偉祿集團控股有限公司
REALORD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 1196

Annual Report 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lin Xiaohui *(Chairman)*
Su Jiaohua *(Chief Executive Officer)*
Lin Xiaodong

Independent Non-executive Directors

Yu Leung Fai
Fang Jixin
Ho Chun Chung Patrick

AUDIT COMMITTEE

Yu Leung Fai *(Chairman)*
Fang Jixin
Ho Chun Chung Patrick

REMUNERATION COMMITTEE

Fang Jixin *(Chairman)*
Lin Xiaohui
Yu Leung Fai

NOMINATION COMMITTEE

Lin Xiaohui *(Chairman)*
Yu Leung Fai
Fang Jixin

COMPANY SECRETARY

Tsang Chin Pang

LEGAL ADVISER

Michael Li & Co.
Debevoise & Plimpton
Holman Fenwick Willan

INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong SAR

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
Guangdong Huaxing Bank
Guangzhou Rural Commercial Bank
Industrial Bank Co., Ltd.
Shenzhen Rural Commercial Bank

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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1 Connaught Place
Central, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

STOCK CODE

1196

COMPANY WEBSITE

http://www.realord.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleasured to present the annual report of Realord Group Holdings Limited (the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2023 ("FY2023").

RESULTS

For the year ended 31 December 2023, the Group recorded a total revenue of HK$801.5 million, representing a decrease of 33.1% as compare to HK$1,198.8 million for the year ended 31 December 2022 ("FY2022"). Gross profit increased by 11.1% year-on-year to HK$319.4 million (FY2022: HK$287.4 million). The Group recorded a net profit of HK$41.3 million in FY2023, which represented a decrease of 93.1% as compared to HK$602.6 million in FY2022. Based on the weighted average of 1,440,709,880 shares in issue during the year, basic earnings per share was HK5.32 cents (FY2022: basic earnings per share of HK7.83 cents).

The net profit for FY2023 comprised of (i) net gain on fair value change (net of deferred expenses) of investment properties attributable to shareholders in an amount of HK$828.6 million (FY2022: HK$658.8 million); (ii) a reversal of provision for impairment loss in properties under development, net of deferred tax expenses, of HK$46.6 million (FY2022: provision for properties under development, net of deferred tax credit: HK$75.2 million); (iii) an impairment loss on goodwill on department store business in the amount of HK$63.2 million (FY2022: Nil); (iv) a net exchange gain of HK$59.4 million (FY2022: HK$358.1 million); and (v) finance costs of HK$766.4 million (FY2022: HK$727.8 million).

DIVIDENDS

The directors of the Company (the "Directors") do not recommend the payment of interim and final dividend (FY2022: Nil) for the year ended 31 December 2023. Total dividend for the year is Nil (FY2022: Nil).

CORPORATE STRATEGY AND BUSINESS PLAN FOR THE CARIBBEAN AND LATIN AMERICAN MARKETS

Regarding the corporate strategy and business plan for the Caribbean and Latin American markets, the Group is keen to leverage its experience in the development of a project consisting educational facilities, apartments for student, hotel and resort facilities, commercial development and shopping facilities and in a longer plan university establishment(s) and related amenities in Grenada (the "Grenada Project") to explore further investment opportunities around the Caribbean economic zone and Latin American region. The Group has further targeted to invest in four other Caribbean countries, namely Antigua and Barbuda, Saint Lucia, Saint Kitts and Nevis, and Dominica. These four countries, together with Grenada (altogether, the "Designated Caribbean Countries"). The Group has identified four investment propositions to collaborate with the respective local governments to accelerate economic development of each country. These four areas include (i) the clean energy sector; (ii) the education sector; (iii) the tourism sector; and (iv) the retail sector.

It is the Group's strategy to seek for professional investors to jointly invest in the projects in the Designated Caribbean Countries and the Republic of Panama. Further, the Group is identifying capable and competent business partners with significant track record to participate in the projects. Subject to the planning and the feasibility studies of the projects as well as the requisite approval by the respective local government, it is expected that the Group would kick off the projects in the Designated Caribbean Countries and the Republic of Panama in near future.

The Group will continue to develop the business plans and identify new potential investment opportunities in other sectors, including but not limited to the banking and insurance sector, the desalination of sea water and sewage treatment sector, the general aviation and marine passenger transport sector, the infrastructure engineering sector, the international commodity trading sector, the mineral resources exploration sector and the offshore oil and gas exploitation sector in the Caribbean and Latin American region for the purpose of maximising the benefits and return to the shareholders.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my heartfelt gratitude to all our staff for their dedication and contributions, and to our customers, suppliers and business associates, and most importantly our shareholders for their unwavering support to the Group amid the challenging operational environment.

By Order of the Board
Lin Xiaohui
Chairman

Hong Kong, 25 March 2024

OVERVIEW OF PROPERTY PROJECTS

NANSHAN DISTRICT, SHENZHEN, PRC

1. Laiying Garden (萊英花園) Urban Renewal Project (known as "Laiying Garden")

Laiying Garden is the Group's first high-rise residential and commercial property development project in Nanshan District, Shenzhen, which will be developed into a residential and commercial complex comprising residential units, apartments, retail shops and entertainment and leisure facilities. It is located in Nanshan Science and Technology Park and financial district, and is only approximately 700 meters away from the Hi-Tech Park Station (高新園站) of Shenzhen Metro Line 1. The Group holds 51% interest on the Laiying Garden.

LONGHUA DISTRICT, SHENZHEN, PRC

2. Guanzhang Electronic Factory (冠彰電器廠) Urban Renewal Project (known as "Qiankeng Property")

Qiankeng Property, which is situated at Fucheng Jie Dao, Longhua District, Shenzhen, is a residential project being implemented and developed by the Group in Longhua District. The project is an affordable commodity housing project (residential/commercial) with gross floor area of approximately 112,000 square meters of which land use was changed from industrial use to residential use. It is proximate to the Zhucun Station (竹村站) of the northern extension of Shenzhen Metro Line 4, therefore it is expected to be benefited from the urban renewal in Longhua District. The Group holds 100% interest on the Qiankeng Property.

3. Realord Villas (偉祿雅苑) – Sincere Mall (先施購物中心)

Realord Villas is the Group's first residential and commercial complex project in Longhua District, Shenzhen. It is located on Huanguan South Road, Guanhu Jie Dao, Longhua District, Shenzhen, and is conveniently situated less than 100 meters away from the High-tech Zone East Station (高新區東站) of Shenzhen Tram which is connected to Shenzhen Metro Line 4. The project, with a total gross floor area of approximately 230,000 square meters, comprises 2,016 residential units, a business apartment building, a shopping mall, retail shops and car parking spaces, of which, the residential units are the corporation talent housing allocated and sold by the government, while the business apartment building, shopping mall, retail shops and car parking spaces with a gross floor area of approximately 51,000 square meters are held by the Group. Sincere Mall, the shopping mall inside Realord Villas, is the Group's first community mall project which is built as a business and shopping center that integrates local amenities, entertainment and leisure, parent-child education and specialty food and beverage experience, in order to create a warm and convenient space for a better community life.

4. Qianhai Weilu Cross-Border Logistic Park (前海偉祿跨境物流園) Urban Renewal Project (known as "Zhangkengjing Property")

Zhangkengjing Project is an industrial property held by the Group located at Zhangkengjing, Longhua District, Shenzhen. In February 2017, the Group made an application to Longhua District Urban Renewal Bureau (龍華區城市更新局) to change the land use of the project from industrial use to residential apartments and commercial use. According to the notice issued by the government authority, the application is being processed and reviewed by the relevant authorities and is still under review as at the reporting date. The property is currently used for leasing purpose.

GUANGMING DISTRICT, SHENZHEN, PRC

5. Realord Technology Park (偉祿科技園)

Realord Technology Park Project is located at Guangming Jie Dao, Guangming District, Shenzhen, occupying a site area of approximately 20,000 square meters. Phase I and Phase II of the project consists of office and apartment buildings with a gross floor area of approximately 81,000 square meters. It is proximate to the Fenghuang Town Station (鳳凰城站) of Shenzhen Metro Line 6. Phase I is currently leased to a hotel operator with international branded hotel operating experience. The operator has commenced work to renovate and retrofit the property for hotel use.

PARISH OF SAINT GEORGE, GRENADA

6. Grenada Project (格林納達項目)

Grenada Project comprises 3 lots of lands (the "Project Lands") with admeasurement 450 acres (approximately 1,821,084 square meters) situated at the Mt. Hartman area in the parish of Saint George, Grenada. The Group holds 70.5% interest on the Grenada Project.

Lot 1, Lot 2 and Lot 3 of the Project Lands contains by admeasurement 148 acres (approximately 598,934 square meters), 114 acres (approximately 461,341 square meters) and 188 acres (approximately 760,809 square meters), respectively, for the development of Grenada Project. The Grenada Project involves the development of a mixed property project consisting educational facilities, apartments for student, hotel and resort facilities, commercial development and shopping facilities and in a longer plan university establishment(s) and related amenities.

The principal activities of the Group during the year mainly included property investment, development and commercial operation (the "Property Segment"); financial services, included corporate finance advisory, asset management, securities brokerage services, margin financing and money lending (the "Financial Services Segment"); environmental protection industry, mainly dismantling, processing, trading and sales of scrap materials (the "EP Segment"); distribution and sales of motor vehicle parts (the "MVP Segment"); financial printing, digital printing and other related services (the "Commercial Printing Segment"); the operation of department stores and the provision of general and life insurances (the "Department Store Segment"); and provision of citizenship application and consultancy services on citizenship by investment programme and development of project in Grenada which integrates a collection of educational facilities, apartments for student, hotel and resort facilities, commercial development and shopping facilities and in a longer plan university establishement(s) and related amenities ("Latin America and Caribbean Segment" or "LAC Segment").

OVERALL FINANCIAL REVIEW

For the year ended 31 December 2023 ("FY2023"), the Group recorded a total revenue of HK$801.5 million, representing a decrease of 33.1% as compared to HK$1,198.8 million for the year ended 31 December 2022 ("FY2022"). The Group recorded a net profit of HK$41.3 million in FY2023, which represented a decrease of HK$561.3 million as compared to HK$602.6 million in FY2022.

Revenue and gross profit

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

	FY2023		FY2022		Increase/(decrease) in revenue	
	HK$' million	***% to total revenue***	*HK$' million*	*% to total revenue*	*HK$' million*	*% of changes*
Property Segment	**19.3**	**2.4%**	14.5	1.2%	4.8	33.1%
Financial Services Segment	**142.5**	**17.8%**	125.8	10.5%	16.7	13.3%
EP Segment	**357.8**	**44.6%**	705.0	58.8%	(347.2)	(49.2%)
MVP Segment	**43.1**	**5.4%**	141.0	11.8%	(97.9)	(69.4%)
Commercial Printing Segment	**54.7**	**6.8%**	59.1	4.9%	(4.4)	(7.4%)
Department Store Segment	**145.6**	**18.2%**	146.3	12.2%	(0.7)	(0.5%)
LAC Segment	**34.8**	**4.3%**	5.9	0.5%	28.9	489.8%
Others	**3.7**	**0.5%**	1.2	0.1%	2.5	208.3%
Total	**801.5**	**100.0%**	1,198.8	100.0%	(397.3)	(33.1%)

OVERALL FINANCIAL REVIEW (Continued)

Revenue and gross profit (Continued)

The Group's revenue in FY2023 was HK$801.5 million, representing a decrease of HK$397.3 million or 33.1% as compared to HK$1,198.8 million in FY2022. The changes in revenue are mainly attributable to the net effect of (i) decrease in EP Segment of HK$347.2 million; (ii) decrease in MVP Segment of HK$97.9 million; (iii) increase in Financial Services Segment of HK$16.7 million; and (iv) increase in LAC Segment of HK$28.9 million. Reasons for the changes in relevant segment revenue are set out in the section of Financial Review of each segment.

The gross profit increased by HK$32.0 million to HK$319.4 million (FY2022: HK$287.4 million) mainly due to the increase in revenue from Financial Services Segment and LAC Segment which have a relatively higher gross profit ratio than other segments.

Other income

Other income mainly represented imputed interest income on gift receivable from Win Dynamic Limited ("Win Dynamic"), interest income on credit-impaired loan receivables, government grants and bank interest income. The slight decrease in other income from HK$33.4 million in FY2022 to HK$32.0 million in FY2023 was mainly resulted from the net effect of (i) decrease in government grants by HK$4.5 million, which were related to the subsidies from the Employment Support Scheme under the Anti-epidemic Fund set up by the Hong Kong Government in FY2022, whereas no such subsidies in FY2023; (ii) increase in imputed interest income on gift receivable from Win Dynamic by HK$1.5 million; and (iii) increase in bank interest income by HK$1.4 million.

Other gains, net

Other gains, net was HK$58.2 million in FY2023 as compared to HK$341.9 million in FY2022 which was mainly comprised the net foreign exchange gain of HK$59.4 million (FY2022: HK$358.1 million) and unrealised fair value loss on financial assets at fair value through profit or loss ("FVTPL") of HK$2.7 million (FY2022: HK$8.7 million).

Due to the depreciation of Renminbi against Hong Kong Dollar during FY2023 and FY2022, the Group recorded a net foreign exchange gain of HK$59.4 million (FY2022: HK$358.1 million) which was resulted from the translation of liabilities denominated in Renminbi.

The Group invested in listed securities in Hong Kong, club and school debentures in Hong Kong and other investment for investment purpose and classified as financial assets at FVTPL. As at 31 December 2023, the financial assets at FVTPL amounted to HK$68.5 million (2022: HK$71.2 million). The unrealised fair value loss of the financial assets at FVTPL was mainly due to the decrease in the market value of the listed securities in Hong Kong.

OVERALL FINANCIAL REVIEW (Continued)

Reversal of provision/Provision for properties under development

In FY2023, the Group recorded a reversal of provision for properties under development of HK$62.1 million (FY2022: provision for HK$100.2 million). As at 31 December 2023, the properties under development of Qiankeng Property was HK$3,331.2 million (2022: HK$3,328.2 million). There was a change from provision for properties under development in FY2022 to reversal of provision for properties under development in FY2023 which was primarily related to the effect of the commencement of construction work on the Qiankeng Property project in fourth quarter of 2023.

Impairment loss on goodwill

The impairment loss on goodwill on department store business of HK$63.2 million (FY2022: Nil) was mainly resulted from the slow economic recovery and increased trend of online shopping behavior in retail sector.

Impairment losses, net

In FY2023, the Group recorded net provision for impairment losses of HK$48.5 million (FY2022: HK$47.5 million) which represented the increase in expected credit losses of trade receivables of HK$45.2 million (FY2022: HK$13.1 million), receivables arising from securities broking of HK$0.3 million (FY2022: HK$1.2 million), loan receivables of HK$2.9 million (FY2022: HK$32.6 million) and other receivables of HK$0.1 million (FY2022: HK$0.6 million).

The increase in expected credit losses of trade receivables of HK$45.2 million in FY2023 was mainly due to the increase in credit risk from the long outstanding trade receivables arising from EP Segment, MVP Segment and Financial Services Segment.

OVERALL FINANCIAL REVIEW (Continued)

Gain on fair value changes of investment properties, net

In FY2023, the Group recorded net gain on fair value changes of investment properties of HK$1,097.8 million (FY2022: HK$997.7 million), which was mainly attributable to the gain on revaluation of investment properties of the Group in respect of Phase I of Realord Technology Park of approximately HK$938.5 million. In October 2023, the Group entered into a lease arrangement of the property with a hotel operator for an internationally renowned brand name for a lease term of 10 years. The operator has commenced work to renovate and retrofit the property for hotel use. It is intended that the Group will continue to operate the hotel as owner operator after expiry of the lease.

The net gain on fair value changes of investment properties of HK$997.7 million in FY2022 was mainly due to the gain on fair value changes of investment properties in Grenada of HK$1,846.8 million, which was partially offset by the loss on fair value changes of investment properties in Hong Kong and Mainland China of HK$849.1 million.

Selling and distribution expenses

Selling and distribution expenses mainly represented (i) business development expenses, staff costs and depreciation of right-of-use assets for the retail shops of the Department Store Segment; and (ii) amortisation of other intangible assets of customer relationship arising from the acquisition of Realord Century Service Company Limited and its subsidiary, Hartman Culture Development (Shanghai) Co., Ltd.*（哈特曼文化發展（上海）有限公司）(collectively referred to the "Realord Century Group") and Realord Century Business Service (Shenzhen) Co., Ltd.*（偉祿世紀商務服務（深圳）有限公司）(together with the Realord Century Group as the "Hartman Education Group").

The decrease in selling and distribution expenses by HK$15.8 million from HK$100.9 million in FY2022 to HK$85.1 million in FY2023 was mainly resulted from decrease in depreciation of right-of-use assets of HK$11.9 million as one of the stores closed in late 2022 and due to the rent concession obtained for department store operation in Department Store Segment.

Administrative expenses

Administrative expenses mainly represented staff costs, depreciation of right-of-use assets and legal and professional fees. The decrease in administrative expenses by HK$40.0 million from HK$315.3 million in FY2022 to HK$275.3 million in FY2023 mainly resulted from (i) the reduction of staff costs by HK$19.2 million from Financial Services Segment and LAC Segment; (ii) the reduction of legal and professional fees by HK$9.4 million since the one-off legal and professional fees incurred in legal procedures relating to Sincere Group reduced and the one-off tax consultancy fee incurred in FY2022 relating to Property Segment which was not incurred in FY2023; (iii) the decrease in office expenses and travelling expenses by HK$6.6 million; and (iv) the decrease in bank charges and securities trading expenses by HK$3.3 million.

