime ECL"). Financial assets where 12-month ECL is recognised are considered to be "stage 1"; financial assets which are considered to have experienced a significant increase in credit risk are in "stage 2"; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit-impaired are in "stage 3". Purchased or originated credit-impaired financial assets (POCI) are treated differently as set out below.

Unimpaired and without significant increase in credit risk (stage 1)

ECL resulting from default events that are possible within the next 12 months ("12-month ECL") are recognised for financial instruments that remain in stage 1.

Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment explicitly or implicitly have experienced a significant increase in credit risk, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The assessment is unbiased, probability-weighted, and to the extent relevant, uses forward-looking information consistent with that used in the measurement of ECL. The analysis of credit risk is multifactor. The determination of whether a specific factor is relevant and its weight compared with other factors depends on the characteristics of the financial instrument, the borrower and their industries. Therefore, it is not possible to provide a single set of criteria that will determine what is considered to be a significant increase in credit risk and these criteria will differ for different types of client. However, unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due. In addition, corporate and commercial customers, and included on a watch or worry list are included in stage 2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Impairment of amortised cost and debt investments at fair value through other comprehensive income *(Continued)*

Credit-impaired (stage 3)

The Group determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

— contractual payments of either principal or interest are 90 days past due or above;

— there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and

— the loan is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

Interest income is recognised by applying the effective interest rate to the amortised cost amount, i.e. gross carrying amount less ECL allowance.

Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of collateral. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Movement between stages

Financial assets can be transferred between the different categories depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. Except for renegotiated loans, financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above. For loans that are assessed for impairment on a portfolio basis, the evidence typically comprises a history of payment performance against the original or revised terms, as appropriate to the circumstances. For loans that are assessed for impairment on an individual basis, all available evidence is assessed on a case-by-case basis.

Measurement of ECL

The assessment of credit risk, and the estimation of ECL, are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions (including the potential impacts of COVID-19) at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active market, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.11 Financial liabilities

Financial liabilities measured at fair value through profit or loss refers to shares of an unlisted consolidated investment fund held by parties other than the Group. The shares are classified as financial liabilities as they are puttable by the holders.

Except for financial liabilities measured at fair value through profit or loss, other financial liabilities including loan and interest payables, margin payables, trade payables and other payables are subsequently measured at amortised cost, using the effective interest method.

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

2.12 Offsetting financial instruments

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

2.13 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. The Group applies the HKFRS 9 simplified approach to measure ECL which uses lifetime ECL allowance for all trade receivables.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Collateral

Cash collateral provided by the Group is identified in the statement of financial position as "Deposit with brokers" and "Pledged bank deposits" and are not included as a component of cash and cash equivalents.

2.16 Segregated accounts

Segregated accounts maintained by the Group to hold clients' monies are treated as off statement of financial position items and are disclosed in note 26 to the consolidated financial statements.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend on ordinary shares is recognised as a liability in the consolidated financial statements in the period in which it is approved by the shareholders or directors where appropriate.

2.18 Loan payables and margin payables

Loan payables and margin payables are recognised initially at fair value, net of transaction costs incurred. Borrowings, including loan payables and margin payables, are subsequently carried at amortised cost; any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the consolidated statement of profit or loss as "Finance costs" over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Loan payables and margin payables are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

2.19 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business. Trade payables are normally classified as current liabilities in normal operating cycle of business even if they are due to be settled more than twelve months after the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Trade payables *(Continued)*

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Repurchase agreements

The obligations under repurchase agreements arises when the securities re-pledged are sold by the Group with a concurrent agreement to repurchase at a specified later date and price. These securities are not required to be derecognised in the consolidated statement of financial position. The consideration received by the Group is recognised as "loan and interest payables" in the consolidated statement of financial position. The Group may be required to provide additional collateral based on the fair value of the underlying assets if necessary. Repurchase agreements are initially measured at fair value and are subsequently measured at amortised cost.

2.21 Current and deferred income tax

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Current and deferred income tax *(Continued)*

(b) Deferred income tax *(Continued)*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

(a) Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs, depending on the location of the subsidiaries, of their payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

For the years ended 31 December 2022 and 2021, no forfeited contributions were available for utilisation by the Company to reduce the existing level of contributions.

(b) Employee level entitlements

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Employee benefits *(Continued)*

(c) Bonus

The Group recognises a liability and an expense for bonuses, in which the bonus scheme is at the discretion of the Group's Directors based on the Group performance that takes into consideration the profit attributable to the Group after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Share-based payments

Equity-settled share-based payments to employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. 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 shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to certain employees and Directors are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as expense.

(e) Other termination benefits

The Group recognises a liability and an expense for the remaining remuneration under the employment contract when the employees are voluntarily separated from the Company and they are not considered providing any future economic benefits to the Company.

2.23 Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.24 Revenue recognition

(a) Interest income

Interest income includes interest income from bond investment, note investment, loan lending, bank deposits and margin financing. Interest income for all interest-bearing financial instruments are recognised within "Interest income" in the consolidated statement of profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Revenue recognition *(Continued)*

(a) Interest income *(Continued)*

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate.

(b) 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 asset management services, consultancy services, financing services, securities advisory and securities brokerage 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 Revenue recognition *(Continued)*

(b) Revenue from contracts with customers within HKFRS 15 *(Continued)*

Timing of revenue recognition (Continued)

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.

The Group's revenue is recognised on the following basis:

Commission and fee income includes brokerage commission income, loan arrangement fee income, performance fee income, management fee income, underwriting fee income and advisory fee income.

Brokerage commission income on dealing in securities contracts is recognised on a trade date basis when the relevant transaction is executed.

Loan arrangement fees are recognised as revenue when the loan has been granted by the Group and accepted by the borrowers and the related arrangement services have been completed.

Performance fees are recognised on the performance fee valuation day of the investment funds and managed accounts when there is a positive performance for the relevant performance period and it is determined that they are no longer highly probable of significant reversal in a subsequent period, taking into consideration the relevant basis of calculation for the investment funds and managed accounts. If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. Before including any estimated amount of variable consideration in the transaction price, the Group considers whether it is constrained based on the historical experience, business forecast and the current economic conditions.

Management fees are recognised as the services are performed over time and are primarily based on agreed upon percentage of the net asset values of the investment funds and managed accounts.

Underwriting commission income are recognised as revenue in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed.

Advisory fee income are recognised when advisory services are rendered.

Other fee income are recognised as revenue when the Group performs its role as an agent and when the corresponding services are rendered.

(c) Net investment income

Net investment income includes dividend income is recognised when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For provision of advisory service, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed (i.e. the timing of revenue recognition for advisory fee income). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

2.26 Finance costs

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

All other finance costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

Finance costs include interest expense and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gain and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management objective is to enhance shareholder value while retaining exposure within acceptable thresholds in response to changes in markets. The Group has a robust risk management system in place to identify, analyse, assess and manage risks.

The Group's risk management is carried out by the Risk Management Department under policies approved by the board of directors. The Group's Risk Management Department provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating credit risk, market risk, liquidity risk, capital management risk and risk limits setting and monitoring.

The Group's Investment Committee ensures that there are formal and transparent procedures for planning and approving investments for the Group. The Investment Committee meets on a regular basis to review and approve various investment projects to be committed by the Group, and to monitor and assess the risks on the investment projects to ensure that they are in line with the investment strategy and policies of the Group.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Market risk

3.1.1 Foreign exchange risk

The Group has certain exposures to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency, mainly US dollars ("USD"), Renminbi ("RMB"), Japanese yen ("JPY") and Canadian dollars ("CAD"). As USD is pegged to HK$, the Group does not expect any significant movement in the USD/HK$ exchange rate. The directors have also assessed the impact of foreign currency risk and considered that it is insignificant to the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposures closely and will consider hedging significant foreign currency exposures should the need arise.

The following table indicates the impact of management's reasonable expectation on the movement in foreign exchange rate on the Group's profit before income tax and on investment revaluation reserve in equity as at 31 December 2022 and 2021:

As at 31 December 2022

	Impact on loss before tax HK$'000	**Impact on investment revaluation reserve in equity HK$'000**
If Hong Kong Dollar strengthens/weakens against RMB by 5%	**+/- 18,164**	**-/+ 6,712**
If Hong Kong Dollar strengthens/weakens against JPY by 5%	**+/- 7,170**	**-/+ 6,698**
If Hong Kong Dollar strengthens/weakens against CAD by 5%	**–**	**-/+ 916**

As at 31 December 2021

	Impact on profit before tax HK$'000	Impact on investment revaluation reserve in equity HK$'000
If Hong Kong Dollar strengthens/weakens against RMB by 5%	-/+ 11,169	-/+ 9,719
If Hong Kong Dollar strengthens/weakens against JPY by 5%	–	-/+ 7,608
If Hong Kong Dollar strengthens/weakens against CAD by 5%	–	-/+ 1,241

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Market risk *(Continued)*

3.1.2 Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position either as at fair value through other comprehensive income or at fair value through profit or loss. Some of the Group's equity investments are listed on stock exchange in the world and are valued at quoted market prices as at the reporting date.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The Group's exposures are closely monitored by other relevant internal control units, including the Risk Management Department, the Finance Department, the Legal and Compliance Department and the Internal Audit Department.

Listed equity investments

The table below summarises the impact of changes in the Hong Kong's Hang Seng Index and other relevant indexes on the Group's profit before income tax for the year. The analysis is based on the assumption that the equity index had changed by 5% (2021: 5%) with all other variables held constant and all the listed equity instruments move according to the individual securities historical correlation with the index.

Hong Kong Hang Seng Index, Shenzhen Component Index and Shanghai Composite Index

	2022		2021	
	Impact on loss before tax HK$'000	**Impact on equity HK$'000**	Impact on profit before tax HK$'000	Impact on equity HK$'000
Increase/Decrease by 5%	**-/+11,498**	**+/-5,009**	+/-10,652	0

Unlisted investment funds, unlisted equity investments and convertible loan

The fair value of unlisted investment funds, unlisted equity investments and convertible loan depend on the valuation of the respective investments or underlying investments. It is assumed that if the valuation had increased/decreased by 10%, loss before income tax for the year would have an estimated decrease/increase by HK$196,819,000 (2021: profit before income tax for the year would have an estimated increase/decrease by HK$204,694,000), and investment revaluation reserve in equity would have an estimated increase/decrease by HK$14,665,000 (2021: HK$32,297,000).

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Market risk *(Continued)*

3.1.3 Interest rate risk

The Group's exposures to the risk of changes in market interest rates relates primarily to the Group's loan and interest receivables, margin receivables, loan payables, bank borrowings, margin payables, listed debt investments, unlisted notes, unlisted bond investments, and cash and bank balances.

As at 31 December 2022, the Group invests in fixed-income bond instruments which are classified as fair value through profit or loss and fair value through other comprehensive income, and therefore the Group is subject to interest rate risk. Interest rate risk is the risk that the value of the Group's portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter term fixed-income bond investments and higher for longer term fixed-income bond investments.

The following table illustrates the potential impact, of a parallel upward or downward shift of 50 basis points in relevant interest rates with all other variables remaining constant, on the Group's net profit and equity arising substantially from the increase/decrease in market value of debt securities:

	2022 **HK$'000**	2021 HK$'000
Impact on loss/profit before tax	**+/–667**	–/+1,272
Impact on equity	**–/+701**	–/+3,256

The Group's investment in fixed-rate term loans, unlisted notes and bonds are of shorter duration and carried at amortised cost and therefore management consider they are not subject to fair value change as a result of change in reasonable possible shift of market interest rate.

Loans to margin clients at floating/variable rates (such as margin receivables) expose the Group to interest rate risk. Interest income on cash at banks and interest expense on borrowing will fluctuate at floating rates based on movement in short term bank interest rate.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's variable interest rate instruments. As at 31 December 2022, if the interest rate had been 50 basis points (2021: 50 basis points) higher/lower, the Group's loss before income tax would decrease/increase by HK$4,507,000 (2021: profit before income tax would increase/decrease by HK$496,000) and would not have impact to the Group's equity (2021: HK$Nil). The sensitivity analysis above is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2021: 50 basis points) increase or decrease is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Credit risk

Credit exposures arise principally from financial assets at fair value through profit or loss, financial assets at amortised cost, margin receivables, loan and interest receivables, pledged bank deposits, deposits with brokers, bank balances, financial assets at fair value through other comprehensive income, derivative financial instruments and client trust bank balances with a maximum exposure equal to the carrying amounts of these financial assets in the consolidated statement of financial position.

Credit risk of the Group mainly arises from credit exposures with respect to margin financing business of the Group's securities brokerage business, investment in debt investments at fair value through other comprehensive income and the loan lending business of the Group. In addition, the Group is exposed to a concentration of credit risk on cash and investments at banks or custodians.

The Group minimises the credit risk by segregating the risk management function from the investment department. This provide a fundamental control to prevent fraud, ensure quality of works, and safeguard the Group's assets as well as integrity of books and records.