* *For identification purpose only*

OVERALL FINANCIAL REVIEW (Continued)

Non-operating expenses

Non-operating expenses of HK$10.3 million (FY2022: Nil) represented the accrued settlement demands in relation to the claim from the former director of Sincere. For details, please refer to note 57 to the consolidated financial statements.

Finance costs

Finance costs mainly represented interest on bank borrowings and overdrafts, loans from ultimate holding company, other borrowings and loan from a related company. Finance costs increased by HK$38.6 million mainly due to the net effect of (i) increase in interest on loans from ultimate holding company by HK$67.8 million as a result of the increase in loans from ultimate holding company from HK$2,394.8 million as at 31 December 2022 to HK$2,797.5 million as at 31 December 2023; (ii) increase in interest on other borrowings by HK$16.8 million; (iii) increase in interest on loan from a related company by HK$11.7 million; and (iv) decrease in interest on bank borrowings and overdrafts by HK$52.4 million mainly due to the decrease in loan interest expenses incurred for the borrowings denominated in Renminbi as a result of depreciation of Renminbi against Hong Kong Dollar and reduction of interest rates in the Mainland China.

Net profit

The Group's net profit was HK$41.3 million in FY2023, representing a decrease of HK$561.3 million, as compared to the Group's net profit of HK$602.6 million in FY2022. The decrease in the net profit was resulted from the net effect of (i) decrease in net foreign exchange gain of the Group resulted from translation of the Group's liabilities denominated in Renminbi by HK$298.7 million; (ii) decrease in net gain on fair value changes of investment properties (net of deferred tax impact) by HK$375.0 million from gain (net of deferred tax impact) of HK$1,203.6 million in FY2022 to gain (net of deferred tax expenses) of HK$828.6 million in FY2023; (iii) increase in finance costs by HK$38.6 million; and (iv) impairment loss on goodwill of HK$63.2 million (FY2022: Nil).

The aforesaid effect was partially offset by (i) increase in gross profit of HK$32.0 million; (ii) reversal of provision for properties under development (net of deferred tax expense) of HK$46.6 million (FY2022: provision for properties under development (net of deferred tax credit) of HK$75.2 million); and (iii) decrease in selling and distribution expenses by HK$15.8 million and administrative expenses by HK$40.0 million.

FINANCIAL REVIEW OF EACH SEGMENT

Property Segment

The revenue of Property Segment was mainly derived from the rental income of the Group's investment properties. The Group generated rental income of HK$19.3 million in FY2023 (FY2022: HK$14.5 million). The increase in rental income was mainly due to the increase in number of tenants of Sincere Mall.

In FY2023, Property Segment recorded a segment profit of HK$782.5 million (FY2022: segment loss of HK$1,379.5 million). The segment result was mainly resulted from the net gain on fair value changes of the investment properties of HK$1,097.8 million (FY2022: net loss on fair value changes of HK$849.1 million) and reversal of provision for properties under development of the Qiangkeng Property of HK$62.1 million (FY2022: provision for HK$100.2 million). The reasons for the changes are set out in "Gain on fair value changes of investment properties, net" and "Reversal of provision/provision for properties under development" above.

Financial Services Segment

Financial Services Segment generated a revenue of HK$142.5 million in FY2023, which increased by HK$16.7 million or 13.3% as compared to HK$125.8 million in FY2022. The increase in segment revenue was due to the net effect of (i) increase in interest income from money lending business and margin financing business by HK$29.5 million and HK$5.4 million respectively; and (ii) decrease in commission income from securities broking of HK$15.8 million.

The segment recorded a segment profit of HK$75.7 million in FY2023, representing an increase of HK$54.4 million as compared to HK$21.3 million in FY2022. The increase was mainly resulted from (i) increase in revenue of HK$16.7 million; (ii) decrease in cost of services for the referral and financial services by HK$5.1 million; (iii) decrease in provision for expected credit losses on loan receivables by HK$29.7 million from HK$32.6 million in FY2022 to HK$2.9 million in FY2023; and (iv) decrease in staff costs of HK$8.6 million. The abovesaid effect was partially offset by the increase in provision for expected credit losses on long outstanding trade receivables of HK$5.8 million (FY2022: HK$0.6 million).

FINANCIAL REVIEW OF EACH SEGMENT (Continued)

EP Segment

EP Segment's revenue decreased by HK$347.2 million from HK$705.0 million in FY2022 to HK$357.8 million in FY2023 due to stricter credit control and the significant decrease in copper demand from customers in FY2023 as the copper price from suppliers still maintained a high level after the first quarter of 2023.

EP Segment recorded a segment loss of HK$29.9 million in FY2023 as compared to HK$6.5 million in FY2022. The segment loss was mainly attributable to the decrease in gross profit resulted from decrease in revenue and increase in provision for expected credit losses from long outstanding trade receivables resulting from the delay in repayments from customers.

MVP Segment

The revenue of MVP Segment decreased by HK$97.9 million from HK$141.0 million in FY2022 to HK$43.1 million in FY2023 since the market of the Mainland China experienced a slow and uncertain recovery.

MVP Segment recorded a segment loss of HK$10.3 million in FY2023, as compared to segment profit of HK$5.7 million in FY2022. The turnaround of performance was mainly attributable to the decrease in gross profit resulted from drop in revenue and the increase in provision for expected credit losses from long outstanding trade receivables as a result of the delay in repayments from customers.

Commercial Printing Segment

The uncertain business environment kept adversely affected the capital market sentiment, and hence the demand for services was kept at a low growth rate. Under the challenging business environment, the revenue from Commercial Printing Segment decreased by HK$4.4 million to HK$54.7 million in FY2023 (FY2022: HK$59.1 million).

The segment loss of Commercial Printing Segment increased by HK$0.9 million from HK$3.2 million in FY2022 to HK$4.1 million in FY2023 was mainly resulted from subsidies received from the Employment Support Scheme under the Anti-epidemic Fund set up by the Hong Kong Government in FY2022, whereas no such subsidies in FY2023.

FINANCIAL REVIEW OF EACH SEGMENT (Continued)

Department Store Segment

During FY2023, the Department Store Segment recorded a segment revenue of HK$145.6 million (FY2022: HK$146.3 million) and suffered segment loss of HK$91.1 million (FY2022: HK$35.3 million).

The increase in segment loss was mainly due to the net effect of (i) impairment loss of goodwill of HK$63.2 million (FY2022: Nil); (ii) accrued settlement demands in relation to the claim from former director of Sincere of HK$10.3 million (FY2022: Nil); (iii) improvement of gross profit margin from 55.9% to 57.4%; and (iv) decrease in depreciation of right-of-use assets of HK$11.9 million resulted from closure of one of the stores in late 2022 and the rent concession obtained for the department store operation.

LAC Segment

The revenue of LAC Segment generated from provision for citizenship application and consultancy services on citizenship by investment programme ("CBI Programme") was HK$34.8 million in FY2023 as compared to HK$5.9 million in FY2022. The increase in revenue was resulted from the client's citizenship had been granted by the Minister as set out in Section 8 of the Grenada Citizenship by Investment Act 15 of 2013.

LAC segment recorded a segment loss of HK$8.8 million in FY2023 as compared to segment profit of HK$1,799.8 million in FY2022. The turnaround of performance was mainly attributable to the net effect of (i) the revenue of HK$33.0 million generated from citizenship granted under CBI Programme in FY2023; and (ii) the gain on fair value change of investment properties in Grenada of HK$1,846.8 million primarily due to the appreciation of the project value in Grenada in FY2022, whereas no such gain in FY2023.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations with internally generated cash flow, cash reserve, banking facilities, other borrowings and facility provided by the ultimate holding company. The Group is financially sound with healthy cash position. The Group's cash and bank balances as at 31 December 2023 amounted to HK$153.3 million (2022: HK$171.9 million) which were mainly denominated in HK$ and RMB (2022: HK$ and RMB).

The gearing ratio of the Group as at 31 December 2023 was 364.8% (2022: 358.6%), which is calculated based on the interest-bearing borrowings denominated in HK$ and RMB (2022: HK$ and RMB) of HK$13,105.8 million (2022: HK$12,950.0 million) and divided by the equity attributable to owners of the Company of HK$3,592.9 million (2022: HK$3,611.0 million). The interest bearing borrowings carried interest rate ranging from 3.275% to 12% per annum (2022: 3.025% to 8.625% per annum) with maturity ranging from within 1 year to 27 years (2022: within 1 year to 28 years).

The Directors consider that the Group's cash holding, liquid assets, future revenue, available banking facilities and the facility provided by the ultimate holding company will be sufficient to fulfill the present working capital requirement of the Group.

FOREIGN EXCHANGE

Most of the transactions of the Group were denominated in Hong Kong Dollars, US Dollars, Euro, Japanese Yen, Renminbi and East Caribbean Dollars. The reporting currency of the Group is Hong Kong dollars.

The Group is exposed to foreign exchange risk arising from exposure in the US Dollars, Euro, Japanese Yen, Renminbi and East Caribbean Dollars against Hong Kong Dollars. The management has continuously monitored the level of exchange rate exposure and shall adopt financial hedging instruments for hedging purpose when necessary. The Group did not use any financial instruments for hedging purpose as at 31 December 2023.

FINANCIAL GUARANTEES AND CHARGES ON ASSETS

As at 31 December 2023, corporate guarantees amounting to HK$8,753.0 million (2022: HK$9,107.0 million) were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to HK$8,733.0 million (2022: HK$8,957.0 million) was given to banks in the Mainland China by the Company for the provision of general banking facilities granted to its subsidiaries in the Mainland China. Besides, the general banking facilities granted to the subsidiaries of the Company were secured by legal charges on certain investment properties, leasehold land and buildings, properties under development and proposed development project owned by the Group with a total net book value of HK$9,468.4 million (2022: HK$8,512.0 million), HK$535.4 million (2022: HK$556.7 million), HK$3,331.2 million (2022: HK$3,328.2 million) and HK$2,101.9 million (2022: HK$2,016.7 million) respectively. Meanwhile, corporate guarantees amounting to HK$9,445.8 million (2022: HK$9,592.4 million) were given to banks by the directors and controlling shareholders of the Company for the provision of general banking facilities granted to its subsidiaries. Besides, corporate guarantees amounting to HK$308.4 million (2022: HK$230.5 million) was given to banks by the related parties of the Group for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to HK$288.4 million (2022: HK$210.5 million) was given to banks in the Mainland China by the related parties of the Group for the provision of general banking facilities granted to its subsidiaries in the Mainland China. In addition, the general banking facilities granted to the subsidiaries of the Company were secured by the Group's marketable securities with an aggregate fair value of HK$2.6 million (2022: HK$2.2 million) and shares of certain subsidiaries (2022: securities collateral pledge to the Group by margin clients with market value of HK$400.7 million). Besides, certain bank borrowings were secured by the Group's restricted bank balances and deposits of HK$11.3 million (2022: HK$84.3 million).

For the other borrowings from financial institutions as at 31 December 2023, corporate guarantees amounting to HK$56.1 million (2022: HK$57.9 million) were given to the financial institutions by the Company for the provision of other borrowings granted to the subsidiaries. Besides, the other borrowings granted to the subsidiaries of the Company were secured by legal charges on certain investment properties with carrying amount of HK$73.7 million (2022: HK$79.4 million). In additions, certain other borrowings to the subsidiaries of the Company were under repurchase arrangement by using the securities collateral pledged to the Group by margin clients with market value of HK$77.6 million (2022: HK$149.6 million). Moreover, certain other borrowings were secured by securities collateral pledged to the Group by margin clients with market value to HK$155.4 million (2022: Nil). Besides, personal guarantees up to HK$30.0 million (2022: Nil) were given to independent third party by a director and controlling shareholder of the Company for the provision of other borrowings granted to the Company.

BUSINESS REVIEW OF EACH SEGMENT

During the year ended 31 December 2023, the global economy and business performance did not recover as the market expected after the full resumption of normal travel was implemented in February 2023 between the Mainland China and Hong Kong. The slow and uncertain recovery was resulted from the high interest rate, inflationary pressure, the uncertain of global economic growth, the unstable international geopolitics specially the impact from Russo-Ukrainian conflict and Israel-Hamas war, and the strict regulation and supervision of various industries in the Mainland China. The recovery of economies and business performance was slower than previously expected.

Set out below is the review of each segment of the Group's business.

Property Segment

The Group holds three investment property projects namely Realord Villas and Zhangkengjing Property in Longhua District, and Realord Technology Park in Guangming District in Shenzhen, the PRC. The Group also holds proposed development project and properties under development namely Laiying Garden in Nanshan District and Qiankeng Property in Longhua District respectively in Shenzhen, the PRC. There are five property projects on hand as at 31 December 2023 (2022: five).

In FY2023, there are various development progress on five property projects. Firstly, for Realord Villas, up to the date of report, the number of tenants of Sincere Mall increased to 50 including children's amusement park, education training centres, restaurants, fitness studios and billiard room. Secondly, for Realord Technology Park, the total construction scale is approximately 81,000 square meters. For Phase I, a lease agreement was signed with hotel operator with international branded hotel operating experience under a lease term starting from 2024. For Phase II, the development plan will be started once government approval is granted. Thirdly, for Qiankeng Property, the construction scale is approximately 112,000 square meters and the redevelopment works are processing since the Group obtained the construction permit from relevant government authorities in October 2023. Fourthly, for Zhangkengjing Property, the application of change of land use from industrial use to residential apartments and commercial use is still under review as at the reporting date. Fifthly, for Laiying Garden, the Group obtained the land use permit from relevant government authorities in July 2023 and the redevelopment work is expected to be commenced once permits from relevant government authorities are granted.

Financial Services Segment

In FY2023, under the shadow of high inflation and interest rate, the financial market in Hong Kong fell generally. However, Financial Services Segment is committed to providing diversified and premium services to customers in the primary and secondary markets. The interest income of margin financing and money lending has been rising, which drives Financial Services Segment has been steady growth in the sluggish market.

The Group, together with 5 other independent third parties, had also applied for approval from the China Securities Regulatory Commission ("CSRC") to establish a security company in Guangzhou Pilot Free Trade Zone. The Group, together with 5 other independent third parties, have applied for withdrawal of the application during the year.

BUSINESS REVIEW OF EACH SEGMENT (Continued)

Financial Services Segment (Continued)

Margin financing business

Business model

The margin financing business forms an integral part of the securities brokerage business under the Financial Services Segment. The Group provides margin loans to its brokerage clients. Funding for this business is from bank loans, other borrowings from financial institutions and internal resources of the Group. The margin financing operation of the Group is based on the loan-to-collateral ratio (the "Collateral Ratio") set by the credit department for each of the securities with reference to its liquidity, risk profile and financial strength of the underlying entities and the loan-to-collateral ratio adopted by banks. Margin clients are required to pledge deposits and/or liquid securities as collaterals to the Group in order to obtain margin facilities for securities trading.

As at 31 December 2023, approximately 70.9% (2022: 53.0%), 4.2% (2022: 34.3%) and 24.9% (2022: 12.7%) of the total loan balance to margin financing clients of HK$300.3 million (2022: HK$457.2 million) were from individual investors, corporate investors and professional investors as defined under Part 1 of Schedule 1 of Section 397 of the Securities and Futures Ordinance (Cap.571D), respectively.

Credit policy

The Group has established a credit assessment committee (the "Margin Financing CAC") presently comprising four members (including the chief financial officer of the Company, two responsible officers and a director of the securities brokerage company). The Margin Financing CAC is responsible for establishing credit policy, approving margin limit, and monitoring the credit exposure of the margin financing business.

To perform credit assessment (the "Credit Assessment") on the clients, the credit risk staff team (the "Credit Risk Team"), which currently has two staff, will conduct the following procedures:

(i) "know your client" procedures including:

  (a) checking the background of client;

  (b) if the client is a corporate client, checking the background of the shareholder(s) and the ultimate beneficial owner(s), and business operations of such corporate client, obtaining and reviewing corporate documents of the corporate client including but not limited to the constitution documents and financial statements;

BUSINESS REVIEW OF EACH SEGMENT (Continued)

Financial Services Segment (Continued)

Margin financing business (Continued)

Credit policy (Continued)

(ii) assessment of the repayment ability and credit quality of client based on:

(a) for individual client, his/her occupation, proof of income, proof of assets, proof of financial standing, historical trading pattern, and historical settlement records with the Group (if applicable); and

(b) for corporate client, its latest available financial statements, leverage level, assets quality, external credit rating, historical trading pattern, and historical settlement records with the Group (if applicable).

Upon satisfactory on the results of the Credit Assessment, the Credit Risk Team shall recommend to the Margin Financing CAC's approval of the applicable margin limit with reference to the repayment ability and the credit quality of the client and the client's collaterals. The Margin Financing CAC shall review and make the decision to approve, reject or modify the margin limit and/or terms on the margin loan.

The Credit Risk Team is also responsible for on-going monitoring of the Collateral Ratio. The Margin Financing CAC will review the Collateral Ratio quarterly.

Key internal control measures

The Group has adopted the following key internal control measures to monitor its margin financing business:

(i) on a daily basis, a team comprising the head of customer service of the securities brokerage company and its responsible officer (who is also a member of the Credit Risk Team) for monitoring margin financing (the "Margin Monitoring Team") will generate a margin call report which shows the clients' margin status and identify if there is any shortfall in clients' collaterals;

(ii) for any insufficient collaterals identified, the Margin Monitoring Team shall make immediate margin calls for additional collateral;

(iii) in the event the clients fail to mitigate the shortfall of their collaterals, the Margin Monitoring Team shall make timely report to the responsible officers of securities brokerage company who will consider the necessary actions to take including but not limited to forced liquidation of the clients' position;

BUSINESS REVIEW OF EACH SEGMENT (Continued)

Financial Services Segment (Continued)

Margin financing business (Continued)

Key internal control measures (Continued)

(iv) the Margin Monitoring Team shall also closely monitor any unusual movements, corporate news or trading halts/suspensions of all underlying securities related to outstanding margin financing facilities in order to mitigate the clients' credit risk and report to the responsible officers of all relevant incidents as and when arise, for the responsible officers to consider further actions; and

(v) the responsible officers of securities brokerage company shall report to the management of the Group on any material adverse incidents on margin financing operation.

Major terms of loans and concentration of loans on major clients

During the year ended 31 December 2023, the interest rate of the margin financing was charged at a range of 5% to 20.875% (2022: a range of 5% to 20.625%) subject to the credibility of the clients and quality of the securities collateral. The Group's largest margin client and the five largest margin clients accounted for approximately 14.3% (2022: 10.6%) and 52.0% (2022: 34.4%) of the total loan balance to margin clients as at 31 December 2023. As at 31 December 2023, the Group's largest margin client was an individual client (2022: a corporate client) and the Group's five largest margin clients included 3 individual clients and 2 professional investors (2022: 1 individual client, 3 corporate clients and 1 professional investor).

Recoverability and impairment assessment

The Group measures the impairment loss on the basis of lifetime expected credit losses assessment for the loan receivables from margin financing clients. The Group monitors the market conditions and adequacy of securities collateral and margin deposits of each margin account on a daily basis. Margin calls and/or forced liquidation will be made where necessary. The Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate provision for impairment losses is made for irrecoverable amounts. As part of the Group's credit risk management, the Group estimates impairment loss on loans to margin clients individually by reference to any historical default or delay in payments, historical settlements record and current past due exposure of each client.

BUSINESS REVIEW OF EACH SEGMENT (Continued)

Financial Services Segment (Continued)

Margin financing business (Continued)

Recoverability and impairment assessment (Continued)

During the year ended 31 December 2023, the net provision for impairment losses on receivables arising from loans to margin clients of HK$0.3 million (2022: HK$1.2 million) was recognised, including the reversal of general provision for impairment loss of HK$0.4 million (FY2022: recognition of general provision for impairment loss of HK$1.2 million) and recognition of specific provision of HK$0.7 million (FY2022: Nil). The amount of specific provision of HK$0.7 million (FY2022:Nil) was written off during the year. General provision for impairment loss was provided for margin loan balances with insufficient collaterals. As at 31 December 2023, 92% (2022: 91%) of the margin loan balances were secured by sufficient collaterals.

Money lending business

Business model

The Group provides loans to clients with tailored made liquidity solutions and its clients are mainly solicited from business referrals of existing clients or business connections of the management team of the Group. Securities brokerage division also refers the brokerage clients who have financing needs to the money lending division with a view to providing one-stop financing solutions to the clients. The funding for this money lending business is mainly from internal resources of the Group. As at 31 December 2023, approximately 64.6% (2022: 61.1%) and 35.4% (2022: 38.9%) of the total loan balance to money lending clients of HK$554.1 million (2022: HK$458.9 million) were corporate and individual clients, respectively.

Credit policy

The Group has established a credit assessment committee (the "Money Lending CAC") presently comprising three members (including the chief financial officer of the Company and two directors of the money lending company). The Money Lending CAC is responsible for establishing credit policy, approving loan terms, and monitoring the credit exposure of the money lending business.

To perform the Credit Assessment on the client, the Credit Risk Team shall conduct the same procedures as that of margin financing operation including (i) "know your client" procedures; and (ii) assessment of the repayment ability and credit quality of client, details of which are set out in the paragraphs of "Credit policy" in the session headed "Margin Financing Business" above.

BUSINESS REVIEW OF EACH SEGMENT (Continued)

Financial Services Segment (Continued)

Money lending business (Continued)

Credit policy (Continued)

Upon satisfactory on the results of the Credit Assessment, a team comprising a director of the money lending company (who is also a member of the Money Lending CAC) and an officer of the money lending company (the "Money Lending Team") will propose loan terms (the "Proposed Loan Terms"), including but not limited to interest rate, tenor, collateral and guarantee, if applicable, to the Money Lending CAC based on the prevailing market condition, repayment ability and credit quality of the client and the client's financial need. The Proposed Loan Terms will be reviewed and approved by the Money Lending CAC and were determined on case-by-case basis.

The Money Lending Team is responsible for on-going monitoring of the status of the loans granted by the money lending company and assessing the credit exposure risks of its loan portfolio from time to time.

Key internal control measures

The Group has adopted the following key internal control measures to monitor its money lending business:

(i) on monthly basis, the Money Lending Team will prepare a monthly loan profile summary which will be reviewed by the Money Lending CAC to identify if there is any loan overdue;

(ii) for any loan being overdue, the Money Lending Team will immediately notify the Money Lending CAC, and provide regular updates on the progress of the collection of the outstanding balance of the loans and commence procedures to recover the outstanding balance, if applicable, in accordance with internal procedures; and

(iii) the status of the loan portfolio shall be reported to the Board by the Money Lending CAC on semi-annual basis.

BUSINESS REVIEW OF EACH SEGMENT (Continued)

Financial Services Segment (Continued)

Money lending business (Continued)

Major terms of loans and concentration of loans on major clients

During the year ended 31 December 2023, the interest rate of the money lending business was charged at a range from 8.5% to 12% per annum (2022: a range of 8.5% to 36% per annum) subject to the creditability of the clients, and the loan receivables from clients were generally unsecured and repayable with a term of one year or less. The Group's largest money lending client and the five largest money lending clients accounted for approximately 19.7% (2022: 19.4%) and 52.8% (2022: 58.2%) of the total loan balance to money lending clients as at 31 December 2023. As at 31 December 2023, the Group's largest money lending client was a corporate client (2022: a corporate client) and the Group's largest 5 money lending clients included 5 corporate clients (2022: 5 corporate clients).

Recoverability and impairment assessment

Same as the margin financing business, the Group measures the impairment loss on the basis of lifetime expected credit losses assessment for the loan receivables from the money lending clients. The Group reviews the loan receivables at the end of each reporting period to ensure that adequate provision for impairment losses is made for irrecoverable amounts, if any. As part of the Group's credit risk management, the Group estimates impairment loss on loans receivables individually by reference to any historical default or delay in payments, historical settlements record and current past due exposure of each client.

During the year ended 31 December 2023, provision for impairment losses on loan receivables of HK$2.9 million (2022: HK$32.6 million) was recognised for the whole loan portfolio of the Group which represented the expected credit losses of the receivables from money lending clients. As at 31 December 2023, the loan receivables of HK$2.1 million (2022: Nil) had been overdue and specific provision on the loan receivables of HK$2.1 million (2022: Nil) has been provided.

EP Segment

EP Segment remained to be the Group's major revenue contributor which was benefited from the large scale of Realord EP Japan leased land in Osaka, Japan with approximately 19,609 square meters (4 pieces). EP Segment will concentrate on searching for new sources of metal scraps and exploring new customer especially in Japan.

BUSINESS REVIEW OF EACH SEGMENT (Continued)

MVP Segment

Due to the slow and uncertain recovery in market of the Mainland China, the demand for motor vehicle parts was adversely affected in FY2023. In addition, the continuous delay in customers' repayment, the Group imposed stricter credit control on its customers. The revenue of the MVP Segment decreased drastically. Though the Group has downsized its scale of operations in order to minimize the operating costs, the segment recorded segment losses in FY2023.

Commercial Printing Segment

Due to the slow down of financial markets in Hong Kong, there was decrease in demand of commercial printing services. Though the Group has downsized its scale of operations in order to minimize the operating costs, the segment still recorded segment losses in FY2023. In order to maintain sustainable growth in business, the Group has to further strengthen its relationship with existing customers and explore new customer bases.

Department Store Segment

During FY2023, due to the gradual recovery of economic activities in Hong Kong and the full resumption of normal travel implemented in February 2023 between the Mainland China and Hong Kong, the Department Store Segment could maintain its revenue even after one of the stores closed in late 2022. The improvement in revenue of the remaining stores covered the loss of revenue from the closed store. However, the increased trend of online behaviour of the customers limited the effect of recovery and hence hinder the performance of our department store operation.

In view of improving the segment performance, the Department Store Segment continued to (i) adopt pro-active measures to reduce operating costs; (ii) negotiate with the landlords for rental concession; (iii) reassess the profitability of stores and the products portfolios.

To maintain a healthy inventory level, the clearance of out-of-season inventories continued to be major goal of the Department Store Segment during FY2023.

LAC Segment

The principal business of LAC Segment are provision of citizenship application and consultancy services on CBI Programme and development of the Grenada Project. The Grenada Project involves the development of a mixed property project consisting educational facilities, apartments for student, residential villas, hotel and resort facilities, commercial development and shopping facilities and in a longer plan university establishment(s) and related amenities.

BUSINESS REVIEW OF EACH SEGMENT (Continued)

LAC Segment (Continued)

The Government of Grenada granted LAC Segment the "Approval Project Status" such that LAC Segment can develop the Grenada Project on foreign investors' funding in accordance with the local laws under Section 11 of the Grenada Citizenship by Investment Act 15 of 2013 and a CBI Programme in Grenada. Through the CBI Programme, LAC Segment is authorised to raise capital from investors of the Project for funding the construction and development costs. Qualified investors of the real properties will be granted permanent Grenadian citizenship and a passport offering visa-free travel to over 153 countries including the United Kingdom, EU Schengen countries and the Mainland China. The Project marks a significant flag of our Group into the Caribbean region.

OUTLOOK AND CORPORATE STRATEGY

Property Segment

The Group will focus on the five properties projects on hand, namely, the Qiankeng Property, the Laiying Garden, the Realord Villas, the Realord Technology Park and the Zhangkengjing Property to ensure that the Group stays in a good position in this segment.

Financial Services Segment

As the Chinese and Hong Kong governments have made a series of measures to help economic recovery, the Group expected that Hong Kong's financial market and economic development will be gradually recovered. Financial Services Segment will continuously develop various investment products to meet the market's demand and provide diversified and premium services to customers in the international capital market. At the same time, Financial Services Segment is expanding the sales and business teams to support our business development. This segment is expected to achieve stable business growth in 2024.

EP Segment, Commercial Printing Segment and Department Store Segment

Looking forward, amidst the market uncertainties, the Group will continue to exercise extreme cautions in the operations of EP Segment, Commercial Printing Segment and Department Store Segment with a view to controlling operating costs, minimising the credit risk exposures and expanding the customers base of the segments by strengthening their competitive edges among their competitors. The Group will continue to monitor the business plans, the associated risks and prospects of the operations of all segments, in order to maximise the return to the shareholders.

MVP Segment

Under the promoting of international environmental protection across the globe, the electric vehicle market size has increased significantly in recent years. Governments in various countries also provide subsidies and supports to customers for changing from petrol to electric vehicle. Looking forward, the Group expects the market trend of shifting from petrol to electric vehicles will continue and the demand for petrol vehicles is expected to decrease. The Group will be extremely cost cautious on the operations of MVP Segment and closely monitor the business development of this segment.

OUTLOOK AND CORPORATE STRATEGY (CONTINUED)

LAC Segment

The Grenada Project presents a valuable opportunity for the Group to diversity its business and operations in the Caribbean and Latin American region and enables it to expand its scale of overseas operation. By inviting foreign investment under the CBI Programme of Grenada, the Group has embarked on the Grenada Project.

The Group is keen to leverage its experience in the Grenada Project to explore further investment opportunities around the Caribbean economic zone and Latin American region. The Group has further targeted to invest in four other Caribbean countries, namely Antigua and Barbuda, Saint Lucia, Saint Kitts and Nevis, and Dominica. These four countries, together with Grenada (altogether, the "Designated Caribbean Countries"), were ranked top five popular investment destination by CBI Programme by the magazine "Professional Wealth Management" published by "Financial Times" in 2021. Other than the Grenada Project, the Group is also in negotiation with the authorities of the Republic of Panama on a power generation project to be granted under the foreign investors investment scheme of the Republic of Panama. As seen, it is the corporate strategy of the Group to invest and/or to form joint ventures with local governments in the targeted countries to set up and develop new businesses taking advantage of raising capital from foreign investors through the CBI Programme of different countries. The Group has been identifying suitable investment projects in and develop appropriate business plans for each of the Designated Caribbean Countries and the Republic of Panama. After discussions with and obtaining support from the local governments of each of these Caribbean countries and the Republic of Panama, the Group will determine and proceed with the pertinent investment projects, with an aim to maximizing the return for the Shareholders. To this end, the Group has established a management and marketing team with offices in Beijing, Shanghai, Shenzhen and Hong Kong and engaged consultants in Vietnam, the United States of America and Dubai to implement the marketing strategies formulated for promoting the citizenship by investment programmes and investment opportunities of each of the aforesaid countries.

The Caribbean region has long been popular with the Western countries such as Europe, the United States of America and Canada, and is an ideal place for vacations. In particular, Antigua and Barbuda, and Saint Kitts and Nevis are closer to the United States of America, and both countries have direct flights to Europe, the United States of America and Canada. Before the outbreak of the epidemic, more than one million tourists visited these two countries every year, but the development of infrastructure such as hotels and tourism facilities lags behind. Tourists who travel to the Caribbean region are high-end consumer groups with relatively strong spending power. Thus, they generally demand higher qualities for hotels and tourism facilities. However, the tourism facilities have becoming obsolete, and the hotel buildings and supporting facilities have not been upgraded and renovated promptly. On the other hand, in view of the increasing awareness of global warming, these Caribbean countries, which are still mainly relying on traditional method of generating electricity, are encouraged to develop renewable energy. In view of these, the Group has identified four investment propositions to collaborate with the respective local governments to accelerate

OUTLOOK AND CORPORATE STRATEGY (Continued)

LAC Segment (Continued)

economic development of each country. These four areas include (i) the clean energy sector; (ii) the education sector; (iii) the tourism sector; and (iv) the retail sector. Environmental and economic benefits of using renewable energy include: (i) generating energy that produces no greenhouse gas emissions from fossil fuels and reduces some types of air pollution; (ii) diversifying energy supply and reducing dependence on imported fuels; and (iii) creating economic development and jobs in manufacturing and installation, etc.. Education, tourism and retail projects are organically integrated to create an ecosystem, providing employment opportunities, and boosting the local economy and people's quality of life. The Group would also be able to embrace corporate social responsibility alongside with its stakeholders. The Group is confident that it can obtain support from local governments with favorable policy and initiatives.

It is the Group's strategy to seek for professional investors to jointly invest in the projects in the Designated Caribbean Countries and the Republic of Panama. Further, the Group is identifying capable and competent business partners with significant track record to participate in the projects. Subject to the planning and the feasibility studies of the projects as well as the requisite approval by the respective local government, it is expected that the Group would kick off the projects in the Designated Caribbean Countries and the Republic of Panama in near future.

CONTINGENT LIABILITIES

The Group has no significant contingent liabilities as at 31 December 2023.

LITIGATION

Saved as disclosed in note 47 to the consolidated financial statements, the Group has no other significant litigation as at 31 December 2023.

EVENTS AFTER REPORTING PERIOD

Save as disclosed in note 57 to the consolidated financial statements, no other significant event has taken place subsequent to 31 December 2023 and up to the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

Concentration risk

The five largest customers of the Group contributed approximately 44.5% of the total turnover of the Group for the year; while the five largest suppliers of the Group contributed approximately 53.4% of the total purchases of the Group for the year. The concentration of sales and purchases on certain customers and suppliers may pose risk to the Group operation in that failure in any of these customers and suppliers may have adverse financial effect on the Group.

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

Credit risk

The account receivables/receivables arising from securities broking/loan receivables amounted to HK$1,355.9 million as at 31 December 2023, which comprise trade receivables amounted to HK$543.4 million, receivables arising from securities broking amounted to HK$310.5 million and loan receivables amounted to HK$502.0 million.

The receivables arising from securities broking comprise balances receivable from clearing house, cash client and margin client. The cash clients are required to place deposits before execution of any purchase transactions and are due within the settlement period which are usually within a few days from the trade date. The credit risk arising from the amounts due from cash clients is considered to be low. The amounts due from margin clients are repayable on demand and the margin clients are required to place securities and/or cash deposits as collateral. On a daily basis, the management monitored market conditions and adequacy of collateral of each margin client. Margin calls and forced liquidation are made where necessary.

The trade receivables are normally granted with credit terms; while the loan receivables are granted based on the clients' credit quality and will be repaid according to the agreed date of repayment. The Group recognises a loss allowance for the expected credit losses ("ECL") on the account receivables to reflect credit risk. However, the default or significant increase in credit risk of any of these clients would adversely impact the financial results and position of the Group.

Market risk

Investment properties

The Group held significant assets classified as investment properties for earning rental income and capital appreciation. Revaluation of investment properties would be conducted regularly by independent qualified professional valuers at reporting date and any surplus/deficit was recorded as fair value gain or loss in the statement of profit or loss. Fair value of investment properties could be affected by a number of factors, such as property market condition, interest rate, political environment, etc. The change in fair value could significantly affect the financial results and position of the Group.

Financial assets

The Group held certain financials assets for trading purpose, the fluctuation in stock price of the portfolio of listed securities could significantly affect the profitability of the Group. According to the HKFRSs, the gain/loss on listed securities should be booked as fair value gain or loss on financial assets at fair value through profit or loss in the statement of profit or loss. The fluctuation in stock price could impact the Group's profitability. The directors will closely monitor the stock market and make changes to the investment portfolio in order to maximize shareholders' return.

LAWS AND REGULATIONS

Laws and regulations in relation to the financial services sector, environmental protection sector and workplace quality may have a material effect on the Group's principal activities.