The Group manages its credit risk in the following perspectives:

Margin Financing Business, Loan Lending Business, Financial Assets at Amortised Cost, Debt Investments at Fair Value through Other Comprehensive Income and Other Interest Receivables

The Group maintains an effective credit risk management system to evaluate creditworthiness of counterparties. The following factors will be considered when determining the credit risk of loan receivables:

1. Counterparties' credit rating by reputable credit rating agencies;

2. Counterparties' investment objective, investment history, and risk appetite;

3. Counterparties' past record and defaults;

4. Counterparties' capital base, the existence and amount of guarantees, and by whom such guarantees are given;

5. Any known events which may have an adverse impact on the counterparties' financial status, potential for default or accuracy of information stored regarding the client; and

6. Where credit is extended to cover margin trading, appropriate haircuts are made to market value to establish the counterparty has adequate equity.

The Group monitors the cash flows from loan receivables to ensure that they are in accordance with mutually signed agreement and the expected timeline. In case there is delay, the Group will communicate with counterparties to identify if there is trigger event on credit risk issue.

The Group uses three categories for loans and interest receivables, margin receivables, financial assets at amortised cost, debt investments at fair value through other comprehensive income and other interest receivables which reflect their credit risk and how the ECL allowance is determined for each of those categories. Please refer to note 2.9 for definition of these three categories.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Credit risk *(Continued)*

Margin Financing Business, Loan Lending Business, Financial Assets at Amortised Cost, Debt Investments at Fair Value through Other Comprehensive Income and Other Interest Receivables *(Continued)*

Margin Finance Business

Margin clients of the Group are required to pledge their security investments to the Group for the facilities for securities trading. The amount of facilities granted to them is determined by the discounted values of the shares and is monitored on an ongoing basis. The collateral for covering the credit risk exposure in case of default is subject to mark-to-market monitoring on a daily basis.

Default, margin call and forced liquidation procedures are in place for margin clients. When a customer's margin loan balance exceeds the credit limit granted, the Group will generate an alerter to help monitor its status and decide whether any additional collateral is required. The Group will take into consideration of various factors such as customers' background and the interest rate of loan, in particular, the loan-to-value ratio in excess of certain percentage in making requests for additional collateral.

No aging analysis is disclosed as, in the opinion of the Directors, it does not give additional view of the nature of margin finance business. The amount of credit facilities granted to margin clients is determined by the discounted market value of collateral accepted by the Group.

Loan Lending Business and Financial Assets at Amortised Cost

The Group assesses credit risk of loans to corporate clients and note receivables issued by the issuer by performing credit assessments, which are also subject to regular review and monitoring.

For the loans or note receivables guaranteed by a third party, the Group will assess the guarantor's financial condition, credit history and ability to meet obligations.

Risk Management Department provides regular credit management information reports and ad hoc reports to the Investment Committee to facilitate their continuous monitoring of credit risk. In addition, the Group identifies credit concentration risk by industry, geography, client and counterparty. The Group monitors changes to counterparty risk, quality of the credit portfolio and concentration risk, and reports regularly to the Group's Management. The Group adopts loan grading criteria which divides credit assets into three-stage ECL model under the requirement of HKFRS 9.

Debt Investments at Fair Value Through Other Comprehensive Income and Other Interest Receivables

Debt securities are classified as financial assets at fair value through other comprehensive income and at fair value through profit or loss. Other interest receivables mainly arise from the debt securities. The debt securities are mainly listed in The Hong Kong Stock Exchange and overseas exchanges. The Risk Management Department of the Group assesses the financial strengths and performance of the issuers to ensure the issuers satisfy the repayment of principal and interest as they fall due. The Investment Committee limits the size of the debt portfolio and limits the exposure to a single industry and issuer in order to control the credit risk. The Risk Management Department also closely monitors the changes in the credit ratings of the issuers and follows the market news for taking immediate actions if there is an indication of a deterioration of the repayment ability of the issuers.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Credit risk *(Continued)*

Other Trade Receivables

For trade receivables arising from underwriting business, due diligence on client's business and repayment ability will be conducted before granting of credit. Corporate Finance Department will closely update the client's business change through frequent contact with client. Exit strategies are set in place before granting of each credit.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for other trade receivables arising from underwriting business and the identified impairment loss was immaterial.

As at 31 December 2022, trade receivables arising from asset management business including management fee and performance fee receivables from three (2021: four) major investment funds and managed accounts amounted to HK$17,969,000 (2021: HK$26,629,000) which accounted for 100% (2021: 100%) of the total outstanding balance. Please refer to note 23 below for additional disclosures on credit risk.

Cash and Cash Equivalents

Cash and cash equivalents are placed in various authorised institutions and the Directors consider that the credit risk arising from cash and cash equivalents is minimal.

Three-Stage ECL Model under the requirement of HKFRS 9

The Group has five types of financial assets that are subject to the ECL model under HKFRS 9:

— Loan and interest receivables

— Margin receivables

— Financial assets at amortised cost

— Debt investments at fair value through other comprehensive income

— Other interest receivables

While cash and cash equivalents and other assets are subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Credit risk *(Continued)*

Determining Appropriate Models and Assumption of the Measurement of ECL

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since origination or whether an asset is considered to be credit impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). PD, EAD and LGD are defined as follows:

— The PD represents the likelihood of a borrower defaulting on its financial obligation.

— EAD is based on the amounts the Group expects to be owed at the time of default.

— Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD and EAD for 12-month or lifetime and for each individual exposure or collective segment. These three components are multiplied together. This effectively calculates the ECL for 12-month or lifetime, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the effective interest rate or an approximation thereof.

PD is driven by internal credit risk rating, observed historical data and macroeconomic variables. The relationship between PD and macroeconomic variables is developed by the statistical regression model and the lifetime PD is derived by input of forward-looking macroeconomic variables.

The 12-month and lifetime EADs are determined based on the expected payment profile and portfolios, which varies by product type.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Credit risk *(Continued)*

Expected Credit Loss Methodology

The estimated loss rates for each class of financial assets are estimated based on historical observed default rates over the expected life of the respective class of financial assets and are adjusted for forward-looking information that is available without undue cost or effort, including macroeconomic data such as GDP growth, unemployment rate and inflation rate.

The Group uses three-stage ECL model under the requirement of HKFRS 9 to reflect the credit risk and how the ECL is determined for each of those stage. Please refer to note 2.9 for definition of these three stages.

ECL is measured at an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The Group adopts three economic scenarios in the ECL measurement to meet the requirements of HKFRS 9. The "Baseline" scenario represents a most likely outcome and the other two scenarios, referred to as "Good" scenario and "Bad" scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Baseline scenario.

The probability weight assigned for each scenario reflects the observed historical trend for the economic environment, which implements the Group's prudent and consistent credit strategy of ensuring the adequacy of impairment allowance.

The Group updates the macroeconomic factors used in the ECL model and the probability weight of economic scenarios on a semi-annual basis according to the latest available forecast/historical data issued by authoritative institutions.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Credit risk *(Continued)*

Margin Financing Business, Loan Lending Business, Financial Assets at Amortised Cost, Debt Investments at Fair Value through Other Comprehensive Income and Other Interest Receivables

The gross carrying amount of loan and interest receivables, margin receivables, financial assets at amortised cost, debt investments at fair value through other comprehensive income and other interest receivables and thus the maximum exposure to loss, are as follows:

	31 December 2022 HK$'000	31 December 2021 HK$'000
Loan and interest receivables		
Stage 1 — Unimpaired and without significant increase in credit risk	**3,730**	40,183
Stage 2 — Significant increase in credit risk	**–**	–
Stage 3 — Credit-impaired	**374,259**	385,611
Total gross loan and interest receivables	**377,989**	425,794
Less: ECL allowances	**(260,266)**	(301,206)
Loan and interest receivables, net of ECL	**117,723**	124,588
Margin receivables		
Stage 1 — Unimpaired and without significant increase in credit risk	**56,637**	42,927
Stage 2 — Significant increase in credit risk	**–**	–
Stage 3 — Credit-impaired	**63,563**	63,563
Total gross margin receivables	**120,200**	106,490
Less: ECL allowances	**(63,566)**	(63,570)
Margin receivables, net of ECL	**56,634**	42,920
Financial assets at amortised cost		
Stage 1 — Unimpaired and without significant increase in credit risk	**29,304**	33,890
Stage 2 — Significant increase in credit risk	**–**	–
Stage 3 — Credit-impaired	**140,037**	144,384
Total gross financial assets at amortised cost	**169,341**	178,274
Less: ECL allowances	**(133,779)**	(99,364)
Financial assets at amortised cost, net of ECL	**35,562**	78,910
Debt investments at fair value through other comprehensive income		
Stage 1 — Unimpaired and without significant increase in credit risk	**–**	303,685
Stage 2 — Significant increase in credit risk	**–**	120,114
Stage 3 — Credit-impaired	**60,349**	164,845
Total debt investments at fair value through other comprehensive income	**60,349**	588,644
ECL allowances for debt investments at fair value through other comprehensive income	**(561,300)**	(382,011)
Other interest receivables		
Stage 1 — Unimpaired and without significant increase in credit risk	**12,395**	10,558
Stage 2 — Significant increase in credit risk	**569**	5,498
Stage 3 — Credit-impaired	**26,888**	21,144
Total gross other interest receivables	**39,852**	37,200
Less: ECL allowances	**(17,498)**	(15,583)
Other interest receivables, net of ECL	**22,354**	21,617

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Credit risk *(Continued)*

Margin Financing Business, Loan Lending Business, Financial Assets at Amortised Cost, Debt Investments at Fair Value through Other Comprehensive Income and Other Interest Receivables *(Continued)*

The following table reconcile the movement in ECL allowances between the beginning and the end of the financial years:

As at 31 December 2022

	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
Loan and interest receivables				
ECL allowances as at 1 January 2022	57	–	301,149	301,206
Changes in inputs or assumptions	–	–	(40,883)	(40,883)
ECL allowances derecognised during the year	(57)	–	–	(57)
ECL allowances as at 31 December 2022	–	–	260,266	260,266
Margin receivables				
ECL allowances as at 1 January 2022	7	–	63,563	63,570
Changes in inputs or assumptions	(4)	–	–	(4)
ECL allowances as at 31 December 2022	3	–	63,563	63,566
Financial assets at amortised cost				
ECL allowances as at 1 January 2022	126	–	99,238	99,364
Changes in inputs or assumptions	(80)	–	34,495	34,415
ECL allowances as at 31 December 2022	46	–	133,733	133,779
Debt instruments at fair value through other comprehensive income				
ECL allowances as at 1 January 2022	2,097	2,133	377,781	382,011
Transfer from Stage 2 to Stage 3	–	(1,557)	1,557	–
Changes in inputs or assumptions	–	–	181,962	181,962
ECL allowances derecognised during the year	(2,097)	(576)	–	(2,673)
ECL allowances as at 31 December 2022	–	–	561,300	561,300
Other interest receivables				
ECL allowances as at 1 January 2022	77	57	15,449	15,583
Transfer from stage 1 to stage 3	(1)	–	1	–
Transfer from stage 2 to stage 3	–	(25)	25	–
Changes in inputs or assumptions	–	–	3,842	3,842
ECL allowances derecognised during the year	(76)	(32)	(2,111)	(2,219)
Net impact on ECL allowances of new financial assets purchased	3	33	256	292
ECL allowances as at 31 December 2022	3	33	17,462	17,498

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Credit risk *(Continued)*

***Margin Financing Business, Loan Lending Business, Financial Assets at Amortised Cost, Debt Investments at Fair Value through Other Comprehensive Income and Other Interest Receivables** (Continued)*

As at 31 December 2021

	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
Loan and interest receivables				
ECL allowances as at 1 January 2021	199	–	264,375	264,574
Changes in inputs or assumptions	–	–	(11,936)	(11,936)
ECL allowances derecognised during the year	(142)	–	–	(142)
Net impact on ECL allowances of new financial assets purchased	–	–	48,710	48,710
ECL allowances as at 31 December 2021	57	–	301,149	301,206
Margin receivables				
ECL allowances as at 1 January 2021	38	–	63,563	63,601
Changes in inputs or assumptions	(31)	–	–	(31)
ECL allowances as at 31 December 2021	7	–	63,563	63,570
Financial assets at amortised cost				
ECL allowances as at 1 January 2021	805	–	–	805
Transfer from Stage 1 to Stage 3	(17)	–	17	–
Changes in inputs or assumptions	(426)	–	99,221	98,795
ECL allowances derecognised during the year	(236)	–	–	(236)
ECL allowances as at 31 December 2021	126	–	99,238	99,364
Debt investments at fair value through other comprehensive income				
ECL allowances as at 1 January 2021	1,142	–	35,025	36,167
Transfer from Stage 1 to Stage 2	(20)	20	–	–
Transfer from Stage 1 to Stage 3	(393)	–	393	–
Changes in inputs or assumptions	1,614	1,635	332,270	335,519
ECL allowances derecognised during the year	(577)	–	–	(577)
Net impact on ECL allowances of new financial assets purchased	331	478	10,093	10,902
ECL allowances as at 31 December 2021	2,097	2,133	377,781	382,011
Other interest receivables				
ECL allowances as at 1 January 2021	–	–	–	–
Changes in inputs or assumptions	45	28	12,418	12,491
Net impact on ECL allowances of new financial assets purchased	32	29	3,031	3,092
ECL allowances as at 31 December 2021	77	57	15,449	15,583

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Credit risk *(Continued)*

Margin Financing Business, Loan Lending Business, Financial Assets at Amortised Cost, Debt Investments at Fair Value through Other Comprehensive Income and Other Interest Receivables *(Continued)*

Based on HKFRS 9 ECL assessment on margin receivables, loan and interest receivables, financial assets at amortised cost, debt investments at fair value through other comprehensive income and other interest receivables, the Group recognised a provision for ECL allowances of HK$174,675,000 in profit or loss for the year ended 31 December 2022 (2021: HK$496,587,000).

Cash at Banks or Custodians

The Group's bank balances are deposited in reputable and large commercial banks. For the client trust bank balances which are held in segregated accounts, they are deposited in authorised financial institutions in Hong Kong. The credit risk of bank balances and client segregated bank balances are considered to be low. The Group has exposure to the concentration of credit risk from one bank of HK$476,848,000 (2021: HK$302,034,000) with a credit rating of BB+ by Fitch (2021: BBB+ by Standard & Poor's).

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Recognition of ECL
Non-watch list	The counterparty has a low risk of default and does not have any past-due amounts or has past due amounts but the payment has not been past due for 30 days (margin financing: no shortfall)	12-month ECL
Watch list	There have been significant increases in credit risk since initial recognition through information developed internally or external resources or there is evidence indicating the asset is credit-impaired	Lifetime ECL
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount written off

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Credit risk *(Continued)*

Cash and Investments at Bank or Custodian (Continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	2022 Gross carrying amount HK$'000	2021 Gross carrying amount HK$'000
Margin receivables	23	N/A	Non-watch list	12- month ECL	56,637	42,927
			Watch list	Lifetime ECL (credit-impaired)	63,563	63,563
					120,200	106,490
Loan and interest receivables	25	N/A	Non-watch list	12- month ECL	3,730	40,183
			Watch list	Lifetime ECL (credit-impaired)	374,259	385,611
					377,989	425,794
Financial assets at amortised cost	22	N/A	Non-watch list	12- month ECL	29,304	33,890
			Watch list	Lifetime ECL (credit-impaired)	140,037	144,384
					169,341	178,274
Debt investments at fair value through other comprehensive income (Note 1)	21	"B or above (S&P)/ B2 or above (Moody's)"	Non-watch list	12- month ECL	–	188,405
		Not rated	Non-watch list	12- month ECL	–	115,280
		"B to B- (S&P)/B2 to B3 (Moody's)"	Watch list	Lifetime ECL (not credit-impaired)	–	120,114
		"B- or below (S&P)/B3 or below (Moody's)"	Watch list	Lifetime ECL (credit-impaired)	60,349	164,845
					60,349	588,644
Other interest receivables		"B or above (S&P)/B2 or above (Moody's)"	Non-watch list	12- month ECL	74	6,559
		Not rated	Non-watch list	12- month ECL	12,321	3,999
		"B to B- (S&P)/B2 to B3 (Moody's)"	Watch list	Lifetime ECL (not credit-impaired)	569	5,498
		"B- or below (S&P)/B3 or below (Moody's)"	Watch list	Lifetime ECL (credit-impaired)	26,888	21,144
					39,852	37,200
Cash and cash equivalents (Note 2)	26	"BB or above (S&P)/Ba2 or above (Moody's)/BB or above (Fitch)"	N/A	12- month ECL	1,024,828	777,318
		Not rated	N/A	12- month ECL	3,504	3,505
					1,028,332	780,823
Deposits with brokers (Note 2)	26	"BB or above (S&P)/Ba2 or above (Moody's)"	N/A	12- month ECL	13,661	103,761
		Not rated	N/A	12- month ECL	85,766	77,414
					99,427	181,175
Other trade receivables	23	N/A	Non-watch list	12- month ECL	20,919	29,444
Other receivables, prepayments and deposits (Note 2)	24	N/A	N/A	12- month ECL	30,934	134,608

Note 1: Debt investments at fair value through other comprehensive income are stated at carrying amount measured at fair value.

Note 2: The Group considers the impacts of the ECL allowances on these financial assets are immaterial and no reconciliation of gross carrying amount and impairment allowance have been prepared.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Liquidity risk

Interest-bearing borrowings are the general sources of funds to finance the operations of the Group. Certain external financing of the Group are subject to floating rates and are renewable upon maturity. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations and compliance with the statutory requirements. The Group aims to maintain flexibility in funding by keeping committed credit lines available and sufficient bank deposits to meet its short term cash requirements. The Group's liquidity risk management includes making available standby banking facilities and diversifying the funding sources.

Certain subsidiaries of the Group's operations are subject to various statutory liquidity requirements as prescribed by the Hong Kong's Securities and Futures Commission (the "SFC") in accordance with the Hong Kong's Securities and Futures Ordinance (the "HKSFO"). The Group has put in place a monitoring system to ensure that these subsidiaries maintain adequate liquid capital to fund their business commitments and to comply with relevant liquid capital requirements under the HKSFO. The liquidity risk of the Group is managed by regularly monitoring current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and current working capital to meet its liquidity requirements in the short and longer term. The Group holds sufficient cash and deposits on demand to repay its liabilities.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Liquidity risk *(Continued)*

The table below presents the cash flows payable by the Group under financial liabilities by remaining contractual maturities as at 31 December 2022 and 2021. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2022

	On demand or less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities at fair value through profit or loss	70,615	–	–	–	70,615
Lease liabilities	9,001	2,638	–	–	11,639
Accruals and other payables	73,256	–	–	–	73,256
	152,872	2,638	–	–	155,510

As at 31 December 2021

	On demand or less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Loan and interest payables	164,437	–	–	–	164,437
Margin payables	9,164	–	–	–	9,164
Financial liabilities at fair value through profit or loss	115,785	–	–	–	115,785
Lease liabilities	2,813	–	–	–	2,813
Accruals and other payables	56,056	–	–	–	56,056
	348,255	–	–	–	348,255

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.4 Capital management

The Group's objectives when managing capital are:

(a) to comply with the liquid capital requirements under the SFC in Hong Kong;

(b) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;

(c) to support the Group's stability and growth; and

(d) to maintain a strong capital base to support the development of its business.

Consistent within others in the industry, the Group monitors capital on the basis of gearing ratio which is calculated as total debt (including margin payables and loan and interest payables) divided by total equity.

The Group's gearing ratio at the end of the reporting period is shown below:

	2022 **HK$'000**	2021 HK$'000
Total debt	**–**	172,353
Total equity	**4,155,200**	4,940,675
Gearing ratio	**0%**	3.5%

Two subsidiaries (2021: Two) of the Group (the "Licensed Subsidiaries") are registered with the SFC to conduct respective regulated activities in Hong Kong. The Licensed Subsidiaries are subject to liquid capital requirements under the Securities and Futures (Financial Resources) Rules (the "FRR") adopted by the SFC. Under the FRR, the Licensed Subsidiaries must maintain its liquid capital (assets and liabilities adjusted as determined by the FRR) in excess of required liquid capital.

All licensed corporations within the Group complied with their required liquid capital during the years ended 31 December 2022 and 2021.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair value estimation

The following table represents the carrying value of financial instruments measured at fair value at the end of reporting period across the three levels of the fair value hierarchy defined in HKFRS 13 Fair Value Measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1 (highest level):	fair values measured using quoted prices (unadjusted) in active markets.
Level 2:	fair values measured using quoted price in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
Level 3 (lowest level):	fair values measured using valuation techniques in which any significant input is not based on observable market data.

Valuation Process

The Group engages external valuation firm to perform the valuation of investment projects for financial reporting purpose, including level 3 fair values. The external valuation firm reports directly to the Head of Finance of the Group and Head of Finance reports to the Audit Committee ("AC"). Discussions of valuation processes and results are held between the Head of Finance, AC and external valuation firm at least once every six months, in line with the Group's half-yearly reporting periods.

The main level 3 inputs used by the Group are derived and evaluated as follows.

Discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific of the asset.

Earnings/Sales growth factors for unlisted equity securities are estimated based on market information for similar types of companies.

Contingent consideration — expected cash flows are estimated based on the terms of the sale contract and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and level 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the Head of Finance, AC and the external valuation firm. As part of this discussion the Head of Finance presents and explains the reason for the fair value movements.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair value estimation *(Continued)*

The following tables present the Group's financial assets and liabilities that are measured at fair value as at 31 December 2022 and 2021.

As at 31 December 2022

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at fair value through profit or loss				
— Unlisted equity investments	–	–	1,461,173	1,461,173
— Unlisted investment funds	–	–	402,590	402,590
— Unlisted debt investment	–	–	90,674	90,674
— Listed equity investments	292,198	66,658	–	358,856
— Listed debt investments	–	66,790	–	66,790
— Unlisted note	–	–	–	–
— Convertible loan	–	–	13,750	13,750
Total	292,198	133,448	1,968,187	2,393,833
Financial assets at fair value through other comprehensive income				
— Unlisted investment funds	–	–	146,648	146,648
— Listed debts investments	–	60,349	–	60,349
— Listed equity investments	148,675	79,792	–	228,467
Total	148,675	140,141	146,648	435,464
Total assets	440,873	273,589	2,114,835	2,829,297
Liabilities				
Financial liabilities at fair value through profit or loss				
— Payable to holders of non-controlling interests in unlisted consolidated investment fund	–	70,615	–	70,615
Total liabilities	–	70,615	–	70,615

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair value estimation *(Continued)*

As at 31 December 2021

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at fair value through profit or loss				
— Unlisted equity investments	–	–	1,620,791	1,620,791
— Unlisted investment funds	–	–	389,825	389,825
— Listed equity investments	504,795	25,760	–	530,555
— Listed debt investments	–	228,590	–	228,590
— Unlisted notes	–	–	21,415	21,415
— Convertible loan	–	–	14,912	14,912
Total	504,795	254,350	2,046,943	2,806,088
Financial assets at fair value through other comprehensive income				
— Unlisted investment funds	–	–	322,966	322,966
— Listed debts investments	–	588,644	–	588,644
— Listed equity investments	–	62,545	–	62,545
Total	–	651,189	322,966	974,155
Total assets	504,795	905,539	2,369,909	3,780,243
Liabilities				
Financial liabilities at fair value through profit or loss				
— Payable to holders of non-controlling interests in unlisted consolidated investment fund	–	115,785	–	115,785
Total liabilities	–	115,785	–	115,785

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair value estimation *(Continued)*

Unlisted investment funds classified as level 3 is principally due to their underlying investments are unlisted equity or unlisted debt investments.

The fair value of payable to holders of non-controlling interests in unlisted consolidated investment fund is measured using net asset value of the investment fund.

The carrying amounts of the group's financial instruments carried at amortised cost approximate its fair values as at 31 December 2022 and 2021.

During the year ended 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements (2021: HK$Nil), and no transfers into and out of Level 3 fair value measurements (2021: transfer from level 2 into Level 3 of HK$64,602,000). The following table presents the changes in level 3 items for the years ended 31 December 2022 and 2021 for recurring fair value measurements:

As at 31 December 2022

	Unlisted equity investments HK$'000	Unlisted investment funds HK$'000	Convertible loan HK$'000	Unlisted notes HK$'000	Unlisted debt investment HK$'000	Total HK$'000
Assets						
Opening balance as at beginning of the year	1,620,791	712,791	14,912	21,415	–	2,369,909
Purchases	–	287,652	–	–	90,674	378,326
Disposals	–	(239,920)	–	–	–	(239,920)
Currency translation difference	(5,502)	(2,588)	(2,018)	–	–	(10,108)
Net (loss)/gain recognised in profit or loss*	(154,116)	(12,379)	856	(21,415)	–	(187,054)
Net loss recognised in other comprehensive income	–	(196,318)	–	–	–	(196,318)
Closing balance as at the end of the year	1,461,173	549,238	13,750	–	90,674	2,114,835
* includes unrealised (loss)/gain recognised in profit or loss attributable to balances held at the end of the reporting period	(154,116)	(13,946)	856	(21,415)	–	(188,621)

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair value estimation *(Continued)*

As at 31 December 2021

	Unlisted equity investments HK$'000	Unlisted investment funds HK$'000	Convertible loan HK$'000	Unlisted notes HK$'000	Total HK$'000
Assets					
Opening balance as at beginning of the year	953,768	1,014,371	101,591	216,611	2,286,341
Purchases	–	214,662	–	–	214,662
Disposals	(16,006)	(208,750)	(87,967)	(174,211)	(486,934)
Transfer from level 2	–	64,602	–	–	64,602
Transfer from convertible loan to unlisted equity investments	37,565	–	(37,565)	–	–
Currency translation difference	(3,978)	–	(1,531)	–	(5,509)
Net gain/(loss) recognised in profit or loss*	649,442	(40,980)	40,384	(20,985)	627,861
Net loss recognised in other comprehensive income	–	(331,114)	–	–	(331,114)
Closing balance as at the end of the year	1,620,791	712,791	14,912	21,415	2,369,909
* includes unrealised gain/(loss) recognised in profit or loss attributable to balances held at the end of the reporting period	640,017	(51,606)	1,416	(20,763)	569,064

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair value estimation *(Continued)*

Below is the table setting out quantitative information about fair value measurements using significant unobservable inputs (Level 3).