Operation in regulatory sector

Financial Services Segment of the Group operates in a highly regulated sector. The risk of non-compliance with regulatory requirements could lead to the loss of operating licenses.

EP Segment of the Group operates under relevant environmental protection regulations, non-compliance with the regulatory requirements changes will affect the Group's operation significantly. Therefore, we make it a top priority to stay up to date on new laws and regulations, and to ensure compliance with the relevant rules and regulations. The Group has implemented policies and procedures designed to ensure compliance with the most relevant laws and regulations.

We did not identify any material non-compliance or breach of the relevant regulations for our financial services business and environmental protection business.

Workplace Quality

The Group believes that continued business success relies on the full contribution and support of our employees. We are dedicated to promoting equal opportunities for all of our employees in different areas, including recruitment, compensation and benefits, training, staff promotion, transfer, and dismissal. All employees are assessed based on their ability, performance and contribution, irrespective of their nationality, race, religion, gender, age or family status.

The Group is committed to the health, safety and welfare of our employees. We pledge full compliance in all occupational health and safety legislations and we have implemented an effective and safe working environment for our employees.

We did not identify any material non-compliance or breach of labour or other relevant legislations.

Environmental Protection

The Group is committed to protecting and sustaining the environment through reduced consumption of electrical power and paper. We are committed to upholding high environmental standards to fulfill relevant requirements under applicable laws or ordinances.

We did not identify any material non-compliance or breach of relevant standards, rules and regulations on air and greenhouse gas emission, discharges into water and land, generation of hazardous or non-hazardous water, etc.

RELATIONSHIP WITH EMPLOYEES

The Group recognises employees as the most important assets of the Group. The contribution and support of employees are valued at all times. The Group regularly reviews the remuneration policies according to the market benchmarks, financial results and individual performance of employees. Other staff benefit plans are provided to enhance the employees' loyalty and satisfaction.

RELATIONSHIP WITH SUPPLIERS

Fair and Open Competition

The Group promotes fair and open competition that aims to develop long term relationships with suppliers based on mutual trust.

Public Interest and Accountability

The procurement from suppliers or service providers is conducted in a manner consistent with the highest ethical standards. This helps assure high products quality at all times to gain the confidence of customers, suppliers and the public.

Procurement and Tendering Procedures

The contracting of services and the purchase of goods are based solely on need, quality and price. This ensures compliance with procurement policies and fosters positive and open competition.

RELATIONSHIP WITH CUSTOMERS AND CLIENTS

Customer Services

The Group seeks to provide efficient and courteous customer service to maintain customer satisfaction and co-operation. Customers have access to information about the operation and development of the Group through annual reports and the company website. The Group shall not make any misrepresentation, exaggeration or overstatement.

ENVIRONMENTAL AND SOCIAL POLICIES

Details of the environmental and social policies of the Group are set out in the Environmental, Social and Governance Report on pages 57 to 91.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total workforce of 463, of whom 302, 112, 33 and 16 were based in Hong Kong, the Mainland China, Japan and Grenada. Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

SOCIAL RESPONSIBILITIES AND SERVICES AND ENVIRONMENTAL POLICY

Corporate Social Responsibility has become common practice. The Group cares to save energy, reduce waste during our day-to-day operations, and to protect the environment by implementing a series of measures in energy conservation and paper recycling etc.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP

EXECUTIVE DIRECTORS

Dr. Lin Xiaohui ("Dr. Lin")

Dr. Lin, aged 50, was appointed as the chairman and an executive director of the Company and the chairman of the Nomination Committee and a member of the Remuneration Committee. Dr. Lin is also currently the chairman and an executive director of The Sincere Company, Limited, a company listed on the Main Board of the Stock Exchange (stock code: 244) ("Sincere"), a subsidiary of the Company. Dr. Lin obtained a Master degree of business administration from the City University (formerly known as the City University College of Science and Technology) in September 2014 and a Honorary Doctorate degree of Business Administration from the SABI University in August 2015.

Since 2005, Dr. Lin has held management positions in a number of private companies in which he has shareholding interests, and these companies are mainly engaged in real estate, electronics, logistics and financial investment in Shenzhen. Dr. Lin is currently a member of the 14th National Committee of the Chinese People's Political Consultative Conference ("NCCPPCC"), a member of the 6th Election Committee of the Chief Executive of Hong Kong Special Administrative Region, a Standing Committee member of the 5th to the 7th of Guangdong Shenzhen Municipal Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a vice chairman of the 8th Shenzhen Federation of Industry & Commerce, a chairman of the 4th Shenzhen Futian General Chamber of Commerce, and was a member of Standing Committee of the 3rd to the 5th of Shenzhen Futian District Committee of the CPPCC. Dr. Lin is the spouse of Madam Su Jiaohua ("Madam Su") and the brother of Mr. Lin Xiaodong ("Mr. Lin"). Dr. Lin joined the Group in June 2014.

Madam Su

Madam Su, aged 51, was appointed as the chief executive officer and an executive director of the Company. Madam Su is also currently an executive director and the chief executive officer of Sincere. Madam Su obtained the advanced diploma in business studies from Ashford College of Management & Technology Singapore (formerly known as AMGT Management School) in September 2012. Since 2005, Madam Su has held management positions in a number of private companies in which she has shareholding interests, and these companies are mainly engaged in real estate, electronics, logistics and financial investment in Shenzhen. Madam Su also served as a member of the 6th People's Congress of Futian District, Shenzhen City, and a member of The 6th People's Congress of Shenzhen City. Madam Su is the spouse of Dr. Lin. Madam Su joined the Group in June 2014.

Mr. Lin

Mr. Lin, aged 41, obtained a Bachelor of Commerce and Administration in Commercial Law and International Business from the Victoria University of Wellington, New Zealand in 2007. He has worked in the Branch Office of Shenzhen Municipal Office of the State Administration of Taxation* (深圳市國家稅務局直屬分局) from 2007 to 2009. He has undertaken various managerial roles in a company owned by Dr. Lin and Madam Su since 2009. Mr. Lin is the brother of Dr. Lin. Mr. Lin joined the Group in June 2014.

* *For identification purpose only*

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Leung Fai ("Mr. Yu")

Mr. Yu, aged 47, was appointed as an independent non-executive director of the Company, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Mr. Yu is a member of the American Institute of Certified Public Accountants, Certified Practicing Accountants of Australia, the Hong Kong Institute of Certified Public Accountants and a Certified Trust Practitioner of the Hong Kong Trustee Association. Mr. Yu obtained a bachelor's degree in commerce from University of Toronto, Canada in June 2000 and a bachelor's degree in law from University of London, United Kingdom in August 2005. Mr. Yu has over 22 years of experience in corporate services field. He first started his career as an auditor of Deloitte Touche Tohmatsu. Since 2001, Mr. Yu joined Fung, Yu & Co. CPA Limited (formerly Fung, Yu & Co.) and is currently the company's managing partner. Mr. Yu has also been the company secretary of Beijing Media Corporation Limited (stock code: 1000), Yuanda China Holdings Limited (stock code: 2789) and Sany Heavy Equipment International Holdings Company Limited (stock code: 631), and the independent non-executive director of The Sincere Company, Limited (stock code: 244), CSMall Group Limited (stock code: 1815) and Timeless Resources Holdings Limited (stock code: 8028), all of which are listed companies in Hong Kong, since March 2010, June 2012, February 2017, June 2021, November 2021 and March 2023, respectively. Mr. Yu joined the Group in June 2014.

Mr. Fang Jixin ("Mr. Fang")

Mr. Fang, aged 42, was appointed as an independent non-executive director of the Company, the chairman of the Remuneration Committee, a member of Audit Committee and Nomination Committee.

Mr. Fang holds a master degree in Civil and Commercial Law from Wuhan University. Mr. Fang was a legal assistant and a solicitor in Shu Jin Law Firm from 2005 to 2008, joined the compliance and management division of China International Capital Corporation Limited from 2008 to 2012, and a deputy general manager and secretary to the board in Shenzhen Intelligent Power Precision Technology Co., Ltd from 2012 to 2021. He has joined Shenzhen Hadesheng Precision Technology Inc., Ltd since 2021 and is currently the deputy general manager and secretary to the board. Mr. Fang joined the Group in June 2014.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP

Mr. Ho Chun Chung, Patrick ("Mr. Ho")

Mr. Ho, aged 60, was appointed as an independent non-executive director of the Company and a member of the Audit Committee.

Mr. Ho worked in PricewaterhouseCoopers from 1987 to 1992 and Gold Peak Industries (Holdings) Limited (stock code: 40) from 1992 to 2000 with his last position as financial controller and Chen Hsong Holdings Limited (stock code: 57) from 2002 to 2005 as financial controller. Mr. Ho was an independent non-executive director of Tesson Holdings Limited (stock code: 1201) from 2014 to 2016 and Asia Investment Finance Group Limited (currently known as International Genius Company) (stock code: 33) from 2015 to 2018 respectively. He has been the independent non-executive director of Ling Yui Holdings Limited (stock code: 784) since December 2017 and A&S Group (Holdings) Limited (stock code: 1737) since February 2018. Mr. Ho obtained a professional diploma in accountancy from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1987 and a master degree in finance from the City University of Hong Kong in December 1996. Mr. Ho is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants since February 1991 and October 1995, respectively. Mr. Ho joined the Group in March 2022.

SENIOR MANAGEMENT

Mr. Tsang Chin Pang ("**Mr. Tsang**"), aged 45, re-joined the Group and has been appointed as the chief financial officer and company secretary of the Company in August 2021. Mr. Tsang graduated from the Hong Kong University of Science and Technology with a bachelor of business administration in finance. He is also a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tsang has over 20 years of experience in the field of finance and accounting and he was the chief financial officer and company secretary of the Company for the period from February 2011 to July 2016.

* *For identification purpose only*

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 56 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 31 December 2023 by business operating segments and geographical information is set out in note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2023 and the consolidated financial position of the Group at that date are set out in the consolidated financial statements on pages 99 to 102.

No interim and final dividend have been declared during the years ended 31 December 2023 and 31 December 2022.

FIVE YEAR FINANCIAL HIGHLIGHTS

A summary of the results, assets and liabilities of the Group for the last five fiscal years is set out on page 274.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2023 is set out in the "Management Discussion and Analysis" section on pages 8 to 31.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 December 2023 are set out in note 44 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES

At 31 December 2023, the Company did not have any reserve available for distribution (2022: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers were as follows:

(1) The aggregate amount of turnover attributable to the Group's five largest customers represented 44.5% of the Group's total turnover. The amount of sales to the Group's largest customer represented 24.6% of the Group's total turnover.

(2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented 53.4% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented 17.1% of the Group's total purchases.

None of the directors of the Company, their associates or any shareholder (who, to the best knowledge of the directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year ended 31 December 2023.

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the Company during the year were as follows:

Executive directors:

Dr. Lin Xiaohui
Madam Su Jiaohua
Mr. Lin Xiaodong

Independent non-executive directors:

Mr. Yu Leung Fai
Mr. Fang Jixin
Mr. Ho Chun Chung Patrick

Madam Su Jiaohua and Mr. Yu Leung Fai will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting in accordance with Bye-law 87 of the Company's Bye-laws.

The independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's Bye-laws.

The Company has received annual confirmation of independence from each of the independent non-executive directors pursuant to rule 3.13 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and as at the date of this report, still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No director of the Company as of the date of this report has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Saved as disclosed in notes 13 and 50 to the consolidated financial statements, no director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests and short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") were as follows:

Directors' interests in shares – Long position in the shares of the Company (the "Shares")

	Number of Shares held					
Name of director	Personal interests (held as beneficial owner)	Corporate interests	Spouse interests	Interest under equity derivatives	Total interests	Total interests as% of the issued share capital
Dr. Lin Xiaohui	–	903,160,000 *(Note 1)*	–	42,590,000 *(Note 2)*	945,750,000	65.64%
Madam Su Jiaohua	–	–	945,750,000	–	945,750,000 *(Note 3)*	65.64%
Mr. Lin Xiaodong	–	–	–	1,000,000 *(Note 4)*	1,000,000	0.07%
Mr. Yu Leung Fai	500,000	–	–	–	500,000	0.03%
Mr. Fang Jixin	500,000	–	–	–	500,000	0.03%

Note:

1. As at 31 December 2023, Manureen Holdings Limited ("Manureen Holdings") was the legal and beneficial owner of 903,160,000 Shares. Since Dr. Lin Xiaohui owned 70% of the issued share capital of Manureen Holdings, he was deemed to be interested in 903,160,000 Shares.

2. On 30 January 2023, Dr. Lin Xiaohui was beneficially interested in 42,590,000 Shares (together with Mr. Ma Chao) as a result of the lapse of a put option. Further details are disclosed in the announcement of the Company dated 28 January 2022.

3. Madam Su Jiaohua, the spouse of Dr. Lin Xiaohui, was deemed to be interested in 945,750,000 Shares which Dr. Lin Xiaohui was deemed to be interested under the SFO as at 31 December 2023.

4. Mr. Lin Xiaodong was interested in 1,000,000 Shares from options granted under the share option scheme (the "2012 Scheme").

Save as disclosed above, as at 31 December 2023, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, shareholders (other than directors and chief executives of the Company) had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Substantial shareholders' interests in shares – Long position in the shares of the Company (the "Shares")

	Number of Shares held			
Name of shareholder	**Interest held as beneficial owner**	**Interest under equity derivatives**	**Total interests**	**Percentage of issued share capital**
Manureen Holdings	903,160,000 *(Note 1)*	–	903,160,000	62.69%
Mr. Ma Chao	110,000,000	42,590,000 *(Note 2)*	152,590,000	10.59%

Note:

1. As at 31 December 2023, Manureen Holdings was the legal and beneficial owner of 903,160,000 Shares. Manureen Holdings was owned as to 70% by Dr. Lin Xiaohui and as to 30% by Madam Su Jiaohua.

2. On 30 January 2023, Mr. Ma Chao was beneficially interested in 42,590,000 Shares (together with Dr. Lin Xiaohui) as a result of the lapse of a put option. Further details are disclosed in the announcement of the Company dated 28 January 2022.

Save as disclosed above, as at 31 December 2023, other than the directors and chief executives of the Company whose interests and short positions are set out in the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" above, the directors and chief executives of the Company were not aware of any person who had any interests and short positions in the shares or underlying shares of the Company according to the register of interest required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

The Company operates share option schemes (the "Share Option Schemes") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

The existing share option scheme (the "2012 Scheme") adopted by the Company was approved by the shareholders at the annual general meeting of the Company held on 10 August 2012 and is effective for a period of 10 years commencing on 10 August 2012. The 2012 Scheme was originally due on expiry on 9 August 2022, but a new share option scheme (the "2022 Scheme") adopted by the Company and the termination of the 2012 Scheme were approved by the shareholders at the annual general meeting of the Company held on 10 June 2022. Thereunder, no further options will be granted under the 2012 Scheme; however, the rules of the 2012 Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its termination or otherwise as may be required in accordance with the rules of the 2012 Scheme. Therefore, the termination of the 2012 Scheme will not in any event affect the terms of the grant of such outstanding options that has already been granted under the 2012 Scheme and the outstanding options granted under the 2012 Scheme shall continue to be subject to the provisions of the 2012 Scheme. As at 31 December 2023, the Company has not granted any share options under the 2022 Scheme pursuant thereto.

Further details of the Share Option Schemes are disclosed in note 45 to the consolidated financial statements.

Movements of the share options under the 2012 Scheme during the year are as follows:

Name of Grantee	Date of Grant	Exercise Period	Exercise price per share (HK$)	Outstanding as at 1 January 2023	Granted during the year	Exercised during the year	Outstanding as at 31 December 2023
Director							
Lin Xiaodong	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,000,000	–	–	1,000,000
				1,000,000	–	–	1,000,000
Directors' associates							
Lin Xiaohong	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,000,000	–	–	1,000,000
Lin Jingming	20/5/2015	20/5/2017 – 19/5/2025	4.11	1,000,000	–	–	1,000,000
				2,000,000	–	–	2,000,000
Other employees							
In aggregate	20/5/2015	20/5/2017 – 19/5/2025	4.11	600,000	–	–	600,000
				600,000	–	–	600,000
				3,600,000	–	–	3,600,000

There was no participants with options granted in excess of the individual limit.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the directors or any of their respective associates has interest in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group, or has any other conflict of interest with the Group.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 45 to 56.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group conducted continuing connected transaction with a connected person (as defined in the Listing Rules) which is required to be disclosed pursuant to Chapter 14A of the Listing Rules.

Financing Agreement

On 28 October 2020, a non-wholly owned subsidiary of the Group, Realord Asia Pacific Securities Limited (the "Realord APSL") entered into a financing agreement with Dr. Lin, Madam Su, Mr. Lin Sen and Ms. Lin Na ("Ms. Lin") (together, the "Lin Family Members") in relation to the provision of securities brokerage and margin financing services (the "Financing Agreement") from 2021 to 2023. Pursuant to the Financing Agreement, Realord APSL shall provide the IPO financing services and margin financing services (together, the "Financing Services") to the Lin Family Members and their respective majority-owned companies for a term commencing from 1 January 2021 and ending on 31 December 2023 (both days inclusive). The annual caps for each of the financial years ended 31 December 2021, 2022 and 2023 were set below. During the year ended 31 December 2023, the IPO financing and margin financing did not exceed the maximum daily balances.

	For the year ended 31 December		
	2021	**2022**	**2023**
	HK$'million	HK$'million	HK$'million
Maximum daily balance of:			
– IPO financing			
Dr. Lin	250	250	250
Madam Su	250	250	250
Mr. Lin Sen	250	250	250
Ms. Lin	250	250	250
Total	1,000	1,000	1,000
– Margin financing			
Dr. Lin	20	20	20
Madam Su	–	–	–
Mr. Lin Sen	20	20	20
Ms. Lin	20	20	20
Total	60	60	60

The entering into of the Financing Agreement enables Realord APSL to offer the Financing Services to the Lin Family Members and their respective majority-owned companies from time to time, which will allow Realord APSL to retain them as recurrent clients and increase the revenue of Realord APSL. A larger client portfolio of Realord APSL as a whole would also facilitate Realord APSL in obtaining more fundings from principal banks to support its business development.

Dr. Lin and Madam Su are executive directors and spouse to each other. Dr. Lin and Madam Su respectively holds 70% and 30% of the equity interests in Manureen Holdings, the controlling shareholder of the Company. Mr. Lin Sen is a director of certain subsidiaries of the Company (including Realord APSL), the son of Dr. Lin and Madam Su, and the brother of Ms. Lin. Ms. Lin is the daughter of Dr. Lin and Madam Su, and the sister of Mr. Lin Sen. By virtue of the aforesaid relationships of Dr. Lin, Madam Su and Mr. Lin Sen with the Group and Ms. Lin as an associate of each of them, each of the Lin Family Members is a connected person of the Company under Chapter 14A of the Listing Rules.

Details of the above continuing connected transactions are set out in the circular of the Company dated 1 December 2020.

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive directors of the Company reviewed the continuing connected transactions as mentioned above and confirmed that these transactions were entered into:

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

(2) on normal commercial terms or better; and

(3) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Group as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's external auditors, Grant Thornton Hong Kong Limited ("Grant Thornton") was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Grant Thornton has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transaction disclosed by the Group in the paragraph 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.

Save as disclosed above, the Company did not have any connected transactions and continuing connected transactions which were subject to the disclosure requirements under Chapter 14A of the Listing Rules during the year. For those related party transactions of the Group during the year as disclosed in note 50 to the consolidated financial statements, all were connected or continuing connected transactions (as the case may be) which were fully exempted from the disclosure requirements for reporting, announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company confirmed it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the directors, the Company had maintained a sufficient public float of not less than 25% of the Company's total issued shares as required under the Listing Rules throughout the year under review.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every directors, company secretary and other officers of the Company shall be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses incurred by him or her in the execution of his or her duties or in relation thereto pursuant to the Company's Bye-laws, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. Such provisions were in force during the course of the financial year ended 31 December 2023 and remained in force as of the date of this report.

DONATIONS

For the year ended 31 December 2023, the Group has made donation of approximately HK$124,000 (2022: HK$112,000)

AUDITOR

The consolidated financial statements for the year ended 31 December 2023 of the Group have been audited by Grant Thornton Hong Kong Limited, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

For and on behalf of the Board

Lin Xiaohui
Chairman

Hong Kong, 25 March 2024

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the board of directors (the "Board") instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– satisfactory and sustainable returns to the Shareholders of the Company;

– that the interests of those who deal with the Company are safeguarded;

– that overall business risk is understood and managed appropriately;

– the delivery of high-quality products and services to the satisfaction of customers; and

– that high standards of ethics are maintained.

The Board has committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, to enhance corporate value and accountability, to formulate its business strategies and policies, and to enhance its transparency and accountability.

The Company has applied the principles and code provisions ("Code Provision") as set out in Part 2 of the Corporate Governance Code (the "Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

In the opinion of the directors, throughout the year ended 31 December 2023, the Company has complied with all the code provisions as set out in Part 2 of the Code.

CORPORATE CULTURE AND STRATEGY

The Group keeps pace with the times and firmly believes that mission, vision, strategy, purpose, and core values are important cornerstones for promoting a good corporate culture. Core values are the most important component of corporate culture and reflect the behavior and social attitudes that the management and all employees uphold and expect.

The Group has four main missions:

(i) To gather talented people and work together towards success;

(ii) To uphold excellent and professional corporate management, enhancing shareholder value;

(iii) To empower employees and grow together; and

(iv) To adhere to a transparent, responsible, honest, and open corporate culture.

Over the years, the Group has upheld the corporate mindset of "innovation development and pursuit of excellence", continuously improving the quality, efficiency, and competitiveness of its products and services, and dedicating to creating a win-win situation with customers, business partners, and shareholders, to build a harmonious and better society, and practicing the corporate spirit of "The way of Realord & being Sincere".

The Group's business development and management strategy are consistent with its vision, focusing on investments with stable recurring income to achieve a long-term, stable, and sustainable growth, while appropriately considering the environmental, social, and governance ("ESG") aspects, to bring the greatest long-term return to shareholders.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules. Having made specific enquiry of all directors of the Company, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2023.

BOARD OF DIRECTORS

The Company is governed by the Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a director to perform his responsibilities to the Company and whether the director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive directors and non-executive directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Board held 8 times Board Meetings during the year ended 31 December 2023. The attendance records of individual directors at Board meetings and annual general meetings (the "AGM") were follows:

Name	**Number of Board meetings attended/held**	**Number of AGM attended/held**
Executive directors		
Dr. Lin Xiaohui *(Chairman)*	8/8	1/1
Madam Su Jiaohua *(Chief Executive Officer)*	8/8	1/1
Mr. Lin Xiaodong	8/8	1/1
Independent non-executive directors		
Mr. Yu Leung Fai	8/8	1/1
Mr. Fang Jixin	8/8	1/1
Mr. Ho Chun Chung Patrick	8/8	1/1

Dr. Lin Xiaohui and Madam Su Jiaohua are spouses.
Dr. Lin Xiaohui and Mr. Lin Xiaodong are brothers.

To the best knowledge of the Company and save as disclosed above, there is no financial, business and family relationship among members of the Board.

Appropriate liability insurance for directors has been arranged for indemnifying their liabilities arising out of corporate activities. This insurance coverage is reviewed on an annual basis.

BOARD OF DIRECTORS (Continued)

Code Provision B.2.2 of the Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to Bye-laws of the Company, at each annual general meeting, one-third of the directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years. A retiring director shall be eligible for re-election.

DIRECTORS' TRAINING

All directors participate in continuous professional development to enhance and refresh their knowledge and skills. During the year ended 31 December 2023, all directors had provided the Company their training records. All directors participated in continuous professional development exercise by way of attending seminars/conferences/forums organised by professional organisations and keep themselves updates on the roles, functions and duties of a listed company directors. The trainings attended by the directors are in the area of corporate governance, regulatory development, financial management or business skills and knowledge. The Company is of the view that all directors of the Company has compiled with Code Provision C.1.4.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer of the Company are separated, with a clear division of responsibilities to assume a balance of authority and power.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda. Through the Board, he is responsible for ensuring that good corporate governance practices and procedures are followed by the Group.

The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Group benefits from the experience and expertise of the independent non-executive directors of the Company. They advise the Company on strategy development and enable the Board to maintain high standards of compliance of financial and other mandatory requirements. Each independent non-executive director of the Company gives an annual confirmation of the independence to the Company and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

All the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with Code Provision B.2.2 of the Code and the Bye-laws of the Company.

BOARD INDEPENDENCE

Independent non-executive directors represent more than one-third of the Board, which facilitates in bringing to the Board independent advice and judgement. Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, the independent non-executive directors are appointed to all Board committees as far as possible to ensure independent views and inputs are available.

The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive directors before appointment and the continued independence of the current long-serving independent non-executive directors on an annual basis.

The Board reviews these mechanisms on an annual basis for ensuring independent views and input are available to the Board, whether in terms of proportion, recruitment and independence of independent non-executive directors, their contribution and access to external independent professional advice, and the findings of Board evaluation exercise.

DIVERSITY

Board Diversity

The Board maintains a board diversity policy (the "Board Diversity Policy") and reviews the effectiveness of the Board Diversity Policy on an annual basis. According to the Board Diversity Policy, a truly diverse board will include and make good use of differences in the gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of the members of the Board. These differences will be taken into account in determining the optimal composition of the Board. The Board Diversity Policy require the Company to endeavour to at least maintain both male and female representations on the Board and take opportunities to increase the proportion of different members over time as and when suitable candidates are identified. The Board currently compose of 5 male members and a female member.

Workforce Diversity

As set out in the section headed "B1. Employment" in the ESG Report as contained in this annual report, among the 463 employees (including senior management) of the Group, the percentages of male employees and female employees are 48.4% and 51.6%, respectively. The Board considers that the Group's workforce (including senior management) are diverse in terms of gender.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the following corporate governance functions set out in the Code Provision A.2.1 of the Code:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- to review the Company's compliance with the Code Provisions and disclosure in the Corporate Governance Report.

The Board is also responsible for such other corporate governance and functions set out in the Code Provisions (as amended from time to time) for which the Board are responsible.

REMUNERATION COMMITTEE

During the year ended 31 December 2023, the members of the Remuneration Committee comprised two independent non-executive directors and one executive director of the Company, namely Mr. Fang Jixin (Chairman), Mr. Yu Leung Fai and Dr. Lin Xiaohui. The terms of reference of the Remuneration Committee have been determined with reference to the Code.

The Remuneration Committee held 1 time meeting during the year ended 31 December 2023. Directors and other related matters, and the attendance record, on a named basis, is set out below:

Remuneration Committee Members	**Meeting attended/held**
Mr. Fang Jixin *(Chairman)*	1/1
Mr. Yu Leung Fai	1/1
Mr. Lin Xiaohui	1/1

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy and structure for all directors and senior management and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. During the year ended 31 December 2023, the Remuneration Committee has reviewed the Group's remuneration policy, including the policy for the remuneration of executive directors in accordance with Code Provision E.1.2(c)(ii), the levels of remuneration paid to executive directors and senior management of the Group.

NOMINATION COMMITTEE

During the year ended 31 December 2023, the members of the Nomination Committee comprised one executive director and two independent non-executive directors of the Company, namely Dr. Lin Xiaohui (Chairman), Mr. Yu Leung Fai and Mr. Fang Jixin. The terms of reference of the Nomination Committee have been determined with reference to the Code.

The Nomination Committee held 1 time meeting during the year ended 31 December 2023. Directors and other related matters, and the attendance record, on a named basis, is set out below:

Nomination Committee Members	**Meeting attended/held**
Dr. Lin Xiaohui *(Chairman)*	1/1
Mr. Yu Leung Fai	1/1
Mr. Fang Jixin	1/1

The Nomination Committee is mainly responsible for reviewing the structure, size and composition of the Board at least annually, making recommendations on the procedures and criteria for appointment of directors and implementing those that are adopted by the Board. During the year ended 31 December 2023, the Nomination Committee has reviewed the structure, size and composition of the Board, the independence of the independent non-executive directors, the Board Diversity Policy and to consider the qualifications of the retiring directors standing for election at the annual general meeting of the Company. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

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

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all 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;
- Requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

AUDIT COMMITTEE

During the year ended 31 December 2023, the members of the Audit Committee comprised three independent non-executive directors of the Company, namely Mr. Yu Leung Fai (Chairman), Mr. Fang Jixin and Mr. Ho Chun Chung Patrick. The terms of reference of the Audit Committee follow the guidelines set out in the Code.

The Audit Committee held 4 times meetings during the year ended 31 December 2023. Directors and other related matters, and the attendance record, on a named basis, is set out below:

Audit Committee Members	**Meetings attended/held**
Mr. Yu Leung Fai *(Chairman)*	4/4
Mr. Fang Jixin	4/4
Mr. Ho Chun Chung Patrick	4/4

During the year ended 31 December 2023, the Audit Committee had reviewed the Group's interim and annual results, risk management and internal control system and financial reporting matters. The Audit Committee oversees the overall financial reporting process as well as the adequacy and effectiveness of the Company's internal control procedures.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company, which give a true and fair view of the financial position of the Group on a going concern basis. As at 31 December 2023, the directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the directors have prepared the consolidated financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors about their financial reporting are set out in the Independent Auditor's Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility to ensure that an appropriate and effective risk management and internal control systems (including ESG risks) are maintained so as to safeguard the Group's assets and the interests of the Shareholders. The Board has developed its risk management and internal control systems, and is also responsible for overseeing the performance of the risk management and internal control system on an ongoing basis. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year, the Board has, through Audit Committee, conducted a review on the adequacy and effectiveness of the risk management and internal control systems of the Group, which covered financial, compliance and operational controls as well as risk management mechanisms. The Board also reviewed the adequacy of resources, staff qualifications for those who are responsible for accounting and financial reporting function and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. The internal auditor of the Group has performed an independent review on the adequacy and effectiveness of the risk management and internal control systems of the Group. The review results has been properly reported to the Audit Committee.

The Board has established a policy and guideline on the procedures and internal controls for the handling and dissemination of inside information, which stipulated the duties and responsibilities of inside information announcement, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemption and wavier to the disclosure of inside information, and also compliance and reporting procedures.

Based on the internal control reviews conducted in 2023, no significant control deficiency was identified.

ANTI-CORRUPTION POLICY AND WHISTLEBLOWING POLICY

The Group has established (i) policy and measures that promote and support anti-corruption laws and regulations; and (ii) whistleblowing policy and measures for employees, suppliers and business partners to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Group. For further details of the Group's anti-corruption and whistleblowing policy and/or measures, please refer to the section headed "B7. Anti-corruption" of the "ESG Report" contained in this annual report.

AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

For the year ended 31 December 2023, fees paid/payable to the Company's external auditors for annual audit services totalled HK$5,650,000 (year ended 31 December 2022: HK$5,600,000). For non-audit services, the fees amounted to HK$750,400 (year ended 31 December 2022: HK$1,177,000).

COMPANY SECRETARY

The Company Secretary is to ensure there is a good information flow within the Board and between the Board and senior management, provide advice to the Board in relation to directors' obligations under the Listing Rules and applicable laws and regulations and assist the Board in implementing the corporate governance practices. The Company Secretary confirmed that he has taken not less than 15 hours of relevant professional training during the year ended 31 December 2023 and has provided training record to the Company indicating his compliance with the training requirement under the Listing Rules. The Company is of the view that the Company Secretary has compiled with Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

The Bye-laws of the Company has been amended at the 2022 annual general meeting held on 10 June 2022 so as to bring the Bye-laws in line with the current revised requirements of the Listing Rule and certain changes to the laws of Bermuda. The amendments were disclosed in details on pages 35 to 98 of the Company's circular to shareholders dated 28 April 2022 published on the websites of the Company and the Stock Exchange.

An updated version of the Bye-laws of the Company is available on the website of the Company (www.realord.com.hk) and the Stock Exchange (http://www.hkexnews.hk/index.htm).

DIVIDEND POLICY

The payment and the amount of any dividends will be at the discretion of our directors and will depend upon our future operations and earnings, acquisitions, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which our directors deem relevant.

SHAREHOLDERS' RIGHTS

Convenes a special general meeting of the Company

Pursuant to Bye-law 58 of the Company, Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may convene a special general meeting.

Enquiries to the Board

Shareholder(s) may at any time send their enquires to the Board in writing through the Company Secretary whose contact details are as follows:

Company Secretary
Realord Group Holdings Limited
24/F, Jardine House
1 Connaught Place
Central, Hong Kong

Procedures for putting forward proposals at general meetings

The following shareholder(s) are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

1. any shareholder(s) representing not less than one-twentieth of the total voting rights of the Company on the date of the requisition; or

2. not less than one hundred shareholders.

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement with respect to the matter referred to in the proposal must be deposited at the registered office of the Company in the case of:

(1) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(2) any other requisition, not less than one week before the meeting.

The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act 1981 of Bermuda (as amended) once valid documents received.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to develop and maintain continuing relationships and effective communications with its shareholders and investors. To facilitate and enhance the relationships and communication, the Company has maintained a policy for an effective channel of communication with the Shareholders (the "Shareholder Communication Policy") and established, including but not limited to, the following various channels:

1. annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the directors are available at annual general meetings to address shareholders' queries;

2. separate resolutions are proposed at general meetings on each substantially separate issue to facilitate the enforcement of shareholders' rights. Pursuant to rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all resolutions set out in the notice of the annual general meeting of the Company will be voted by poll;

3. interim and annual results are announced as early as possible so that the shareholders are kept informed of the Group's performance and operations; and

4. corporate website www.realord.com.hk contains extensive information and updates on the Company's business.

The Company reviews the effectiveness of the Shareholder Communication Policy annually.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

Realord Group Holdings Limited (the "Company", together with its subsidiaries, the "Group" or "we") is a conglomerate listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which included the Property Segment, the Financial Services Segment, the EP Segment, the MVP Segment, the Commercial Printing Segment, the Department Store Segment, and the LAC Segment with geographic coverage in Hong Kong, the People's Republic of China (the "PRC"), Japan, and Grenada.

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development during the reporting period from 1 January 2023 to 31 December 2023 (the "Reporting Period").

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

THE ESG GOVERNANCE STRUCTURE

The Group conducts a top-down management approach regarding its ESG issues. The board of directors (the "Board") oversees and sets out ESG strategy for the Group. The Board is also responsible for ensuring the effectiveness of the Group's risk management and internal control mechanisms. To develop a systematic management approach for ESG issues, the Group has arranged designated personnel from various departments to manage the Group's ESG matters as a working group. The working group is responsible for collecting relevant information on the ESG aspects for the preparation of the ESG Report. It periodically reports to the Board, assists in identifying and assessing the Group's ESG risk, and evaluates the implementation and effectiveness of the Group's internal control system, to evaluate, prioritise and manage material ESG-related issues. It also examines and reviews the Group's ESG performance against the Group's ESG-related goals and targets, including environmental, labour practices, and other ESG aspects.