Equity Investments	Fair value as at 31 December 2022 HK$000	Valuation techniques	Unobservable input	Range	Sensitivity of fair value to changes in unobservable inputs/ Relationship of unobservable inputs to fair value
Unlisted equity investments	1,103,318	Market approach	Price to sales ratio	4.0x	10% increase or decrease in the price to sales ratio, the fair value would be increased by HK$110 million or decreased by HK$110 million, respectively
			Discount rate for lack of marketability	11.27%	0.5% increase or decrease in discount rate for lack of marketability, the fair value would be decreased by HK$6.2 million or increased by HK$6.2 million, respectively
	330,894	Market approach	Price to book ratio	2.0x	10% increase or decrease in the price to book ratio, the fair value would be increased by HK$33 million or decreased by HK$33 million, respectively
			Discount rate for lack of marketability	15.65%	0.5% increase or decrease in discount rate for lack of marketability, the fair value would be decreased by HK$2.0 million or increased by HK$2.0 million, respectively
	26,961	Market approach	Volatility of comparable companies	59.89%	The higher the volatility, the lower the fair value
Unlisted investment funds	188,355	Recent transaction	n/a	n/a	n/a
	48,418	Market approach	Volatility of comparable companies	43.98%	The higher the volatility, the higher the fair value
	312,305	Net asset value	n/a	n/a	n/a
	160	Adjusted net asset value (Note a)	n/a	n/a	n/a
Unlisted debt investment	90,674	Recent transaction	n/a	n/a	n/a
Convertible loan	13,750	Income approach	Discount rate	28.11%	The higher the discount rate, the lower the fair value
			Volatility of comparable companies	52.62%	The higher the volatility, the higher the fair value
Unlisted note	–	Broker quotation	n/a	n/a	n/a

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair value estimation *(Continued)*

Equity Investments	Fair value as at 31 December 2021 HK$000	Valuation techniques	Unobservable input	Range	Sensitivity of fair value to changes in unobservable inputs/ Relationship of unobservable inputs to fair value
Unlisted equity investments	1,265,471	Market approach	Price to sales ratio	3.4x	The higher the ratio, the higher the fair value
			Discount rate for lack of marketability	23.48%	The higher the discount rate, the lower the fair value
	314,652	Market approach	Price to book ratio	2.2x	The higher the ratio, the higher the fair value
			Discount rate for lack of marketability	16.95%	The higher the discount rate, the lower the fair value
	40,668	Recent transaction	n/a	n/a	n/a
Unlisted investment funds	137,246	Recent transaction	n/a	n/a	n/a
	569,927	Net asset value	n/a	n/a	n/a
	5,618	Adjusted net asset value (Note a)	n/a	n/a	n/a
Convertible loan	14,912	Recent transaction	n/a	n/a	n/a
Unlisted notes	21,415	Broker quotation	n/a	n/a	n/a

Note a: Adjusted net asset value represents adjustments on the net asset value of the fund by making impairment on certain investments of the fund. Please refer to note 21.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.6 Offsetting financial assets and financial liabilities

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. According to the terms of each agreement, an event of default includes failure by a party to make payment when due; failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party; or bankruptcy.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC") and Clearing Participant of China Securities Depository, Clearing Corporation Limited ("CSDC") and brokers, the Group has a legally enforceable right to set off the money obligation receivable and payable with HKSCC, CSDC and brokers on the same settlement date and the Group intends to set off on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which is being offset, amounts due from/to HKSCC, CSDC, brokers and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposits placed with HKSCC, CSDC and brokers do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.6 Offsetting financial assets and financial liabilities *(Continued)*

As at 31 December 2022

	Gross amount of recognised financial assets/ (liabilities) HK$'000	Gross amount of recognised financial (assets)/ liabilities offset in the financial statements HK$'000	Net amounts of financial assets/ (liabilities) reflected in the financial statements HK$'000	Related amounts not set off in the statement of financial position: Amounts subject to master netting arrangements HK$'000	Related amounts not set off in the statement of financial position: Collateral received HK$'000	Net HK$'000
Financial assets						
Accounts receivable arising from brokerage — the Stock Exchange and other clearing houses	–	(131)	(131)	–	–	(131)
Deposit placed with clearing houses	1,835	–	1,835	–	–	1,835
Margin receivables	56,634	–	56,634	–	(56,634)	–
Total	58,469	(131)	58,338	–	(56,634)	1,704
Financial liabilities						
Accounts payable arising from brokerage — the Stock Exchange and other clearing houses	(131)	131	–	–	–	–
Total	(131)	131	–	–	–	–

As at 31 December 2021

	Gross amount of recognised financial assets/ (liabilities) HK$'000	Gross amount of recognised financial (assets)/ liabilities offset in the financial statements HK$'000	Net amounts of financial assets/ (liabilities) reflected in the financial statements HK$'000	Related amounts not set off in the statement of financial position: Amounts subject to master netting arrangements HK$'000	Related amounts not set off in the statement of financial position: Collateral received HK$'000	Net HK$'000
Financial assets						
Accounts receivable arising from brokerage — the Stock Exchange and other clearing houses	–	–	–	–	–	–
Deposit placed with clearing houses	3,306	–	3,306	–	–	3,306
Margin receivables	42,920	–	42,920	–	(42,920)	–
Total	46,226	–	46,226	–	(42,920)	3,306
Financial liabilities						
Accounts payable arising from brokerage — the Stock Exchange and other clearing houses	–	–	–	–	–	–
Total	–	–	–	–	–	–

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which were categorised as level 3

The directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The estimation of fair value of unlisted equity instruments are determined in accordance with generally accepted pricing models, which includes certain assumptions not supported by observable market prices or rates. Changes to the assumptions or inputs used in deriving the valuation including the impacts of COVID-19 would have a significant impact to the fair values of these financial assets and liabilities in the consolidated statement of financial position. The carrying amounts of such unlisted investments in financial assets classified as level 3 as at 31 December 2022 were approximately HK$2,114,835,000 (2021: HK$2,369,909,000). The values assigned to the financial assets are based upon available information and do not necessarily represent amounts which might ultimately be realised, since such amounts depend on future circumstance and cannot be reasonably determined until the individual position is realised. The directors believe that the chosen valuation techniques and assumptions are appropriate in determining the fair values of financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

ECL allowances on loan and interest receivables, margin receivables, financial assets at amortised cost, debt investments at fair value through other comprehensive income and other interest receivables

The Group reviews its loan receivables from loan lending business, margin receivables from margin financing business and its investments in bonds/notes classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income and other interest receivables to assess ECL allowance on each individual loan and investment in bond/note at least on a quarterly basis. The internal credit risk on individual loan receivable plays a critical factor on the ECL impairment model. Risk Management Department maintains a watch list for risk monitoring on all loans receivables and investments in bonds/notes classified as financial assets at amortised cost and financial assets at fair value through other comprehensive income to determine the internal credit category of each individual loan receivable and investment in bond/note classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income and other interest receivables. This evidence may include overdue days based on contract note and other observable data indicating that there has been an adverse change in the credit quality of the borrowers and issuers in a group. In light of continued effects of COVID-19, the Group assessed the potential impact on ECL allowance as of 31 December 2022 and considered the impact to be not significant.

Relevant information with regard to the exposure to credit risk and expected credit losses are set out in note 3.2 to the consolidated financial statements.

5. SEGMENT INFORMATION

Chief operating decision maker ("CODM") has been identified as the Executive Directors of the Company. Management has determined the operating segments based on the reports reviewed by the CODM that are used to assess performance and allocate resources. The CODM considers the business from the operations nature perspective, including the provision for asset management services ("Asset management"), securities brokerage services ("Securities brokerage"), investment holding ("Investment holding") and investment banking ("Investment banking"). Each of the Group's operating segments represents a strategic business unit that is managed by different business unit leaders. Information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

5. SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 2022

	Reportable segment						
	Asset management HK$'000	Securities brokerage HK$'000	Investment holding HK$'000	Investment banking HK$'000	Total HK$'000	Unallocated amount HK$'000 (Note)	Total HK$'000
Interest income	784	5,892	182,257	–	188,933	5,967	194,900
Commission and fee income	22,946	959	5,591	658	30,154	309	30,463
Investment income	–	–	18,394	–	18,394	–	18,394
Revenue from external customers	23,730	6,851	206,242	658	237,481	6,276	243,757
Net loss on financial assets/liabilities	–	–	(447,279)	–	(447,279)	–	(447,279)
	23,730	6,851	(241,037)	658	(209,798)	6,276	(203,522)
Segment profit/(loss) before income tax	7,210	(2,256)	(516,003)	(2,217)	(513,266)	(117,602)	(630,868)
Other segment information:							
Depreciation of property, plant and equipment	(10)	(212)	(436)	–	(658)	(4,103)	(4,761)
Depreciation of right-of-use assets	–	–	–	–	–	(8,310)	(8,310)
Reversal of/(provision for) ECL allowances	–	4	(174,679)	–	(174,675)	–	(174,675)
Impairment of goodwill	–	(10,792)	–	–	(10,792)	–	(10,792)
Impairment of intangible assets	–	(700)	–	–	(700)	–	(700)
Staff costs and related expenses	(10,027)	(5,248)	(17,993)	(2,683)	(35,951)	(60,078)	(96,029)

For the year ended 31 December 2021

	Reportable segment						
	Asset management HK$'000	Securities brokerage HK$'000	Investment holding HK$'000	Investment banking HK$'000	Total HK$'000	Unallocated amount HK$'000 (Note)	Total HK$'000
Interest income	–	5,167	213,639	–	218,806	349	219,155
Commission and fee income	53,337	384	2,893	3,396	60,010	9,831	69,841
Investment income	–	–	13,544	–	13,544	–	13,544
Revenue from external customers	53,337	5,551	230,076	3,396	292,360	10,180	302,540
Net gain/(loss) on financial assets/liabilities	–	–	460,818	–	460,818	(5,785)	455,033
	53,337	5,551	690,894	3,396	753,178	4,395	757,573
Segment profit/(loss) before income tax	34,760	(9,974)	118,669	1,216	144,671	(38,201)	106,470
Other segment information:							
Depreciation of property, plant and equipment	(53)	(390)	(508)	–	(951)	(9,744)	(10,695)
Depreciation of right-of-use assets	–	–	–	–	–	(10,115)	(10,115)
Reversal of/(provision for) ECL allowances	–	31	(496,618)	–	(496,587)	–	(496,587)
Staff costs and related expenses	(10,332)	(10,560)	(23,120)	(2,053)	(46,065)	6,534	(39,531)

Note: The "unallocated amount" primarily included unallocated interest income, service fee income and expenditures for head office operations as well as interest expenses for general working capital.

5. SEGMENT INFORMATION *(Continued)*

Breakdown of the revenue from external customers and net (loss)/gain on financial assets and liabilities by geographical location is as follows:

For the year ended 31 December 2022

	Hong Kong HK$'000	The PRC HK$'000	Japan HK$'000	Canada HK$'000	Total HK$'000
Revenue from external customers	228,271	5,284	9,530	672	243,757
Net loss on financial assets/liabilities	(375,883)	(64,046)	(7,350)	–	(447,279)
	(147,612)	(58,762)	2,180	672	(203,522)

For the year ended 31 December 2021

	Hong Kong HK$'000	The PRC HK$'000	Japan HK$'000	Canada HK$'000	Total HK$'000
Revenue from external customers	291,651	3,892	6,815	182	302,540
Net gain/(loss) on financial assets/liabilities	485,352	(38,816)	8,497	–	455,033
	777,003	(34,924)	15,312	182	757,573

Breakdown of the total non-current assets other than financial instruments and deferred tax assets by location of the assets is shown in the following:

	2022 HK$'000	2021 HK$'000
Hong Kong	30,034	26,206
The PRC	61,840	96,234
Japan	11	12
Canada	56	76
	91,941	122,528

6. REVENUE

	2022 HK$'000	2021 HK$'000
Interest income:		
Interest income from loan lending business *(note i)*	2,986	14,901
Interest income from margin financing business *(note i)*	5,595	4,730
Interest income from investments in debt instruments classified as financial assets at amortised cost *(note i)*	3,584	23,427
Interest income from financial assets at fair value through other comprehensive income *(note i)*	126,481	122,397
Interest income from financial assets at fair value through profit or loss	48,911	51,803
Other interest income	7,343	1,897
	194,900	219,155
Commission and fee income (note ii):		
Advisory fee income	8,607	12,222
Commission income from securities brokerage	1,269	433
Loan arrangement fee income	390	1,200
Fee income received from asset management	20,040	53,171
Underwriting fee income	157	2,815
	30,463	69,841
Investment income:		
Dividend income	18,394	13,544
	18,394	13,544
	243,757	302,540

Note i: Total interest income calculated using effective interest method from loan lending business, margin financing business, financial assets at amortised cost and financial assets at fair value through other comprehensive income amounted to HK$138,646,000 (2021: HK$165,455,000).

Note ii: Commission and fee income is the only revenue arising from HKFRS 15, while interest income and investment income are under the scope of HKFRS 9. Included in revenue arising from contract with customers recognised at a point of time and over time were revenue of HK$2,660,000 (2021: HK$14,230,000) and HK27,803,000 (2021: HK$55,611,000) respectively.

7. NET (LOSS)/GAIN ON FINANCIAL ASSETS/LIABILITIES

	2022 HK$'000	2021 HK$'000
(Loss)/gain on financial assets/liabilities at fair value through profit or loss	(440,413)	479,294
Net loss on disposal of financial assets at fair value through other comprehensive income	(6,866)	(24,261)
	(447,279)	455,033

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 HK$'000	2021 HK$'000
Finance costs on repurchase agreements	616	3,027
Finance costs on leverage notes	671	3,600
Finance costs on other loan payables	–	1,533
Finance costs on margin payables	294	3,251
Finance costs on lease liabilities	385	693
Loan arrangement fee	25	50
	1,991	12,154

9. (LOSS)/PROFIT BEFORE INCOME TAX

	2022 HK$'000	2021 HK$'000
(Loss)/profit before income tax has been arrived at after charging/(crediting):		
Auditors' remuneration	2,980	2,800
Loss on disposal of property, plant and equipment	2	–
Written-off of property, plant and equipment	1,391	–
(Reversal of)/provision for ECL allowances		
— loan and interest receivables	(40,940)	36,632
— margin receivables	(4)	(31)
— financial assets at amortised cost	34,415	98,559
— financial assets at fair value through other comprehensive income	179,289	345,844
— other interest receivables	1,915	15,583
	174,675	496,587
Foreign exchange loss/(gain), net	15,377	(7,463)

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year and taxation on profits assessable elsewhere have been calculated at the rates of income tax prevailing in the countries in which the Group operates respectively.

The PRC Enterprise Income Tax rate is 25% (2021: 25%).

	2022 **HK$'000**	2021 HK$'000
Hong Kong Profits Tax		
— charge for the year	**–**	99,288
— overprovision for prior year	**(32,671)**	(4,653)
PRC Enterprise Income Tax		
— charge for the year	**–**	63
— under/(over)provision for prior year	**55**	(55)
Overseas income tax		
— charge for the year	**1,109**	362
— overprovision for prior year	**(2)**	(474)
Deferred tax		
— charge/(credit) for the year	**24,503**	(56,482)
— overprovision for prior year	**(1,054)**	(1,759)
Income tax (credit)/expense	**(8,060)**	36,290

10. INCOME TAX *(Continued)*

The income tax for the year can be reconciled to the (loss)/profit before income tax per the consolidated statement of profit or loss as follows:

	2022 HK$'000	2021 HK$'000
(Loss)/profit before income tax	(630,868)	106,470
Income tax at income tax rate applicable to assessable profit of the operation in different jurisdictions	(113,895)	11,972
Tax effect of expenses not deductible for tax purpose	39,664	49,311
Tax effect of income not taxable for tax purpose	(10,263)	(17,758)
Tax effect of unused tax losses not recognised	77,512	–
Others	(1,078)	(7,235)
Income tax (credit)/expense for the year	(8,060)	36,290

As at 31 December 2022, net deferred tax balances of approximately HK$125,528,000 (2021: HK$148,592,000) have been recognised for some of the unused tax losses and temporary differences on depreciation allowances, ECL allowances, provision and unrealised gain/loss on financial assets. As at 31 December 2022, deferred tax assets have not been recognised in respect of the estimated tax losses of approximately HK$469,432,000 (2021: HK$Nil) because it is not probable that future taxable profit will be available against which certain entities under the Group can utilise the benefits therefrom. The tax losses do not expire under current tax legislation.

10. INCOME TAX *(Continued)*

The following is the analysis of the deferred tax balances for financial reporting purpose:

	2022 HK$'000	2021 HK$'000
Deferred tax assets	127,277	156,622
Deferred tax liabilities	(1,749)	(8,030)
	125,528	148,592

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax losses HK$'000	Fair value change HK$'000	Depreciation allowances HK$'000	Expected credit loss allowances HK$'000	Provision HK$'000	Total HK$'000
At 1 January 2021	88,265	–	–	–	–	88,265
Credited/(charged) to profit or loss	68,172	(10,297)	(354)	720	–	58,241
Credited directly to equity	1,959	–	–	–	–	1,959
Exchange difference arising from translation of foreign operations	–	127	–	–	–	127
At 31 December 2021 and 1 January 2022	158,396	(10,170)	(354)	720	–	148,592
(Charged)/credited to profit or loss	(28,000)	3,223	1,388	(720)	660	(23,449)
Exchange difference arising from translation of foreign operations	–	385	–	–	–	385
At 31 December 2022	130,396	(6,562)	1,034	–	660	125,528

11. STAFF COSTS AND RELATED EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2022 HK$'000	2021 HK$'000
Staff costs and related expenses:		
Salaries, bonuses and allowances	93,919	37,534
Retirement benefit scheme contributions	2,110	1,997
	96,029	39,531

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of every director is set out below:

For the year ended 31 December 2022

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees HK$'000	Salaries HK$'000	Discretionary bonus HK$'000	(Note) Estimated money value of other benefits HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Housing allowance HK$'000	HK$'000	Total HK$'000
Name of Director									
Mr. Tomohiko Watanabe[4]	232	–	–	–	17	–	–	3,572	3,821
Mr. Ni Xinguang	250	–	–	–	13	–	–	–	263
Ms. Li Wei[4]	232	–	–	–	18	–	–	3,685	3,935
Mr. Li Feng[1]	199	–	–	–	14	–	–	1,737	1,950
Ms. Zhou Hui	250	–	–	–	–	–	–	–	250
Mr. Dong Hao	250	–	–	–	–	–	–	–	250
Mr. Zhang Boyang	250	–	–	–	–	–	–	–	250
Mr. Wen Yuanhua[1]	199	–	–	–	–	–	–	–	199
Mr. Zhang Yang[2]	51	–	–	–	–	–	–	–	51
Mr. Wang Yongli[2]	51	–	–	–	–	–	–	–	51
Mr. Tan Zhenyu[3]	18	–	–	–	–	–	–	–	18
Total for 2022	1,982	–	–	–	62	–	–	8,994	11,038

1 Appointed on 15 March 2022
2 Resigned on 15 March 2022
3 Appointed on 5 December 2022
4 Resigned on 5 December 2022

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

For the year ended 31 December 2021

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees HK$'000	Salaries HK$'000	Discretionary bonus HK$'000	(Note) Estimated money value of other benefits HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Housing allowance HK$'000	HK$'000	Total HK$'000
Name of Director									
Mr. Tomohiko Watanabe	571	–	–	–	–	–	–	6,181	6,752
Mr. Ni Xinguang	791	–	–	–	18	–	–	–	809
Ms. Li Wei	571	–	–	–	–	–	–	226	797
Mr. Zhang Yang	250	–	–	–	–	–	–	–	250
Ms. Zhou Hui	250	–	–	–	–	–	–	–	250
Mr. Wang Yongli	250	–	–	–	–	–	–	–	250
Mr. Dong Hao	250	–	–	–	–	–	–	–	250
Mr. Zhang Boyang [1]	24	–	–	–	–	–	–	–	24
Total for 2021	2,957	–	–	–	18	–	–	6,407	9,382

[1] Appointed on 26 November 2021

Note:

Estimated money values of other benefits include rent paid, share options, share base payment and insurance premium.

Neither the chief executive nor any of the directors waived any emoluments during the year (2021: HK$Nil). In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year ended 31 December 2022 (2021: HK$Nil).

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company or its holding company, or their controlled companies or connected entities that were entered into or subsisted during the year (2021: HK$Nil).

(c) Directors' material interests in transactions, arrangements or contracts

Except for transactions disclosed in note 36, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: HK$Nil).

(d) Five highest paid individuals

The five highest paid individuals in the Group during the year included 2 (2021: 1) directors whose emoluments is reflected in the analysis presented in note 12(a). The emoluments of the remaining 3 (2021: 4) individuals are set out below:

	2022 **HK$'000**	2021 HK$'000
Basic salaries, award and allowances	**10,005**	11,334
Discretionary bonus	**–**	9,100
Retirement benefit scheme contributions	**54**	65
	10,059	20,499

The emoluments fell within the following bands:

	Number of individuals	
	2022	2021
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,000,001 to HK$4,500,000	**–**	2
HK$5,000,001 to HK$5,500,000	**1**	–
HK$8,000,001 to HK$8,500,000	**–**	1
	3	4

No amounts were paid or payable by the Group as inducement for the above remaining individuals to join the Group or compensation for the loss of office in connection with the management of the affairs of any members of the Group during the year (2021: HK$Nil).

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(e) Key management personnel compensation

	2022 **HK$'000**	2021 HK$'000
Basic salaries, award and allowances	**19,314**	18,640
Discretionary bonus	**–**	11,100
Retirement benefit scheme contributions	**117**	118
	19,431	29,858

13. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2022 (2021: HK$Nil).

14. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$623,263,000 (2021: profit of HK$71,189,000) and the weighted average number of ordinary shares of approximately 32,979,049,000 (2021: 32,983,714,000) in issue during the year (excluding the ordinary shares purchased by the Company under the share award plan).

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share amount was the same as basic (loss)/earnings per share amount as there were no potential dilutive ordinary shares outstanding for the years ended 31 December 2022 and 31 December 2021.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Software HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2021	25,449	12,243	2,381	6,587	46,660
Additions	343	256	405	–	1,004
Disposal of subsidiaries	(2,510)	(2,654)	–	(5,876)	(11,040)
Currency translation difference	90	28	–	55	173
At 31 December 2021 and 1 January 2022	23,372	9,873	2,786	766	36,797
Additions	–	95	–	–	95
Write-off/disposals	(2,228)	(51)	–	–	(2,279)
Currency translation difference	(110)	(25)	(1)	–	(136)
At 31 December 2022	21,034	9,892	2,785	766	34,477
Accumulated depreciation and impairment					
At 1 January 2021	12,053	6,539	1,278	5,804	25,674
Charge for the year	8,240	1,774	453	228	10,695
Disposal of subsidiaries	(1,307)	(1,871)	–	(5,730)	(8,908)
Currency translation difference	19	18	–	55	92
At 31 December 2021 and 1 January 2022	19,005	6,460	1,731	357	27,553
Charge for the year	2,907	1,367	334	153	4,761
Write-off/disposals	(854)	(28)	–	–	(882)
Currency translation difference	(24)	(9)	(1)	–	(34)
At 31 December 2022	21,034	7,790	2,064	510	31,398
Carrying amount					
At 31 December 2022	–	2,102	721	256	3,079
At 31 December 2021	4,367	3,413	1,055	409	9,244

16. GOODWILL

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2022 HK$'000	2021 HK$'000
Asset management:		
China Vered Asset Management (Hong Kong) Limited ("CVAM")	5,079	5,079
Securities brokerage:		
China Vered Securities Limited ("CVS")	–	10,792
	5,079	15,871

The recoverable amounts of the CGUs have been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, revenue growth rate and expenses growth rate, and long term growth rate during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Revenue and expenses growth rate are based on past practices and expectations on market development.

For each of the CGUs with significant amount of goodwill, the key assumptions used in the value-in-use calculations in 2022 and 2021 are as follows.

	2022		2021	
	Securities brokerage	Asset management	Securities brokerage	Asset management
Forecast period	5 years	5 years	5 years	5 years
% of revenue growth rate	20%	12%	20%	12%
% of expenses growth rate	15%	10%	15%	10%
Long term growth rate	5%	5%	5%	5%
Pre-tax discount rate	18%	18%	18%	18%

With continuous loss making by the CGUs relating to securities brokerage business, the recoverable amount of the CGUs relating to securities brokerage business based on the value in use calculation is significantly less than its carrying amount. Accordingly, impairment on goodwill of approximately HK$10,792,000 was recognised in respect of securities brokerage business during the year ended 31 December 2022 (2021: HK$Nil).