REPORTING SCOPE

The reporting scope of this ESG Report remains consistent with last year, which covers the below business segments:

1) Office of holding company located in Hong Kong;
2) Commercial printing segment located in Hong Kong;
3) Distribution and sales of motor vehicle parts in Hong Kong;
4) Financial services segment in Hong Kong;
5) Property investment, development and commercial operation in Shenzhen, China;
6) Environmental protection industry in Japan and Guangxi, China;
7) Department store in Hong Kong; and
8) Grenada Project in Grenada.

REPORTING PRINCIPLES

We have taken the following reporting principles into account in development of this ESG Report:

Materiality

We regularly engage our stakeholders to better understand their concerns relating to sustainability issues that affect them. We also make regular reference to our peers and both local and regional sustainability criteria when we review our sustainability context, materiality and disclosures in order to keep our sustainability priorities and strategy relevant. The Board and the management regularly review the sustainability issues that are most significant to our business and operations, and consider the issues discussed in this report to be material to the Group.

Quantitative

For the quantitative information we report on, we provide explanation on how we collect and analyse relevant data in appropriate circumstances. The environmental key performance indicators include the disclosure of comparative data to allow stakeholders to make analysis based on our performance.

Balance

We aim to keep our report balanced and make fair disclosures on critical aspects of our performance, both in terms of progress made and continuing challenges that we are dealing with.

Consistency

We have reported in accordance with the ESG Reporting Guide of the Stock Exchange, which allows for year-to-year comparison with our previous performance.

COMMUNICATION WITH STAKEHOLDERS

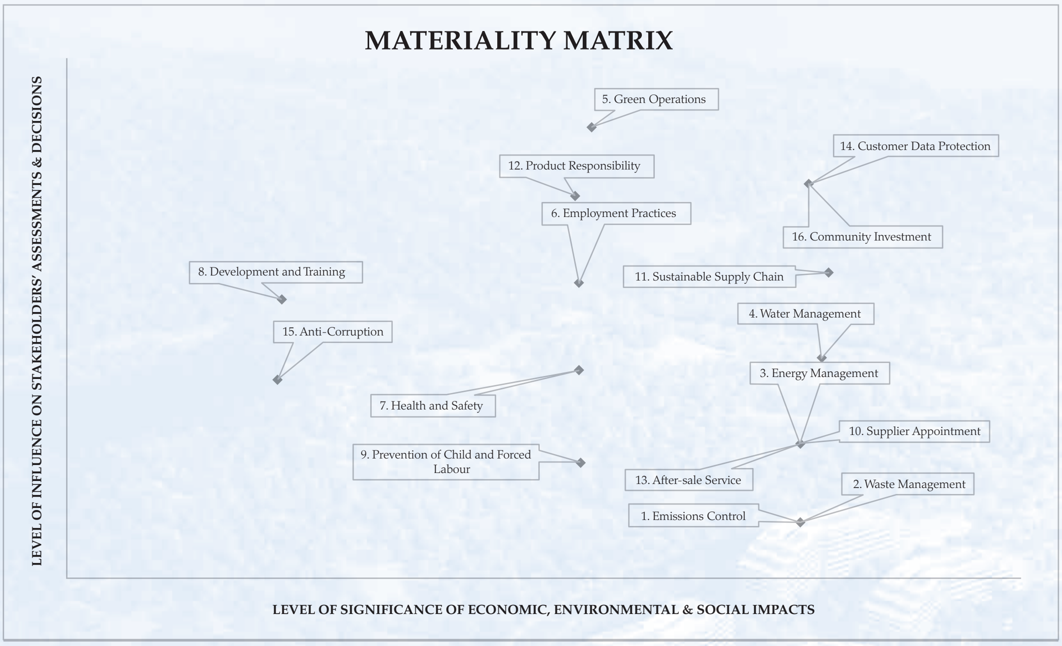
The Group strives to accommodate views and interests of stakeholders (including but not limited to shareholders, customers, employees, suppliers, regulatory authorities and the public) through constructive communications with them to determine the direction of the Group's long-term development and maintain close relationships with stakeholders. The financial performance of the Group is summarised in the Group's interim report and annual report and reported to investors through the Group's official website (www.realord.com.hk).

Stakeholders	Possible issues of concern	Communication channels
The Board	• Corporate governance • Regulatory compliance • Financial performance • Strategic development	• Board meetings • Committee meetings • Annual general meeting • Emails
Shareholders and investors	• Corporate governance system • Business strategies and performance • Investment returns	• Annual general meeting and other shareholder meetings • Financial reports • Announcements and circulars • Company website and email
Customers	• Good customer service • Reasonable prices • Privacy protection • Business integrity and ethics	• Customer service hotline • Interim and annual reports, corporate websites • Regular meetings and communication
Employees	• Remuneration and compensation • Equal opportunities • Career development • Health and safety	• Training • Employee handbook • Staff appraisals
Suppliers	• Payment schedule • Stable demand • Fair and open tendering	• Emails • Regular assessment of suppliers' performance • Supplier management meetings and events
Regulatory bodies and government authorities	• Regulatory compliance • Prevention of tax evasion • Social welfare	• Interaction and visits • Government inspections • Compliance advisor
Media, community and the public	• Environmental protection • Employment and community development • Social welfare	• Community activities • Employee voluntary activities • ESG reports • Media

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

MATERIALITY ASSESSMENT

The Group's management and staff in major functions are involved in the preparation of the ESG Report. They have assisted the Group to review its operations, identify key ESG issues, and assessed the importance of those relevant matters to our business and stakeholders. Last year, the Group has compiled a survey in accordance with the identified material ESG issues to collect information from relevant departments, business units, and stakeholders of the Group. During the Reporting Period, the materiality matrix is still applicable as no significant changes in the Group's business segments. The following matrix is a summary of the Group's material ESG issues:



During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents comply with the requirements of the ESG Reporting Guide.

CONTACT US

We treasure your feedback and comments on our sustainability performance. You can provide valuable advice in respect of the ESG Report or the Group's performance in sustainable development by writing us to 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong.

A. ENVIRONMENTAL

A1. Emissions

Environmental protection and sustainable development rely on concerted efforts from all industries and society. Engaging into various businesses, we strive to integrate environmental sustainability into our business operations and are committed to reducing our environmental footprint.

Due to our business nature, we recognise that our day-to-day operations can impact both, directly and indirectly, the environment. Therefore, we have formulated the Environmental Policy to protect and improve the environment and promote sustainability within our business. We constantly uphold the principles of emission reduction and resource efficiency in our environmental management approaches by implementing measures and adopting best practices that promote energy efficiency, wastes reduction, and other green initiatives. The Group is also committed to educating our employees in raising their awareness of environmental protection and complying with relevant environmental laws and regulations. Within our policy framework, we continually look for opportunities to pursue environmentally friendly initiatives and enhance our environmental performance by reducing energy consumption and the use of other resources.

During the Reporting Period, the Group was not aware of any material non-compliance with environmental related laws and regulations that would have a significant impact on the Group, such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Environmental Impact Assessment Ordinance of Hong Kong and The Basic Environment Law in Japan. During the Reporting Period, there was no case of prosecution against the Group in relation to the violation of environmental laws.

EMISSIONS CONTROL

Air and Exhaust Gas Emissions

All our operating locations strictly comply with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Air Pollution Control Ordinance of Hong Kong and Air Pollution Control Act in Japan and emission standards specified by different provinces and cities, to keep the exhaust emissions within the thresholds under relevant laws and regulations, and minimise the impact on neighbouring regions.

The air pollutant we generated is mainly due to automobile emissions of the Group. Therefore, we have been focusing on the exhaust emissions of various equipment and has implemented a series of emission control such as arranging regular repairment and maintenance for the Group's automobiles, maintaining engines and other mechanical systems in proper condition to improve fuel efficiency and reduce pollutant emissions. In order to minimise exhaust emissions, the Group has prepared to replace traditional diesel vehicles with energy saving vehicles gradually amidst the business growth of the Group, expecting to slow down the emission.

In view of the impact of wasted gas produced by waste plastics processing machines on the surrounding environment, the Group has installed a gas collecting and extracting device at the exhaust outlet of the waste processing machinery in our Japan Recycling Yard. The device with the activated carbon fiber adsorption technology is to discharge waste gas after it is being collected and processed. In addition, the Group also focuses on improving the ventilation in the workshops, reducing the concentration of exhaust gas in the workshops effectively through air-diluting. After being processed and purified, relevant exhaust gas has already met the standards of the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Air Pollution Control Ordinance of Hong Kong and Air Pollution Control Act in Japan that effectively safeguard employees' occupational health.

During the Reporting Period, the Group exhaust gas emissions have slightly reduced except Sulphur oxides due to the emissions control measures. The table below sets out the Group's exhaust emissions in the last two reporting years:

Types of exhaust gas	Unit	Emissions	
		2023	2022
Nitrogen oxides (NO_x)	kg	174.15	184.71
Sulphur oxides (SO_x)	kg	0.88	0.96
Particulate Matter (PM)	kg	15.78	17.18

GHG Emissions

It is an indisputable fact that global warming is becoming more and more serious. The Group has been paying attention to climate change issues. In this regard, it seeks to take the optimal measures to reduce greenhouse gas emissions from business operations and combat climate change.

We also conduct data monitoring to identify and classify sources of greenhouse gas emissions in accordance with requirements and guidelines of the Stock Exchange, so as to compare the data performance of various sources.

The Group has set the emission target to maintain the total GHG emission intensity level in FY2023 as in FY2022 (FY2022: approximately 3.80 tCO_2e per employee). Due to the emissions control measures, the Group has successfully achieved a decrease in total GHG emissions as well as total GHG emissions intensity during the Reporting Period. We aim to achieve the target of maintaining the total GHG emission intensity level in the year ending 31 December 2024 ("FY2024") as in FY2023. In order to achieve this emission target, the Group has implemented a number of energy-saving measures. For measures on energy conservation and emission reduction, please refer to the section headed "Use of Resources".

The table below sets out the total GHG emissions and intensity of the Group in the last two reporting years:

Indicators[1]	**Unit**	**Emissions** 2023	2022
Scope 1 – Direct GHG emissions			
• Fuel consumed by vehicles and machinery	tCO_2e	369.97	349.46
Scope 2 – Indirect GHG emissions			
• Purchased electricity	tCO_2e	1,335.63	1,468.70
Total GHG emissions	tCO_2e	1,705.60	1,818.16
Total GHG emissions intensity[2]	tCO_2e/no. of employee	3.68	3.80

Note:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the latest published Baseline Emission Factors for Regional Power Grids in China and the latest published emission factors of Japan.

2. As at 31 December 2023 and 31 December 2022, the Group had 463 and 478 employees under the specified ESG reporting scope respectively. The data is also used for calculating other intensity data.

NOISE POLLUTION MANAGEMENT

In accordance with the standards of the Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise (《中華人民共和國環境噪聲污染防治法》), the Noise Control Ordinance of Hong Kong and Noise Regulation Law in Japan, the Group adopted enclosed design for its Japan Recycling Yard and set up sound barriers to prevent noise and from affecting the surrounding environment during operation.

SEWAGE DISCHARGE

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

WASTE MANAGEMENT

The Group develops and implements strict management measures for waste generated in the production process in reference to the List of National Hazardous Wastes (《國家危險廢物名錄》), the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and the Management Measures for Transfer Forms of Hazardous Waste (《危險廢物轉移聯單管理辦法》), the Waste Disposal Ordinance of Hong Kong, The Basel Law and Waste Management and Public Cleansing Law in Japan, to systematically identify environmental factors of production process and made detailed guidelines of waste management available.

Hazardous Waste Management

The hazardous wastes generated during the operation of the Group's Japan Recycling Yard mainly involve waste machine oil, circuit boards, scrap rubber, activated carbon, etc. The Group strictly complies with the regulations and requirements in the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢棄物環境污染防治法》) and the Administrative Measures for Hazardous Waste Transfer Manifest (《危險廢物轉移聯單管理辦法》), the Waste Disposal Ordinance of Hong Kong and The Basel Law in Japan on hazardous waste disposal in the course of centralised collection and temporary storage management of hazardous wastes, and have entered into service agreements with qualified waste disposal companies designated by local governments to assist the Group in proper disposal of all hazardous wastes. During the Reporting Period, all of the hazardous wastes were legally disposed of by a licenced hazardous waste collector.

Non-Hazardous Waste Management

The Group adopts the 5R (i.e. Refuse, Reduce, Reuse, Repair and Recycle) management strategy for the management of non-hazardous waste. The Group's Japan Recycling Yard has set up a recycling center where employees collect, mark and separate different types of solid waste in accordance with the Law on Prevention and Control of Environmental Pollution by Solid Waste (《固體廢物污染環境防治法》), and the Administrative Measures for Municipal Domestic Waste (《城市生活垃圾管理辦法》), the Waste Disposal Ordinance of Hong Kong and The Basel Law in Japan.

The reusable waste, including paper, plastic, and metal, will be sent to recycling agencies for proper treatment. We endeavour to improve the recycling rate and achieve the highest resource efficiency through internal operation management, publicity, training, labelling, classification, recycling, and other policy controls. In addition, in order to improve the efficiency of energy and resource use, the Group regularly engages qualified professional agencies to carry out environmental monitoring, and from time to time invites environmental experts to propose improvement plans which will be studies and implemented. To effectively control the paper usage and its subsequence disposal, the Group has implemented related reduction initiatives, which can be found in "Aspect A3–The Environment and Natural Resources".

The table below sets out the non-hazardous wastes' total volume and intensity of the Group in the last two reporting years:

Types of non-hazardous waste	Unit	Disposal Amount 2023	2022
Total non-hazardous wastes disposed	tonnes	22.70	19.87
Total non-hazardous wastes intensity	tonnes/no. of employees	0.05	0.04

The Group has set a target for waste generation to maintain the total non-hazardous wastes disposal intensity level in FY2023 as in FY2022 (FY2022: approximately 0.04 tonnes per employee). Although the total non-hazardous wastes disposal intensity was slightly increased during the Reporting Period due to the resume of business activities after COVID-19 pandemic, we aim to achieve the target of maintaining the total non-hazardous wastes disposal intensity level in FY2024 as in FY2023. In order to achieve this waste disposal target, the Group has adopted green office practices to reduce paper consumption. The Group has implemented an electronic office system to encourage the use of electronic forms for internal communication, such as business trip application and expense reimbursement application. In addition, the Group has set duplex printing as the default mode for printers.

A2. Use of Resources

In order to use all resources including energy, water, and other natural resources more effectively and prudently, we continuously invest in the upgradation and improvement of technologies and equipment, energy-saving and consumption reduction, as well as environmentally friendly facilities, so that it can utilise the resources more efficiently and, to some extent, reduce the consumption of various resources.

ENERGY MANAGEMENT

As a socially responsible company, we advocate the use of energy-saving, efficient and environmental-friendly construction equipment, machinery and tools and office appliances recommended by the state and the industry. For energy conservation, we require contractors to adopt various energy-saving measures during construction. Meanwhile, we continuously update the latest environmental news to optimise the existing services, so as to reduce environmental pollution.

The energy conservation measures we have implemented are as follows:

Energy conservation measures

(1) It is planned to gradually replace the existing office and warehouse lighting with LED lighting, which can lower power consumption and reduce hazardous waste from replacement of short-lived traditional lighting fixtures.

(2) All employees are required to participate in energy saving and emission reduction actions; employees are educated to properly use office electrical equipment including lighting, electric fans, air conditioners and other facilities, to turn off the equipment not in use in their responsible areas, and to check and ensure that all energy-consuming equipment is turned off before leaving work. In addition, the Group disseminates knowledge of energy conservation and emission reduction to encourage employees to develop energy-saving and environment-friendly work habits.

(3) It is required to set the air conditioning temperature at 25 degrees to avoid waste of energy.

(4) Office equipment (such as refrigerators and air conditioners) is cleaned on a regular basis to improve operational efficiency.

(5) Environment-friendly and energy-efficient appliances and equipment are preferred.

Through the implementation of such measures, employees' awareness of reducing energy use has been noted to have increased.

The table below sets out the total energy consumptions and intensity of the Group in the last two reporting years:

Types of energy	Unit	Consumption 2023	2022
Direct energy consumption	**kWh**	**1,477,111.77**	**1,379,882.31**
Diesel	kWh	1,210,354.23	1,142,001.98
Petrol	kWh	266,757.54	237,880.33
Indirect energy consumption	**kWh**	**3,086,778.94**	**3,272,089.08**
Purchased electricity	kWh	3,086,778.84	3,272,089.08
Total energy consumption	**kWh**	**4,563,890.71**	**4,651,971.39**
Total energy consumption intensity	kWh/no. of employees	9,857.22	9,732.16

The Group has set an energy use efficiency target to maintain the total energy consumption intensity level in FY2023 as in FY2022 (FY2022: approximately 9.73 MWh per employee). Although the total energy consumption intensity was slightly increased during the Reporting Period due to the resume of business activities after COVID-19 pandemic, we aim to achieve the target of maintaining the total energy consumption intensity level in FY2024 as in FY2023. The Group has implemented above number of energy-saving measures in order to achieve this energy reduction target, including to promote energy saving at office area.

WATER MANAGEMENT

Water is one of our most important natural resources. In order to cherish the precious water resources, the Group makes every effort to maximise the water resources used in its business operations. We actively promote the concept of valuing water to employees and maintain in good condition, so as to achieve our goal of water saving. In particular, Japan Recycling Yard has implemented the reuse of water resources, as the water used in washing clothes and hands in the staff dormitory are collected for flushing toilets.

The table below sets out the total water consumptions and intensity of the Group in the last two reporting years:

Indicator	Unit	Consumption 2023	2022
Water consumption	m^3	5,480.97	8,074.41
Water consumption intensity	m^3/no. of employees	11.84	16.89

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

The Group has set a water use efficiency target to maintain the water consumption intensity level in FY2023 as in FY2022 (FY2022: approximately 16.89 m^3 per employee). Although our water consumption intensity was slightly decreased during the Reporting Period, and thus achieving our set target, we aim to achieve the target of maintaining the total water consumption intensity level in FY2024 as in FY2023. The Group has implemented the water-saving measures above in order to achieve this water use efficiency reduction target.

PACKAGING MATERIAL

The packaging materials of the Group are mainly consumed by the Department Store Segment. Reducing the packaging material bring both the environmental and economic benefit. The Group is dedicated to optimise the design of the packaging such that it can deliver against key performance criteria while using the least amount of packaging material. The Company measures different types of material used to gauge our environmental performance. The following tables show the figures of material consumption of packaging materials:

Indicator	Unit	Consumption 2023	2022
Plastic Bag	pieces	58,077	83,100
Carton Box	pieces	–	225
Paper Bag	pieces	5,800	N/A
Polypropylene woven bag	tonnes	26	30

A3. The Environment and Natural Resources

The Group integrates environmental responsibility into its daily business operations. Accordingly, the Group promotes green operations and green procurement policy to reduce environmental impact and the consumption of natural resources.

NATURAL RESOURCE PROTECTION

To reduce the consumption of paper, a main type of natural resource consumed by the Group, we encourage our employees to transmit information electronically and process documents on computers as much as possible, and require them to print on both sides as far as possible. The number of company envelopes, portfolios, brochures, etc. for internal use is also verified to avoid overprinting. For reusable and recyclable resources in waste, such as waste paper and printer ink cartridges, we have set up collection bins for classification management to facilitate internal recycling or transfer to qualified recyclers for further recycling. We grow vegetables and poultry in the open space of our Japan Recycling Yard to meet our daily needs and reduce purchases of such goods. We also actively cooperate with environmental protection agencies, and organise our staff to participate in activities recycling and donating waste clothes and articles, so as to convey the message of environmental protection to the public.

To ensure that employees implement the Group's environmental protection philosophy in their daily work, all new employees are required to go through the training in environmental protection.

GREEN OFFICE POLICY

The Group has implemented a series of measures to reduce the use of office supplies:

- Implement electronic file management, encouraging employees to process documents on computers and transmit information electronically as far as possible, and reducing the printing, transmission, sorting and archiving of paper files. The number of envelopes, portfolios and brochures issued by the Group is also subject to verification and control to minimise the demand for paper;

- Categorise waste, recycle and transfer recyclable resources to qualified recyclers, various collection bins have been placed in the office for the recycling of single-sided printed paper and printer cartridges;

- Place various green plants in different areas of the office, the green area coverage in Japan Recycling Yard has reached 15%, which helps clean air and improve indoor and surrounding air quality;

- Put up "Save Water" reminders in appropriate places to remind employees to reduce water consumption in their daily operations and to close the taps immediately after use so as to reduce unnecessary waste; and

- Enhance daily maintenance and management of water equipment, including regular maintenance of water mains and pipes to reduce hidden leakage.

A4. Climate Change

The Group recognises that climate change has been affecting our stakeholders, business operations and communities in different aspects. The Group strive to enhance its ability to respond to climate impacts and mitigate the risks and impacts of climate change on the Group, thereby helping the Group to adapt to and resist climate change. During the Reporting Period, the Group has been paying close attention to the impact of climate change as described below.

PHYSICAL RISKS

Extreme weather caused by climate change such as typhoons and rainstorms may disrupt business operations. In order to minimise disruptions to our business operations, the Group has put in place a set of contingency measures for adverse weather conditions as well as appropriate back-up of important information to minimise the negative impact on our business.

In addition to the above, the Group is also fully aware that extreme weather conditions may endanger the health and safety of employees. Therefore, we have formulated comprehensive typhoon and rainstorm arrangements to protect the health and safety of employees in extreme weather conditions. The Group also takes into account the different situations faced by individual employees under extreme weather conditions as far as possible, such as residence, nearby roads and traffic conditions, and adopts flexible treatment methods depending on the actual difficulties and needs of employees. For example, the Group implements a flexible off-duty day schedule for employees. At the same time, under extreme weather conditions, the human resources department will remind and notify employees of the latest weather conditions through communication software or emails.

TRANSITION RISK

In terms of legal risks, the Group expects that the laws and regulations related to climate change will become more stringent, such as the possibility that local governments adopt carbon tax to manage national GHG emissions. As a result, the Group may be exposed to legal risks and may have to incur higher operating costs to comply with regulatory changes. The Group has adopted a series of measures against possible legal risks. Firstly, the Group continuously monitors any changes in laws or regulations. Secondly, the Group has sought compliance advisory services to reduce legal risks. Thirdly, the Group has been taking comprehensive measures to protect the environment, including measures aimed at reducing greenhouse gas emissions. As we do more than meet the compliance requirements, we can quickly adapt to the more stringent regulations that may arise.

B. SOCIAL

B1. Employment

The success of our business depends on the untiring efforts and dedicated service of all employees. The Group understands that the recruitment, retention and cultivation of talents can help maintain its market competitiveness. The Group has in place the Employee Handbook to ensure that employees are treated in a fair and reasonable manner. As at 31 December 2023, the Group employed a total of 463 staff, including operational office, sales and marketing, and back office division.

During the Reporting Period, the breakdown of employees by gender, age group and employment type and geographical regions were as follows:

	FY2023
By gender	
Male	224
Female	239
By age group	
30 years old or below	55
31-50 years old	229
51 years old or above	179
By employment type	
Full-time	404
Part-time	59
By geographical region	
Hong Kong and Mainland China	414
Japan	33
Grenada	16

During the Reporting Period, the overall employee turnover rate was 28%. The breakdown of turnover rate was as follows:

	Percentage (%)
By gender	
Male	28
Female	27
By age group	
30 years old or below	49
31-50 years old	28
51 years old or above	21
By geographical region	
Hong Kong and Mainland China	30
Japan	3
Grenada	19

During the Reporting Period, the Group did not have significant issues relating to violations in this respect, including but not limited to the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Employment Ordinance of Hong Kong and Labour Standards Law in Japan.

RECRUITMENT, PROMOTION AND EQUAL OPPORTUNITY

The Group has regular reviews for the demand and requirements for human resources with each business function head in order to secure the sufficient staff members for the positions required and to keep the normal business operations and development. In addition, we have implemented a standardised recruitment system with high transparency to ensure the righteousness, openness and fairness upheld throughout the recruitment and employment processes. When considering the opportunity for promotion of a position, the principle of "appropriateness", their job performance evaluation, experiences and capabilities of the potential are considered as conditions for staff promotion.

WORK-LIFE BALANCE

Employees are the most important core asset of the Group. The Group attentively takes care of the needs of employees pays close attention to employees' work and life balance. Achieving work-life balance can help enhance the overall operational efficiency of the Group. As such, the Group strictly abides by the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Employment Ordinance of Hong Kong and Article 7 of Labour Standards Law in Japan to guarantee appropriate working hours and sufficient leave days for employees.

REMUNERATION AND BENEFITS

The Group has established a set of objective and fair remuneration guidelines. In addition to wage adjustments based on the market practice and conditions, and the results of employee assessment, the Group also determines annual bonuses based on individual performance to motivate their interest and enthusiasm and share the Group's profits with its employees as a reward for their contributions to the Group. Moreover, we review and adjust the remuneration mechanism on a regular basis to provide fairer and more competitive remuneration packages.

The Group also develops its benefits policy in accordance with the Labour Law of the People's Republic of China(《中華人民共和國勞動法》), the Article 11 of Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Employment Ordinance of Hong Kong and Labour Standard Law in Japan, and observes local requirements relating to minimum wage, working hours and the overtime limit, paid statutory holidays and paid annual leave. In addition, we established the Remuneration Committee in charge of reviewing matters related to employees' benefits. The Group currently provides comprehensive benefits guarantees for all employees, including medical insurance. In order to promote the bilateral communication and interaction between employees and employer, the Group also delivers the most recent update of the Group to every employee in a timely manner via survey and listens to the employees' opinions and advices actively, taking corresponding measures swiftly on issues which employees care about and protecting the interest of our employees.

COMPENSATION, TERMINATION OF EMPLOYMENT AND RETIREMENT

The Group initiates compensation and retirement procedures, including relevant provisions on indemnification and compensation and the planning of retirement arrangements, in accordance with the Article 89 of Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Employment Ordinance of Hong Kong and Labour Standards Law in Japan and other relevant laws and regulations.

ANTI-DISCRIMINATION

We strictly follow anti-discrimination policies and will not tolerate harassment of any kind. When recruiting and promoting employees, we will only consider individual work experience and performance. We provide our employees with fair recruitment, compensation, training, transfer and promotion opportunities regardless of their race, gender, age or religious, so as to ensure that fair and equal opportunities are offered to all job applicants. We strive to create a working environment with care, endurance, fairness with no discrimination.

B2. Health and Safety

The Group fully recognises the importance of occupational health and safety to the recycling industry. Therefore, we strive to create the best working environment for our valued employees. We have advocated and upheld the idea of "Safety First" and strived in achieving the goal of zero industrial accident. We have formulated a set of suitable safety management plan in accordance with the laws and regulations, to reduce and control potential occupational safety and health hazards in business operations. The Group strictly implements the legislative requirements on occupational health and safety at its operating locations to avoid any injuries of employees at work.

During the Reporting Period, the Group record 270 lost-days related to work injuries. The Group did not record any work-related fatalities occurred during the Reporting Period, neither in FY2022 nor the year ended 31 December 2021.

During the Reporting Period, the Group did not have significant issues relating to violations in this respect, including but not limited to Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases of People's Republic of China (《中華人民共和國職業病防治法》), the Occupational Safety and Health Ordinance of Hong Kong and Industrial Safety and Health Act in Japan.

OCCUPATIONAL HEALTH AND SAFETY

In order to effectively review our occupational health and safety performance, the Group sets up dedicated departments for coordinating and arranging safety checks for all operating facilities in accordance with Occupational Health and Safety Policies and regular reviews are held at meetings to examine the Group's occupational health and safety performance. Any employee being found of a mis-operation or risky operation will be immediately warned. At the same time, corrective and preventive measures will be adopted to manage the risks identified for assuring the quality and implementation of the safety management measures, so as to reduce unsafe behaviours of on-site personnel and accidents.

WORKPLACE SAFETY MANAGEMENT

The Group's office and Recycling Yard are equipped with dust removal, noise elimination, gas protection and other equipment, with standards in place for dangerous goods identification marks and for the proper use and storage of inflammable and explosive materials in order to minimise potential harm to the health of employees. To further enhance the safety of the Group's workplaces, we have set up first aid kits, fire extinguishers and exit signs at all operating locations and reminded our employees of the need to keep the passage or escapes clean and clear at all times. It is forbidden to place too many miscellaneous items in the office to ensure a rapid and safe evacuation in case of emergency.

PERSONAL PROTECTIVE EQUIPMENT

The Group is committed to providing employees with a legitimate, safe and dignified working environment. Apart from displaying notice or label, we also provide frontline employees with personal protective equipment such as dust masks, noise reduction earplugs and emergency medicines for occasional needs. Meanwhile, employees are arranged to attend safety training courses to raise their awareness of workplace safety and to ensure the efficiency of the personal protective equipment for protecting our employees.

WORKPLACE HYGIENE

The Group has advised employees to maintain cleanliness in the workplace. We set up designated areas in offices and plant areas to collect wastes discarded by our employees. Hygiene in public areas is regularly managed by dedicated departments. Regular cleaning of air conditioning systems and carpets in office areas are also arranged to maintain hygiene in the workplace.

EMPLOYEE WORK SAFETY TRAINING

We actively promote the culture of workplace safety. The Group provides employees with adequate training on occupational health to keep up with employees' awareness against workplace health and safety, in order to ensure the safe operation of equipment, the Group has developed appropriate training sessions, mainly covering the correct use of protective equipment, knowledge and cases of safety production and occupational health, and safe operation of positions or equipment. Moreover, we share all the latest information and news of occupational health and safety with all our employees.

INCIDENT RESPONSE PLAN

To prevent possible accidents and potential risks due to emergencies like fire and power failure, the Group has established a set of stringent measures and practice fire drills from time to time. All onsite workers are required to be aware of the emergency procedures, such as the proper use of personal protective equipment and rescue facility.

STRESS MANAGEMENT

The Group has complaint and confidential feedback channels in place for all employees, allowing them to express any views or concerns to the department heads or executives at the higher rank.

PREVENTATIVE MEASURES ON COVID-19

In response to the outbreak of the Coronavirus Disease 2019 ("COVID-19") pandemic, the Group has taken certain actions to strengthen the health and safety precautionary measures in both our offices and construction sites to ensure the health of our employees and workers. The Group has established two sets of workplace health and safety plan with regards to COVID-19 separately for office and construction site employees. In addition, the Group has conducted a thorough hazard assessment of the workplace to identify potential workplace hazards that could increase the risks for COVID-19 transmission, which includes all employees, including management staff, utility employees, relief employees, etc.

B3. Development and Training

During the Reporting Period, the Group's number of employees received training and their training hours were as follows:

	Percentage of employee trained (%)	Average training hours per trained employee
By gender		
Male	54	7.7
Female	46	3.2
By employment type		
Senior management	15	7.9
Middle management	17	5.9
Other employees	68	4.7

CAREER DEVELOPMENT

To maintain the Group's competitiveness in the world of rapid development of technology, it is important that we keep our skills and knowledge up-to-date. Therefore, we promote the spirit of life-long learning and cultivating a continuous learning culture. To further improve team values and professionalism of staff, we develop career development training for staff and encourage them to actively participate in various training workshops and courses.

PRE-EMPLOYMENT TRAINING

In order to assist our newly recruited employees to adapt to the Group's work culture and environment, we provide pre-employment training for them, including information about our corporate culture, employee handbook, job skills and relevant safety knowledge, with an aim of enhancing their understanding of the Group, their position and working environment.

VOCATIONAL SKILLS TRAINING

We are dedicated to building a professional technical team, so we have arranged training courses for our employees to meet the needs of different jobs and ranks to improve individual profession knowledge skills and capabilities. For some internal key talents, we have developed career paths and defined career ladders for key positions, sponsored our staff to attend external training courses, such as professional qualification training, workshops or seminars, in order to strengthen overall professionalism and individual caliber of employees, and help competent employees to pursue excellence and grow together with the Group.

B4. Labour Standards

PREVENTION OF CHILD AND FORCED LABOUR

The Group prohibits the recruitment of child labour and has zero tolerance of forced labour. In accordance with the Regulations of the People's Republic of China on Special Protection of Juvenile Workers (《女職工和未成年工特殊勞動保護》), the Employment Ordinance of Hong Kong, Labour Standards Law in Japan and relevant foreign laws and regulations, the Group reviews the valid identity certificates of job applicants in the employee recruitment, onboarding approval and onboarding registration process. If violations are involved, they will be dealt with in the light of circumstances.

During the Reporting Period, the Group was not aware of any material non-compliance with related laws and regulations that would have a significant impact on the Group, including but not limited to Labour Contract Law of the People's Republic of China, the Employment Ordinance of Hong Kong and Article 56 of Labour Standard Law in Japan.

In the process of employment, the Group, in accordance with the above relevant laws, respects the right and freedom of every employee to choose jobs, including freedom of employment, freedom to resign, freedom to work overtime and freedom of movement. The Group strictly prohibits any forms of forced labour, including contract labour and bonded labour, and never forces employees to work overtime. Employees have the right to form and join trade unions to safeguard their personal rights.

B5. Supply Chain Management

The steady development of the Group's business is dependent on the reliable support of its suppliers. Suppliers are one of the important stakeholders in the Group's business value chain, and our relationship with them is close and inseparable. The Group is also fully committed to building a good partnership with our suppliers. To promote the business and cooperation with suppliers, the Group stipulates internal rules to regulate the process of procurement, explains the Group's principles and expectations to our partners, and requires suppliers to comply with all laws, international conventions, contractual requirements, and all codes of the Group. We have also established effective mechanisms to ensure that both parties will strictly act in accordance with laws and regulations.

SUPPLIER APPOINTMENT

In terms of material procurement, supplier management, and the selection and evaluation of administrative supplies and services suppliers, we employ fair, impartial and open evaluation criteria. We also require suppliers to declare their interests to avoid conflicts of interest or tunnelling of interests. The Group has set up a series of evaluation indicators for supplier selection, including supplier's past experience, price, reputation, professional qualifications, ethics, environmental protection and corporate social responsibility performance. To ensure that the suppliers' performance continues to meet the Group's requirements, we assess their performance over the past year through an annual assessment to review whether to continue cooperation with them.

SUSTAINABLE SUPPLY CHAIN

The Group puts great emphasis on the sustainability of value chain. While fulfilling our environmental and social responsibilities, we also expect our suppliers to operate in the same responsible manner. Accordingly, we incorporate sustainability considerations into our procurement and outsourcing process and require suppliers to meet basic standards, to lower environment and social risk in supply chain. For example, all suppliers are required to abide by the following sustainability principles, and to ensure that their regular and temporary employees, suppliers and sub-suppliers confirm and comply with the requirements of this these principles.

The Group continues to pay attention to the policies implemented by the local governments where it operates. If the Group finds information on environmentally friendly products or services published by the official authorities, the Group will seriously consider adopting the recommendations of the official authorities to procure goods and services that have less impact on the environment during the product cycle.

GREEN OPERATION

To reduce the emissions and energy consumption due to transportation, the Group is encouraged to give priority to products of local suppliers where hardware and software conditions so permit, with an aim to prevent additional carbon emissions due to long distance of transporting goods. When local suppliers are selected, we also adopt a centralised approach to arrange as few deliveries as possible, and optimise delivery plans to reduce exhaust emissions during transportation. Meanwhile, when it is necessary to acquire or upgrade operating equipment, we will make reference to the information on the energy label to select energy-efficient models as far as possible in order to achieve better energy management efficiency.