No impairment loss on goodwill of the CGUs relating to asset management business (2021: HK$Nil) is recognised with reference to the value in use calculation. Management believes that any reasonably possible change in any of the assumptions would not cause the recoverable amount of the CGUs relating to asset management business to fall below its carrying amount.

17. OTHER INTANGIBLE ASSETS

	License HK$'000	Trading right HK$'000	Total HK$'000
Cost			
At 1 January 2021, 31 December 2021 and 31 December 2022	902	700	1,602
Accumulated amortisation and impairment			
At 1 January 2021 and 31 December 2021	–	–	–
Impairment recognised for the year	–	700	700
At 31 December 2022	–	700	700
Carrying amount			
At 31 December 2022	902	–	902
At 31 December 2021	902	700	1,602

Trading right

The trading right represents the eligibility rights to trade on or through the SEHK and have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading right 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 right will not be amortised until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. The respective recoverable amounts of the cash generating units relating to securities brokerage business, whereby these trading right are allocated to, are determined using a value in use calculation as shown on note 16.

For the year ended 31 December 2022, the recoverable amount of trading right on the CGUs relating to securities brokerage business is significantly less than the carrying amount and therefore the carrying amount of trading right has been fully impaired through the recognition of impairment loss in the consolidated statement of profit or loss.

License

The carrying amount of intangible asset represents the regulated activities license issued by China Securities Regulatory Commission ("CSRC"). The license was acquired in a business combination and was recognised at fair value at the acquisition date. It is regarded as having indefinite useful live and is carried at cost less accumulated impairment losses.

18. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2022 and 2021:

Name	Place of incorporation/ registration, operation and kind of legal entity	Issued share capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
China Vered Financial Investment Management Limited	Hong Kong, limited liability company	HK$260,000,002	100%	–	Investment holding
China Vered Securities Holdings Limited	Hong Kong, limited liability company	HK$1,475,000,001	100%	–	Investment holding
China Vered Wealth Holdings Limited	Hong Kong, limited liability company	HK$1	–	100%	Provision of money lending services
China Vered Securities Limited	Hong Kong, limited liability company	HK$1,500,000,000	–	100%	Provision of securities brokerage services
China Vered Asset Management (Hong Kong) Limited	Hong Kong, limited liability company	HK$573,700,000	–	100%	Provision of securities advisory and asset management services
China Vered Capital (Hong Kong) Limited	Hong Kong, limited liability company	HK$300,000,000	–	100%	Investment holding
China Vered Investment Limited	The British Virgin Islands, limited liability company	US$6,410,000	–	100%	Investment holding
CM SPC	Cayman Islands, segregated portfolio company	US$1	–	100%	Investment holding
CVAM Investment Limited	The British Virgin Islands, limited liability company	US$1	–	100%	Investment holding
CVAM Investment Fund SPC	Cayman Islands, segregated portfolio company	US$1	–	100%	Investment holding
CVAM Investment Fund SPC - CVAM Greater China Selected Fixed Income SP	Cayman Islands, segregated portfolio	US$57,000,142	–	69%	Investment holding
CVAM Investment Fund SPC - CVAM Spectrum Selected High-Yield Investment Fund SP	Cayman Islands, segregated portfolio	US$17,000,000	–	100%	Investment holding
CM Strategic Investment Management Holding Limited	Hong Kong, limited liability company	HK$1	–	100%	Investment holding
JBC Holdings Co., Ltd.	Japan, limited liability company	JPY176,480,000	–	51%	Investment holding
Tianjin Tong Ming Xin Peng Corporate Management Company Limited^ ("Tianjin Tong Ming Xin Peng") 天津桐鳴鑫鵬企業管理有限責任公司	The PRC, limited liability company	RMB387,690,000*	–	100%	Investment holding
Tianjin Hua Sheng He Tai Corporate Management Company Limited^ ("Tianjin Hua Sheng He Tai") 天津華盛和泰企業管理有限公司	The PRC, limited liability company	RMB387,690,000**	–	100%	Investment holding

^ The English names are for identification purposes only

* The registered capital of Tianjin Tong Ming Xin Peng is RMB387,690,000 and RMB218,073,125 has been paid up as at 31 December 2022.

** The registered capital of Tianjin Hua Sheng He Tai is RMB387,690,000 and RMB218,073,125 has been paid up as at 31 December 2022.

The above list contains the particulars of subsidiaries which principally affect the results, assets or liabilities of the Group. None of the subsidiaries has issued any debt securities.

19. INVESTMENTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
At the beginning of the reporting period	93,356	106,365
Addition	18,222	2,735
Dividend received	–	(3,744)
Share of post-tax loss of associates	(39,440)	(12,000)
At the end of the reporting period	72,138	93,356

Set out below are the details of the associate as at 31 December 2022 and 2021 which, in the opinion of the directors, is material to the Group.

Name of entity	Place of business	Country of incorporation	Percentage of ownership interest	Nature of the relationship	Measurement method
Grand Flight Hooyoung Investment L.P.	The PRC	Cayman Islands	30%	Note 1	Equity

Note 1: Grand Flight Hooyoung Investment L.P. is an investment fund registered in Cayman Islands.

The following table shows the financial information of Grand Flight Hooyoung Investment L.P.

	2022 HK$'000	2021 HK$'000
Revenue	–	–
Loss	(108,080)	(38,672)
Total comprehensive loss	(108,080)	(38,672)
Current assets	197,281	298,898
Current liabilities	(4,544)	(1,175)
Net assets	192,737	297,723
Carrying amount of the associate in the consolidated financial statements (30%)	57,821	89,317

Aggregate financial information of associates that are not individually material:

	2022 HK$'000	2021 HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	14,317	4,039
Aggregate amounts of the Group's share of those associates		
Loss	(4,721)	(955)
Total comprehensive loss	(4,721)	(955)

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss include the followings:

	2022 HK$'000	2021 HK$'000
Financial assets at fair value through profit or loss		
Unlisted equity investments	1,461,173	1,620,791
Unlisted investment funds	402,590	389,825
Unlisted debt investment	90,674	–
Listed equity investments	358,856	530,555
Listed debt investments	66,790	228,590
Unlisted notes	–	21,415
Convertible loan	13,750	14,912
	2,393,833	2,806,088
Classified as:		
Non-current assets	1,906,019	1,894,785
Current assets	487,814	911,303
	2,393,833	2,806,088

	2022 HK$'000	2021 HK$'000
Financial liabilities at fair value through profit or loss		
Payable to holders of non-controlling interests in unlisted consolidated investment fund	70,615	115,785
Classified as:		
Current liabilities	70,615	115,785

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The investments in unlisted investment funds of HK$402,590,000 (2021: HK$389,825,000) as above represent investments in unconsolidated structured entities. The Group does not consolidate these structured entities as the Group does not have power over them. Such structured entities include investments in funds and partnership managed by either the Group or third parties. The maximum exposure to loss is HK$402,590,000 (2021: HK$389,825,000) which represents the fair value as at 31 December 2022.

The size of these unconsolidated structured entities is HK$2,656,136,000 (2021: HK$1,788,530,000).

During the year, the Group did not provide financial support to these unconsolidated structured entities and has no intention of providing financial or other support.

The interest receivables derived from convertible loan, listed debt investments and unlisted notes have been recognised as other interest receivables in the consolidated statement of financial position.

Payables to holders of non-controlling interests in the unlisted consolidated structured entity are recognised as a liability since the Group has the obligation to pay other investors of the consolidated structured entity after the lock-up period of the structured entity based on the net asset value and related terms of this consolidated structured entity. The amount ultimately paid by the Group depends on the fair values of these assets on the redemption date and may be different from the carrying amounts at the end of each reporting period.

Investment in Shareholder Value Offshore Fund

As at 31 December 2022, these financial assets included, among others, an investment in 31.7% interests in an unlisted investment fund namely Shareholder Value Offshore Fund (the "Fund"), which was managed by the Group's asset management subsidiary, namely China Vered Asset Management (Hong Kong) Limited ("CVAM"), whose carrying value amounted to zero (2021: zero). As at 31 December 2022, the original cost of investment in the Fund amounted to HK$139,007,000 and was fully written-off (2021: the original cost of investment in the Fund amounted to HK$139,007,000 with an accumulated fair value loss of HK$139,007,000). According to the financial information of the Fund, it was noted that the Fund invested into two segregated portfolios (the "Subject Fund A" and the "Subject Fund B") through its master fund, Shareholder Value Fund (the "Master Fund"). The investments in the Subject Fund A and the Subject Fund B were funded by the transfer of assets held by the Master Fund, including the leverage notes linked with the bonds issued by a listed property developer.

In May 2021, CVAM received a redemption request from a Fund's investor and was then aware that the Master Fund's liquidity was insufficient to meet such redemption request due to the lock-up restrictions in the Subject Fund A and the Subject Fund B. In March 2022, an independent investigation committee was established and resolved to appoint an independent consultant to investigate into the investment and nature, existence and valuation of the underlying assets of such investment (the "Investigation"). The Investigation completed in September 2022. Further details in respect of key findings of the Investigation are set out in the announcement of the Company dated 13 September 2022 and note 19 to the consolidated financial statements of the Annual Report 2021 under heading "Investment in Shareholder Value Offshore Fund".

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Investment in Shareholder Value Offshore Fund *(Continued)*

During the year and up to date of the approval of the consolidated financial statements, the Group has taken various actions to obtain documentary evidence and used its best efforts to promote the recovery of the Fund's investment in relation to the Subject Fund A and the Subject Fund B. The Group obtained the fund statements of the Subject Fund A and the Subject Fund B as at 31 December 2022 from the fund manager (the "Third Party Manager A"), and the net asset value of Subject Fund A and Subject Fund B as reported in the fund statements amounted to a negative value and zero respectively. The Group, through CVAM, had visited the office of the Third Party Manager A in an attempt to reach out to the relevant responsible officer of the Third Party Manager A to obtain further information regarding the details of underlying investments and discuss the recovery of investment in the Subject Fund A and the Subject Fund B. However, the Third Party Manager A had rejected such requests. The Group further sought legal advices on the Group's rights under the fund documents. The Group tried to implement possible actions on the recovery of the investments based on the legal advices but was not successful. The Group concluded that it could not effectively exercise its rights as an investor to redeem or to gain access to information over the investment currently and the Group was no longer able to derive any beneficial interests in terms of its indirect investments in the Subject Fund A and the Subject Fund B through the Master Fund and/or the Fund. Therefore, the interests in the Subject Fund A and the Subject Fund B were considered unrecoverable. As the Subject Fund A and the Subject Fund B no longer brought any residual value to the Group, the Group's interest in the Fund (including its interests in the Subject Fund A and the Subject Fund B) was fully written off.

The Group would continue to implement best efforts and take all possible actions to the recovery of the Fund's investment in relation to the Subject Fund A and the Subject Fund B in order to maximise the recoverable amount of the Group's interests in the Fund.

Investment in Fund C

As at 31 December 2021, the financial assets also included an investment in an unlisted investment fund, Fund C, which was managed by a licensed asset manager (an independent third party to the Group) (the "Third Party Manager B"), whose carrying value amounted to approximately HK$167,796,000. The original cost of investment in Fund C amounted to approximately HK$147,272,000 with an accumulated fair value gain of approximately HK$20,524,000. According to the financial information of Fund C, it was noted that the main underlying assets included an investment in unlisted bond made by the Third Party Manager B. During the year ended 31 December 2022, the Group has requested for redemption of Fund C and completed redemption with an overall realised gain of approximately HK$13,236,000 on the investment in Fund C recognised in profit or loss.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income include the followings:

	Note	2022 HK$'000	2021 HK$'000
Financial assets at fair value through other comprehensive income			
Listed debt investments	(a)	60,349	588,644
Listed equity investments	(b)	228,467	62,545
Unlisted investment funds	(c)	146,648	322,966
		435,464	974,155
Classified as:			
Non-current assets		376,103	417,566
Current assets		59,361	556,589
		435,464	974,155

Notes:

(a) The interest receivables derived from listed debt investments have been recognised as other interest receivables in the consolidated statement of financial position.

ECL allowances as at 31 December 2022 amounted to HK$561,300,000 (2021: HK$382,011,000) with an increase in ECL allowances of HK$179,289,000 (2021: HK$345,844,000) recognised in the consolidated statement of profit or loss during the year.

(b) The Group designated these investments at fair value through other comprehensive income as the investments are held for long term strategic purposes. The issuers of these listed equity investments are mainly under banking and finance sector and real estate sector.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

Notes: *(Continued)*

(c) The investments in unlisted investment funds of HK$146,648,000 (2021: HK$322,966,000) represent investments in unconsolidated structured entities which were designated as fair value through other comprehensive income as these investments are held for long term strategic purpose. The Group does not consolidate these structured entities as the Group does not have power over them. Such structured entities include investments in funds managed by third parties and the investment funds mainly invested in equity and debt securities issued by entities from banking and finance sector and energy and chemical sector. The maximum exposure to loss is HK$146,648,000 (2021: HK$322,966,000) which represents the fair value as at 31 December 2022.

The size of these unconsolidated structured entities is HK$178,261,000 (2021: HK$391,452,000).

During the year, the Group did not provide financial support to the unconsolidated structured entities and has no intention of providing financial or other support.

Investment in Fund D

As at 31 December 2022, the financial assets included an investment in 100% interests in an unlisted investment fund (the "Fund D"), which was managed by a licensed asset manager (an independent third party to the Group) (the "Third Party Manager C"), whose carrying value amounted to approximately HK$160,000 (2021: HK$5,618,000).

According to the financial information of the Fund D, it was noted that the underlying assets included certain securities investment and a substantial portion of investments in two loans made by the Third Party Manager C. The Group identified that one of the two loans was made to a party related to the Third Party Manager C. The Group has considered such nature in light of related party transaction with the fund manager and covered matters pertaining to the Fund D in the scope of the Investigation. One of the loans was granted to a company owned by a director of the Third Party Manager C (the "Loan A") at interest rate of 3% per annum and the other loan was granted to a company owned by a former director of Fund D (the "Loan B") at interest rate of 6% per annum. It was further noted that the maturity of these loans and interest receivables was further extended from December 2021 to December 2023 by the Third Party Manager C.

The aggregate outstanding balance of the Loan A and the Loan B with their interest receivables amounted to approximately HK$57,648,000 as at 31 December 2021. A full impairment on the relevant loans and interest receivables of HK$57,648,000 was made and included in the fair value loss recognised in other comprehensive income during the year ended 31 December 2021.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

Investment in Fund D *(Continued)*

During the year ended 31 December 2022 and up to date of the approval of the consolidated financial statements, the Group has continued to request the Third Party Manager C to provide the latest financial information of the two borrowers of the Loan A and the Loan B, and the Group had received certain financial information of the borrowers. The Group had also obtained the latest fund statement for the Fund D as at 31 December 2022. The Third Party Manager C confirmed they have provided all available information related to the Loan A and the Loan B and the Group has performed search on the corporate background, credit history and other available information of the borrowers.

In September 2022, the Group submitted a written request for the redemption of the Fund D based on the subscription agreement. The Third Party Manager C requested for the extension of redemption date, however, the Group rejected such extension request. Subsequently, the Third Party Manager C confirmed that they would formulate a plan to realise existing assets of the Fund D to implement the redemption. Based on the assessment of the realisation of underlying assets made by the Third Party Manager C, the listed equity securities would be realised at their fair values but, after further discussion with the borrowers, the Loan A and Loan B might not be repaid upon redemption request.

After conducting all the steps as mentioned above and taking into account all available information obtained and the recovery efforts implemented, the Group considered the recoverable amount of the Loan A and Loan B was minimal and accordingly, the Group assessed the carrying value of the loans and interest receivables recorded in Fund D as fully impaired and recorded as fair value loss. The fair value of the remaining net assets, including cash and other securities investment less liabilities recorded in the Fund D, was approximately HK$0.2 million as at 31 December 2022.

The Group would continue to implement all possible recovery efforts on the redemption in the Fund D and the recovery of the Loan A and the Loan B in order to maximise the recoverable amount of the Fund D.

Investment in Fund E

As at 31 December 2022, the financial assets also included an investment in unlisted investment fund, Fund E, which was managed by a licensed asset manager (an independent third party to the Group) (the "Third Party Manager D"), whose carrying value amounted to approximately HK$146,488,000 (2021: HK$317,348,000). The original cost of investment in Fund E amounted to approximately HK$584,150,000 (2021: HK$564,149,000) with an accumulated fair value loss of approximately HK$437,662,000 (2021: HK$246,801,000). According to the financial information of Fund E, it was noted that the underlying assets invested by Third Party Manager D included a substantial part of investments in listed equity securities under banking and finance sector and remaining part of investment in a loan receivable. The Group is now taking active measures including discussion with Third Party Manger D for redemption of investment and/or recovery of any investment loss.

22. FINANCIAL ASSETS AT AMORTISED COST

	2022 HK$'000	2021 HK$'000
Financial assets at amortised cost		
Not past due or less than 1 month past due	29,304	178,274
1–3 months past due	–	–
3–6 months past due	–	–
6–12 months past due	140,037	–
Over 12 months past due	–	–
	169,341	178,274
Less: ECL allowances on financial assets at amortised cost	(133,779)	(99,364)
	35,562	78,910
Classified as:		
Non-current assets	–	33,765
Current assets	35,562	45,145
	35,562	78,910

At 31 December 2022, financial assets at amortised cost include unlisted bond investments and note receivables with effective interest rates ranging from 7.6% to 10.0% (2021: 7.6% to 10.0%) per annum.

During the year, an increase in ECL allowances of HK$34,415,000 was recognised (2021: provision for ECL allowances of HK$98,559,000) in the consolidated statement of profit or loss.

23. MARGIN RECEIVABLES AND OTHER TRADE RECEIVABLES

	2022 HK$'000	2021 HK$'000
Margin receivables	120,200	106,490
Less: ECL allowances	(63,566)	(63,570)
	56,634	42,920
Trade receivables arising from asset management business	17,969	26,629
Trade receivables arising from underwriting business	2,950	2,815
	77,553	72,364

Loans to margin clients are secured by clients' pledged Hong Kong-listed securities at fair value of HK$583,609,000 (2021: HK$270,587,000) which can be sold at the discretion of a subsidiary of the Group to settle margin call requirements imposed by their respective securities transactions. The loans are repayable on demand and bear interest at commercial rates.

ECL allowances as at 31 December 2022 amounted to HK$63,566,000 (2021: HK$63,570,000 with a decrease in ECL allowances of HK$4,000 (2021: decrease in provision of HK$31,000) recognised in the consolidated statement of profit or loss during the year.

Except for those margin receivables in stage 3 of ECL assessment, the Group considered that the business nature of margin receivables is short-term and the directors are of the opinion that no further aging analysis is disclosed.

Trade receivables arising from asset management business are mainly due at the end of the relevant valuation period of the investment funds and managed accounts. However, some of these trade receivables are only due after the relevant valuation period as a result of credit periods granted to certain investment funds and managed accounts which are generally within three months.

Trade receivables arising from asset management business are generally deducted from the net asset value of the investment funds and managed accounts and paid directly by the administrator or custodian of the investment funds and managed accounts at the end of the relevant valuation period or credit period, as appropriate. There was no provision for impairment on trade receivables arising from asset management business as at 31 December 2022 (2021: HK$Nil).

Aging analysis of other trade receivables from the trade date is as follows:

	2022 HK$'000	2021 HK$'000
0–90 days	4,125	10,032
91 days to 1 year	16,794	19,412
	20,919	29,444

The carrying amounts of the margin receivables approximate to their fair values.

The carrying amounts of other trade receivables approximate to their fair values due to the short-term maturity. The maximum exposure to credit risk at the reporting date is the carrying amounts of the other trade receivables. The Group did not hold any collateral as security as at 31 December 2022 (2021: HK$Nil).

24. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022 HK$'000	2021 HK$'000
Other receivables	5,116	57,553
Prepayments	5,706	5,250
Other deposits	20,112	71,805
	30,934	134,608

As at 31 December 2022, all the current balances are expected to be recovered within one year, except for certain deposits of HK$16,988,000 (2021: HK$2,172,000).

25. LOAN AND INTEREST RECEIVABLES

As at 31 December 2022, these loan receivables bore interest at fixed rate of 15% per annum (2021: 8.9%). Interest income derived from loan receivables was recognised and presented under "Interest income" in the consolidated statement of profit or loss.

Regular credit reviews on these loans receivables are conducted by the Risk Management Department based on the latest status of these loans, and the latest announced or available information about the borrowers and the underlying collateral held. Apart from collateral monitoring, the Group seeks to maintain effective control over its loans in order to minimise credit risk by regularly reviewing the borrowers' and/or guarantors' financial positions.

As these loan receivables will be settled within 12 months, the carrying amounts approximate to their fair values.

ECL allowances as at 31 December 2022 amounted to HK$260,266,000 (2021: HK$301,206,000) with a decrease in ECL allowances of HK$40,940,000 (2021: an increase in ECL allowances of HK$36,632,000) was recognised in the consolidated statement of profit or loss during the year.

The following is an aging analysis of loan and interest receivables based on the contract note at the reporting date:

	2022 HK$'000	2021 HK$'000
Not past due or less than 1 month past due	3,730	173,355
1–3 months past due	–	–
3–6 months past due	–	–
6–12 months past due	–	–
Over 12 months past due	374,259	252,439
	377,989	425,794
Less: ECL allowances	(260,266)	(301,206)
	117,723	124,588

26. DEPOSITS WITH BROKERS AND CASH AND CASH EQUIVALENTS

As at 31 December 2022, the cash and cash equivalents of the Group denominated in RMB or HKD and kept in the PRC amounted to approximately HK$49,225,000 (2021: HK$123,607,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

The Group maintains segregated accounts with authorised institutions to hold clients' monies in the normal course of business. At 31 December 2022, client money maintained in segregated accounts not otherwise dealt with in the consolidated financial statements amounted to approximately HK$107,129,000 (2021: HK$181,996,000).

As at 31 December 2022, deposits with brokers were mainly placed in the licensed stockbrokers in Hong Kong and the PRC, which amounted to approximately HK$99,427,000 (2021: HK$181,175,000).

The carrying amounts of deposits with brokers and cash and cash equivalents approximate to their fair values.

27. ACCRUALS AND OTHER PAYABLES

	Note	2022 HK$'000	2021 HK$'000
Contract liabilities	(a)	13,800	–
Deposits received		68,028	55,578
Receipts in advance		17	1,137
Other tax payables		1,591	312
Accruals and other payables		23,837	13,792
		107,273	70,819

(a) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2022 HK$'000	2021 HK$'000
At 1 January	–	–
Receipt of advances	13,800	–
At 31 December	13,800	–

The amount of transaction price allocated to the performance obligations that are unsatisfied at 31 December 2022 is as follows:

	2022 HK$'000	2021 HK$'000
Expected timing of revenue recognition:		
Within 1 year	4,600	–
More than 1 year but within 2 years	4,600	–
More than 2 years but within 3 years	4,600	–
	13,800	–

28. LOAN AND INTEREST PAYABLES

	Note	2022 HK$'000	2021 HK$'000
Repurchase agreements	(a)	–	74,874
Leverage note	(b)	–	85,016
Interest payables		–	3,299
		–	163,189

As at 31 December 2022, there were no loan and interest payables (2021: loans bearing interest at fixed rates ranging from 2.6% to 4.0% per annum).

At 31 December, the Group's borrowings were repayable as follows:

	2022 HK$'000	2021 HK$'000
Within 1 year	–	163,189

The fair values of borrowings approximate their carrying amounts, as the impact of discounting is not significant.

(a) As at 31 December 2022, there were no repurchase agreements outstanding (2021: HK$74,874,000). In 2021, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets at amortised cost with carrying amount of approximately HK$45,145,000 as at 31 December 2021, which were subject to the simultaneous agreements to repurchase these investments at the agreed date and price. The repurchase prices were pre-determined and the Group was still exposed to substantially all the credit risks, market risks and rewards of those bonds sold. These bonds were not derecognised from the financial statements but regarded as "collateral" for the liabilities because the Group retained substantially all the risks and rewards of these bonds.

(b) As at 31 December 2022, there was no leverage note outstanding (2021: HK$85,016,000). On 20 July 2020, the Group entered into an agreement to borrow an amount of HK$99,384,000 and to subscribe a leveraged bond-linked notes amounted to HK$149,076,000. As part of the agreement, the Group had sold bonds classified at fair value through other comprehensive income with carrying amount of HK$241,572,000 and committed to purchase it back at a later date ("settlement date"). Until the settlement date, the Group would continue to expose to the risks and rewards of these bonds, and hence, it was not derecognised from the financial statements but regarded as "collateral" for the liabilities.

As at 31 December 2021, the carrying amounts of the pledged bonds classified at fair value through other comprehensive income and a cash collateral, arising from the maturity of certain bonds during 2021, were approximately HK$72,573,000 and HK$104,738,000 respectively.

29. MARGIN PAYABLES

As at 31 December 2022, there were no margin payables. As at 31 December 2021, margin payables bore interest at fixed rates ranging from 3.63% to 3.64% per annum.

As at 31 December 2021, the carrying amount of the pledged bonds and stocks classified at fair value through profit or loss were approximately HK$131,639,000.

The Group's margin payables were repayable on demand and the directors are of the opinion that no further aging analysis is disclosed.

30. SHARE CAPITAL

	2022		2021	
	Number of shares '000	Amount HK$'000	Number of shares '000	Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January	34,714,459	4,454,374	34,714,459	6,154,374
Capital reduction	–	–	–	(1,700,000)
At 31 December	34,714,459	4,454,374	34,714,459	4,454,374

Pursuant to a resolution passed in the annual general meeting held on 25 June 2021, regarding the reduction of the issued share capital of the Company by HK$1,700,000,000 (the "Capital Reduction"), the credit arising from such reduction has been applied to set off against the accumulated losses of approximately HK$1,559,150,000 with the remaining credit balance of approximately HK$140,850,000 to be transferred to the capital reduction reserve account of the Company, as at the effective date (i.e. 12 August 2021).

31. OTHER RESERVES

(i) Capital reduction reserve

The capital reduction reserve account of the Group enhancing the Group's ability and flexibility in potential dividend distribution in future. The capital reduction reserve account is available to set off against any losses of the Group and/or to make distribution to its shareholders in the future when appropriate.

(ii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, employees and consultants of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 2.22 to the consolidated financial statements.

(iii) Shares held for share award plan

As at 31 December 2022, the Company had 1,735,410,000 (2021: 1,735,410,000) shares held for share award plan.

31. OTHER RESERVES *(Continued)*

(iv) Special capital reserve

The application of the special capital reserve is subject to the court order granted by the High Court of Hong Kong SAR. Pursuant to the High Court Order dated 20 November 2002, as long as the Company shall remain a listed company, the balances shall be treated as an undistributable reserve of the Company provided that (1) the Company shall be at liberty to apply the said special capital reserve for the same purposes as a share premium account may be applied; and (2) the amount standing to the credit of the special capital reserve may be reduced by the amount of any increase, after the effective date, in the paid up share capital or the amount standing to the credit of the share premium account of the Company as a result of the payment up of shares by the receipt of new consideration or the capitalisation of distributable profits.

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2.5 to the consolidated financial statements.

(vi) Statutory surplus reserve

In accordance with the PRC Company Law and the respective company's articles of association, a subsidiary of the Group established in the PRC, being a wholly foreign owned enterprise, is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses), to the statutory surplus reserve. When the balance of the reserve fund reaches 50% of the entity's registered capital, any further appropriation is optional. With the approval from the relevant authorities, the statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. The reserve fund cannot be distributed in the form of cash.

(vii) Investment revaluation reserve

The investment revaluation reserve comprises all fair value gain/loss arising from the revaluation of the financial asset at fair value through other comprehensive income.

32. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2022 HK$'000	2021 HK$'000
Assets		
Non-current assets		
Property, plant and equipment	2,795	6,826
Right-of-use asset	10,743	2,455
Interests in subsidiaries	1,735,010	1,735,010
Rental and other deposits	3,026	3,110
Financial assets at fair value through profit or loss	158,215	256,254
Deferred tax assets	15,730	25,806
Total non-current assets	1,925,519	2,029,461
Current assets		
Other receivables, prepayments and deposits	7,444	6,340
Deposits with brokers	23	25
Amounts due from subsidiaries	1,989,498	2,691,303
Cash and bank balances	266,272	229,103
Total current assets	2,263,237	2,926,771
Total assets	4,188,756	4,956,232
Equity		
Equity attributable to owners of the Company		
Share capital (Note 30)	4,454,374	4,454,374
Other reserves (Note 32(b))	688,785	688,785
Accumulated losses (Note 32(c))	(987,782)	(201,130)
Total equity	4,155,377	4,942,029
Liabilities		
Non-current liability		
Lease liabilities	2,619	–
Total non-current liability	2,619	–
Current liabilities		
Accruals and other payables	22,034	11,414
Lease liabilities	8,726	2,789
Total current liabilities	30,760	14,203
Total liabilities	33,379	14,203
Total equity and liabilities	4,188,756	4,956,232

Approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Tan Zhenyu *Director*	**Li Feng** *Director*

32. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement of the Company

	Capital reduction reserve HK$'000	Share-based payments reserve HK$'000	Shares held for share award plan reserve HK$'000	Special capital reserve HK$'000	Total HK$'000
At 1 January 2021	–	7,108	(178,300)	726,699	555,507
Capital reduction	140,850	–	–	–	140,850
Acquisition of shares for share award plan	–	–	(464)	–	(464)
Lapse of share-based payments	–	(7,108)	–	–	(7,108)
At 31 December 2021, 1 January 2022 and 31 December 2022	**140,850**	**–**	**(178,764)**	**726,699**	**688,785**

(c) Movement of accumulated losses

	Accumulated losses HK$'000
At 1 January 2021	(1,612,000)
Capital reduction	1,559,150
Lapse of share-based payments	7,108
Loss for the year	(155,388)
At 31 December 2021 and 1 January 2022	**(201,130)**
Loss for the year	**(786,652)**
At 31 December 2022	**(987,782)**

33. SHARE-BASED COMPENSATION

Equity-settled share option scheme

On 9 December 2013, the shareholders of the Company approved the termination of the share option scheme adopted by the Company on 28 May 2004 (the "2004 Share Option Scheme") and the adoption of a new share option scheme (the "2013 Share Option Scheme"). The 2013 Share Option Scheme will expire on 8 December 2023.

2013 Share Option Scheme

Under the 2013 Share Option Scheme, the directors of the Company may, at their discretion, grant options to executives and key employees in the service of any member of the Group and other persons who may make a contribution to the Group subject to terms and conditions stipulated therein. The exercise price for any particular option shall be such price as the board of directors of the Company may in its absolute discretion determine at the time of grant of the relevant option subject to the compliance with the requirements for share option schemes under the Listing Rules.

At 31 December 2022 and 31 December 2021, the Company had no option granted under the 2013 Share Option Scheme.

2004 Share Option Scheme

The 2004 Share Option Scheme was terminated on 9 December 2013 such that no further option can be granted under the 2004 Share Option Scheme, but all options granted previously will remain exercisable in accordance with the terms of the 2004 Share Option Scheme and the relevant letters of offers to the respective grantees.

At 31 December 2022 and 31 December 2021, no options to subscribe for shares were granted under the 2004 Share Option Scheme.

Share award

The Group has entered share award scheme to incentivise selected employees or directors for their contributions to the Group and to attract suitable personnel for further development of the Group. Pursuant to the agreement, the ordinary shares of the Company will be acquired by the Company at the cost of the Company and will be granted to the selected participants after vesting. The total number of shares granted under the agreement will be vested for three years.

On 19 December 2018, the Group adopted another share award plan. The purpose of the share award plan is to recognise and reward the contribution of selected employees or directors, to give incentives in order to retain them for the continual operation and development of the Group. The share award plan shall be valid and effective for a period of 10 years commencing from 19 December 2018 but may be terminated earlier as determined by the Board.

During the year ended 31 December 2022, the Company did not acquire any share from open market through a trustee for the share award plan (2021: HK$464,000).

At 31 December 2022 and 31 December 2021, the Company had no awarded shares granted under share award scheme and share award plan.

34. CONTINGENT LIABILITIES

On 7 June 2022, CVAM received the Writ of Summons with an indorsement of claim issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by the plaintiff against CVAM, as a defendant. Details of the receipt of Writ of Summons are set out in the Company's announcement dated 10 June 2022. Subsequently, on 5 August 2022, the Fund was also included as a defendant.

As stated in the indorsement of claim attached to the Writ of Summons, the plaintiff claims against the defendants, among others, for: (1) a sum of US$17,090,460.61, being the original investment amount of US$25,000,000.00 made by the plaintiff in the Fund where CVAM serves as the investment manager, less US$7,909,539.39, being the redemption proceeds paid to the plaintiff; (2) interest for investment in the Fund; (3) loss and/or damages; (4) such further or other reliefs as the court shall deem fit; and (5) costs.

The Group has sought legal advice in respect of the litigation. At the end of the reporting period and up to the date of approval of these consolidated financial statements, based on the information available and the advice from external legal advisors, the Group's management assessed that whether any present obligation exists is still subject to high uncertainty. Accordingly, the Group has not made any provisions for any claim arising from the litigation, other than the related legal and other costs.

CVAM as a licensed corporation is registered with the SFC. It may be required to assist in and/or are subject to inquiries by relevant regulatory authorities in Hong Kong, including the SFC, if and when necessary. CVAM has been involved in ongoing communication with regulatory authorities in connection with the matters being investigated by the Group as disclosed in note 20 to the consolidated financial statements and no disciplinary action has been initiated by any regulatory authorities up to the date of this report. The Group has not made any provision for the aforementioned contingency.

Save as disclosed above, as at 31 December 2022, the Group and the Company did not have any significant contingent liabilities (2021: HK$Nil).

35. COMMITMENTS

Capital commitments

The Group has entered into contracts to commit investing into certain unlisted investment funds and limited partnership. The aggregate non-cancellable capital commitments as at 31 December 2022 amounted to approximately HK$292,829,000 (2021: HK$442,935,000).

36. RELATED PARTY TRANSACTIONS

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

	2022 HK$'000	2021 HK$'000
Commission income (Note i)	–	39
Fee income received from asset management, net (Note ii)	4,376	30,169
Underwriting fee income (Note iii)	150	2,800
Dividend income (Note iv)	978	–
Gain on disposal of a subsidiary	–	2,000

Note i: During the year ended 31 December 2022, the Group has not received any commission fees income from related parties (2021: HK$39,000). Commission fee income is determined with reference to the market rate offered to other third party clients.

Note ii: During the year ended 31 December 2022, the Group provided fund management service to a related party fund namely Shareholder Value Offshore Fund in which a subsidiary of China Minsheng Investment Group Corporate Ltd, a non-controlling shareholder of the Company, had substantial interest, and recognised a net income of fund management fee and performance fee of HK$3,436,000 (2021: HK$30,169,000). The fund management fee and performance fee are determined with reference to the market rate offered to other third party investor of the fund. As at 31 December 2022, the fee receivable amounted to approximately HK$1,238,000 (2021: HK$3,400,000).

The Group also provided co-investment management service to a related party fund in which the Group had substantial interest, and recognised a net income of fund management fee of HK$940,000 (2021: HK$Nil). The fund management fee is determined with reference to the market rate offered to other third party investor of the fund. As at 31 December 2022, the fee receivable amounted to approximately HK$936,000 (2021: HK$Nil).

Note iii: During the year ended 31 December 2022, Vered Investment Co., Ltd, a non-controlling shareholder of the Company, issued a corporate bond and a subsidiary of the Company acted as one of the arranger in the offerings. The relevant underwriting commission income recognised during the year amounted to HK$150,000 (2021: HK$2,800,000) in accordance with the terms of relevant subscription agreements. As at 31 December 2022, the fee receivable amounted to HK$2,950,000 (2021: HK$2,800,000).

Note iv: During the year ended 31 December 2022, the Group has received dividend income of HK$978,000 from a related party fund (2021: HK$Nil). Dividend income is determined by fund manager with reference to the fund mandate.

(b) The remuneration for directors and other members of key management of the Group during the year is disclosed in note 12 to the consolidated financial statements.

37. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities:

	Liabilities from financing activities		
	Loan and interest payables HK$'000	Margin payables HK$'000	Lease liabilities HK$'000
As at 1 January 2021	317,957	205,958	18,654
Changes from financing cash flows:			
Repayment of loan payables	(157,512)	–	–
Repayment of margin payables	–	(188,167)	–
Principal elements of lease rentals paid	–	–	(11,122)
Other changes:			
Interest expenses	8,160	3,251	693
Interest paid	(4,557)	(3,251)	(693)
Acquisition — leases	–	–	2,235
Disposal of subsidiaries	–	(8,627)	(6,978)
Foreign exchange adjustments	(859)	–	–
As at 31 December 2021 and 1 January 2022	163,189	9,164	2,789
Changes from financing cash flows:			
Repayment of loan payables	**(159,890)**	**–**	**–**
Repayment of margin payables	**–**	**(9,164)**	**–**
Principal elements of lease rentals paid	**–**	**–**	**(8,042)**
Other changes:			
Interest expenses	**1,287**	**294**	**385**
Interest paid	**(4,586)**	**(294)**	**(385)**
Acquisition — leases	**–**	**–**	**16,598**
As at 31 December 2022	**–**	**–**	**11,345**

38. EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events since the end of the reporting period and up to the date of this report.

FIVE YEAR FINANCIAL SUMMARY (UNAUDITED)

	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
Results					
Turnover	243,757	302,540	318,327	188,177	335,283
(Loss)/profit attributable to:					
— Owners of the Company	(623,263)	71,189	323,452	(568,815)	143,233
— Non-controlling interests	455	(1,009)	(1,161)	(1,779)	(1,628)
Assets and liabilities					
Total assets	4,464,246	5,467,773	6,187,043	5,736,975	6,027,091
Total liabilities	(309,046)	(527,098)	(898,421)	(539,355)	(670,259)
Total equity	4,155,200	4,940,675	5,288,622	5,197,620	5,356,832