During the Reporting Period, the breakdown of suppliers by geographical regions were as follows:

Total number of suppliers by region	Number of Suppliers in FY 2023
Hong Kong	510
Asia region other than Hong Kong	103
Europe	81
N.& S. America	3

B6. Product Responsibility

The Group stresses heavily on the performance of its products, and has therefore formulated an array of policies to facilitate better quality products and services. The Group carefully manage and monitor the quality of our products. All products we sell are properly labelled to help us obtain the data through our tracking system. If there are quality issues with the products sold by the Group, the Group can record through the tracking system, which enables us to immediately identify the source of defects in the production process, identify the defective batch of products and recall the products as needed to rectify the issues and prevent recurrence in the future.

During the Reporting Period, the Group does not record any product recall and did not have significant issues relating to violations in this respect, including but not limited to Law of the People's Republic of China on Protection of Consumer Rights and Interests of the People's Republic of China (《中華人民共和國消費者權益保護法》), the Personal Data (Privacy) Ordinance of Hong Kong and Product Liability Act in Japan.

QUALITY MANAGEMENT

The Group values the spirit of contract. The specifications of all products and services will be clearly specified in the contract to ensure that the customer understands details of the contract and to protect the interests of the buyer and the seller. We seek to provide the highest standards of products and services throughout our operations, which involve the application of proprietary systems and process to ensure compliance with local and international standards. In order to strengthen customer confidence in our products, the Group has established a quality inspection and evaluation team for incoming and outgoing products, to closely monitor the quality of products prior to delivery in accordance with the corresponding inspection procedures.

FAIR PROMOTION

The Group adheres to the principle of fair promotion to ensure that product information on the Group's publicity website and other promotional materials is true and accurate, and does not contain any false, exaggerated or excessive statements. In accordance with the Advertising Law of the People's Republic of China, the Trade Descriptions Ordinance of Hong Kong and Act Against Unjustifiable Premiums and Misleading Representations in Japan, the Group requires sales staff to disseminate information from the Group's recognised product strengths when promoting products, and avoid negative representations involving rivals or competing products to prevent customers from being misled when purchasing.

CUSTOMER DATA PROTECTION

According to the importance of protecting customer information, the Group strictly manages and keeps confidential information and documents related to customers' intellectual property rights in accordance with the requirements of the Confidentiality Measures and the Employee Handbook issued within the Group. Without permission, employees are not allowed to copy, privately store or take away such information and documents from the Group.

INTELLECTUAL PROPERTY RIGHTS

The Group endeavours to protect intellectual property rights. Intellectual properties and technical specifications of the Group and customers are protected and managed by a designated department. Employees shall not copy or disclose any information, including but not limited to designs, techniques and trade information, to third parties without the Group's consent.

AFTER-SALE SERVICE

The Group is committed to providing efficient and courteous after-sale service to its customers, and has established e-mail boxes and hotlines as channels to maintain communication with customers and assist in answering any customer enquiries, resolving detail contract problems or other follow-up matters.

During the Reporting Period, the Group didn't received any product-related complaints nor service-related complaints. The Group has designated staff to handle all complaints received promptly and review our procedures for any improvement to prevent recurring complaints.

B7. Anti-corruption

The Group is committed to building a corporate culture of integrity and business ethics. We have the standards of conduct to guide our employees and partners, which provide rules and guidelines for dealing with gifts, treats, transactions, financial management, etc.

During the Reporting Period, the Group did not have significant issues and concluded legal cases relating to violations in this respect, including but not limited to Company Law of the People's Republic of China (《中華人民共和國公司法》), the Prevention of Bribery Ordinance of Hong Kong and Unfair Competition Prevention Act in Japan.

The Group has followed and complied with all the code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, including maintaining good corporate governance practices. To take forward a corporate culture of integrity and anti-corruption, we have established the anti-corruption practices and the benefit declaration process in our employee handbook. If any employee is involved in any corruption and fraud conduct, we will impose penalties based on the influence and consequence of such conduct according to the corporate rules. If the behaviour violates the law, it will be handled by the judicial authority according to law with zero tolerance.

ANTI-CORRUPTION PRACTICES

The Group has established Anti-corruption policy to avoid happening of corruption. No employee or director may seek or receive any preferential benefits, including money, gifts, loans, remuneration, work, contracts, services and sponsorship, especially when there is a conflict of interest between such benefits and the Group's business dealings.

Anti-corruption training helps to encourage a clean and honest working style, so that employees can be self-disciplined and dedicated. During the Reporting Period, the Group arranged 6 sections of training for both directors and employees, with a total of approximately 17 training hours of anti-corruption training for each participant.

CONFLICTS OF INTEREST

To avoid any conflict of interest during business transactions, all major transactions involving conflicts of interest within the Group must be disclosed to the Board according to the Policy on Declaration of Conflict of Interest, which can be found in the Employee Handbook. Board members involved in a conflict of interest may not vote on any resolution on such transactions.

APPROVAL OF SERVICE CONTRACTS

To maintain close monitoring on potential corruption, all the important service contracts are subject to approval by the Board. Approved service contracts shall be reviewed by the Nomination Committee, which consists of one executive director and two independent non-executive directors.

WHISTLE-BLOWING MECHANISM

To firmly reject the occurrence of corruption, frauds, etc., the Group has established whistle-blowing policy for employees and other stakeholders to report any suspected improper or illegal activities through any anonymous ways such as by mail, email, telephone, etc. The Group will investigate and handle the case once internal corruption related information is received. The investigations are administered on a confidential basis and there will be no reprisal against employees.

B8. Community Investment

ACTIVE COMMUNITY PARTICIPATION

As a responsible corporate citizen, the Group is well aware that its responsibility is not only to contribute directly to the economy, but also to create positive impacts for the society as a whole through our business operations and public welfare programs. In the past years, the Group actively participated in community activities to give back to the society. The Group is committed to promoting charity, helping the disadvantaged, and supporting academic and scientific research for the well-being of the next generation in the principle of "From the Community, For the Community". The Group has also set up a volunteer team that gathers staff to participate in public welfare activities such as visiting the elderly living alone, supporting needy families and helping students in need. In the future, the Group will continue to focus its community investment efforts on scientific research and development, national development and poverty alleviation to give back to the society.

Community participation

During the Reporting Period, the Group has continued its philanthropic efforts by donating RMB100,000 to Shenzhen Nanshan Charity Federation (深圳市南山區慈善會) to support the people in need. The Group has also donated RMB100,000 to Shenzhen Futian Overseas Friendship Association (深圳市福田區海外聯誼會) in supporting the organisation of social welfare events. These contributions signify the Group's dedication to making a positive impact on the community.

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

Subject Areas, Aspects, General Disclosures and KPIs ("Comply and Explain")	Description	Section/Declaration
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.	Emission Control
KPI A1.1	The types of emissions and respective emissions data.	Emission Control – Air and Exhaust Gas Emissions
KPI A1.2	GHG emissions in total (in tonnes) and intensity.	Emission Control – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Waste Management – Hazardous Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management – Non-Hazardous Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emission Control – Air and Exhaust Gas Emissions; Emission Control – GHG Emissions; Waste Management – Hazardous Waste Management; Waste Management – Non-Hazardous Waste Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Hazardous Waste Management; Non-Hazardous Waste Management

Subject Areas, Aspects, General Disclosures and KPIs ("Comply and Explain")	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Packaging Material (Not applicable – Explained)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

Subject Areas, Aspects, General Disclosures and KPIs ("Comply and Explain")	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full– or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs ("Comply and Explain")	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour

Subject Areas, Aspects, General Disclosures and KPIs ("Comply and Explain")	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility

Subject Areas, Aspects, General Disclosures and KPIs ("Comply and Explain")	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Grant Thornton
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To the members of Realord Group Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Realord Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 99 to 273, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

Valuation of investment properties

Key audit matter	How the matter was addressed in our audit
We identified the valuation of investment properties as a key audit matter due to the significance of its balance to the consolidated financial statements overall as a whole, combined with management's judgements and estimates in determining the fair values of the investment properties. As at 31 December 2023, the Group's investment properties amounted to HK$9,542,078,000 and represented 47% of the Group's total assets. As disclosed in note 20 to the consolidated financial statements, net gain on fair value changes of investment properties of HK$1,097,751,000 was recognised in profit or loss. All of the Group's investment properties are stated at their fair values based on valuations performed by a firm of independent qualified professional valuers ("Valuer"). The valuations are dependent on certain significant unobservable inputs, including price/gross development value per square feet/bay/square metre and term/reversionary yield, which are determined based on comparable transactions after applying adjusting factors to reflect the conditions and locations of the subject properties and capitalising rental income from existing lease term and potential future reversionary income respectively. Details of the valuation methodologies and significant unobservable inputs used in the valuations are disclosed in note 20 to the consolidated financial statements.	Our audit procedures in relation to the valuation of investment properties included the followings: • evaluated the competence, capabilities and objectivity of the Valuer; • obtained an understanding from the Valuer about the valuation methodologies, significant unobservable inputs and critical judgements and estimates on key inputs and data used in the valuations; • assessed the reasonableness of the valuation methodologies used by the Valuer with the assistance from our valuation expert; • assessed the reasonableness of significant unobservable inputs used by the Valuer, with the assistance from our valuation expert, by comparing them to publicly available information of similar comparable properties and comparable data in the same industry; • evaluated the reasonableness of adjusting factors on the conditions and locations of the properties made by the Valuer, with the assistance from our valuation expert, by comparing them with historical adjusting factors applied, comparability and other market factors for similar properties; • obtained government documents, rental agreements and supporting evidences for the development of the properties; and • performed site visit to the major investment properties.

KEY AUDIT MATTERS (Continued)

Net realisable value of properties under development

Key audit matter	How the matter was addressed in our audit
We identified the net realisable value of properties under development as a key audit matter due to the significance of its balance to the consolidated financial statements overall as a whole, combined with management's judgements and estimates in determining the net realisable value of properties under development. As at 31 December 2023, the Group's properties under development amounted to HK$5,555,146,000 and represented 27% of the Group's total assets. As disclosed in note 27 to the consolidated financial statements, reversal of provision for properties under development of HK$62,129,000 was recognised in profit or loss. Management assessed whether any write-down of the properties under development was being recognised in accordance with the accounting policy stated in note 3.19 to the consolidated financial statements. The net realisable value of these properties has been determined by management with assistance from Valuers with reference to the latest selling prices of the properties and the budgeted costs to be incurred until completion and sale.	Our audit procedures in relation to the net realisable value of properties under development included the followings: • obtained an understanding of the progress of the properties under development from management; • evaluated the competence, capabilities and objectivity of the Valuers; • obtained an understanding from the Valuers about the valuation methodologies and key assumptions used in the valuations; • assessed the reasonableness of the valuation methodologies used by the Valuers with the assistance from our valuation experts; • assessed the reasonableness of underlying data and key assumptions used by the Valuers, including the latest selling prices of the properties and the budgeted costs to be incurred until completion and sale, with the assistance from our valuation experts by comparing them to publicly available information of similar comparable properties; • obtained government documents and supporting evidences for the development of the properties; and • performed site visit to the properties under development.

KEY AUDIT MATTERS (Continued)

Impairment assessment of proposed development project

Key audit matter	How the matter was addressed in our audit
We identified the impairment assessment of proposed development project as a key audit matter due to the significance of its balance to the consolidated financial statements overall as a whole, combined with management's judgements and estimates in determining the recoverable amount of proposed development project. As at 31 December 2023, the Group's proposed development project amounted to HK$2,101,934,000 and represented 10% of the Group's total assets. Management assessed whether any impairment of the proposed development project was being recognised in accordance with the accounting policy stated in note 3.16 to the consolidated financial statements. The recoverable amount of cash-generating unit has been determined by management with assistance from a Valuer based on value in use calculation. The value in use calculation uses cash flow projection based on financial budgets approved by management which involves the use of management's judgements and estimates such as determining discount rate, price per square metre/bay, construction cost and gross margin.	Our audit procedures in relation to the impairment assessment of proposed development project included the followings: • obtained an understanding of the progress of the proposed development project from management; • evaluated the competence, capabilities and objectivity of the Valuer; • obtained an understanding from the Valuer about the valuation methodologies and key assumptions used in the value in use calculation; • assessed the reasonableness of underlying data and key assumptions used by the Valuer, including the discount rate, price per square metre/bay, construction cost and gross margin, with the assistance from our valuation expert, by comparing them to public available information of comparable companies in the same industry and similar comparable properties; • obtained government documents and supporting evidences for the status of the proposed development project; and • performed site visit to the proposed development project.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2023 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981 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 skepticism throughout the audit. We also:

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

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

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

- conclude on the appropriateness of the Company's 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.

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

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

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

We communicate with 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.

Grant Thornton Hong Kong Limited
Certified Public Accountants

11th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

25 March 2024

Ng Ka Kong
Practising Certificate No.: P06919

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Revenue	5		
– Goods and services		**689,404**	1,126,123
– Rental income		**19,452**	14,924
– Interest income		**92,629**	57,763
Total revenues		**801,485**	1,198,810
Cost of sales		**(482,123)**	(911,412)
Gross profit		**319,362**	287,398
Other income	7	**31,950**	33,379
Other gains, net	8	**58,170**	341,862
Reversal of provision/(Provision) for properties under development	27	**62,129**	(100,247)
Impairment loss on goodwill		**(63,204)**	–
Impairment losses, net	9	**(48,475)**	(47,537)
Gain on fair value changes of investment properties, net	20	**1,097,751**	997,731
Selling and distribution expenses		**(85,091)**	(100,870)
Administrative expenses		**(275,265)**	(315,297)
Non-operating expenses		**(10,327)**	–
Finance costs	10	**(766,401)**	(727,849)
Profit before income tax		**320,599**	368,570
Income tax (expenses)/credit	11	**(279,349)**	234,058
Profit for the year	12	**41,250**	602,628
Profit/(Loss) for the year attributable to:			
– Owners of the Company		**76,689**	112,787
– Non-controlling interests		**(35,439)**	489,841
		41,250	602,628
Earnings per share	17		
Basic (HK cents)		**5.32**	7.83
Diluted (HK cents)		**5.32**	7.82

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Profit for the year		**41,250**	602,628
Other comprehensive (expenses)/income			
Items that will not be reclassified subsequently to profit or loss:			
Gains on property, plant and equipment revaluation, net		**18,566**	1,054
Income tax relating to net gains on property, plant and equipment revaluation	42	**(1,005)**	(785)
Actuarial gain on a defined benefit plan	24(e)	**89**	276
Changes in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")		**86**	234
Changes in fair value of assets classified as held for sale		**–**	970
Actuarial (loss)/gain on long service payment obligations	25	**(125)**	697
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(124,016)**	(711,245)
Other comprehensive expenses for the year, net of income tax		**(106,405)**	(708,799)
Total comprehensive expenses for the year		**(65,155)**	(106,171)
Total comprehensive (expenses)/income for the year attributable to:			
– Owners of the Company		**(18,011)**	(526,232)
– Non-controlling interests		**(47,144)**	420,061
		(65,155)	(106,171)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	18	**630,883**	705,083
Prepaid lease payments	19	**4,289**	4,425
Investment properties	20	**9,542,078**	8,591,359
Goodwill	21	**257,733**	320,937
Other intangible assets	22	**41,576**	53,758
Equity instruments at FVTOCI	23	**4,127**	4,041
Prepayments, deposits and other receivables	29	**206,393**	205,922
Pension scheme assets	24	**23,777**	23,160
		10,710,856	9,908,685
Current assets			
Inventories	26	**57,428**	47,161
Properties under development	27	**5,555,146**	5,535,564
Trade receivables	28	**543,427**	570,604
Receivables arising from securities broking	28	**310,485**	518,400
Loan receivables	28	**502,003**	409,761
Prepayments, deposits and other receivables	29	**316,678**	343,906
Proposed development project	30	**2,101,934**	2,016,712
Financial assets at fair value through profit or loss ("FVTPL")	31	**68,528**	71,229
Amounts due from related parties	40	**1,592**	1,703
Tax recoverable		**6,388**	5,167
Cash held on behalf of clients	32	**77,354**	126,742
Restricted bank balances and deposits		**75,851**	142,143
Bank balances and cash	33	**153,259**	171,900
		9,770,073	9,960,992
Current liabilities			
Trade payables	34	**84,961**	97,100
Payables arising from securities broking	34	**77,285**	129,102
Contract liabilities	35	**83,401**	50,936
Insurance contracts liabilities	36	**1,154**	1,154
Other payables and accruals	37	**740,752**	383,685
Bank borrowings	38	**454,967**	5,366,919
Other borrowings	39	**249,478**	238,891
Amounts due to related parties	40	**320,617**	453,496
Lease liabilities	41	**47,206**	69,466
Long service payment obligations	25	**59**	200
Tax payable		**5,857**	8,311
		2,065,737	6,799,260
Net current assets		**7,704,336**	3,161,732
Total assets less current liabilities		**18,415,192**	13,070,417

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Equity			
Share capital	44	**144,071**	144,071
Reserves		**3,448,868**	3,466,879
Equity attributable to owners of the Company		**3,592,939**	3,610,950
Non-controlling interests		**1,505,124**	1,552,268
		5,098,063	5,163,218
Non-current liabilities			
Other payables and accruals	37	**84**	7,120
Loan from a related company	40	**211,000**	–
Loans from ultimate holding company	43	**2,797,516**	2,394,760
Bank borrowings	38	**9,104,950**	4,543,885
Other borrowings	39	**22,590**	548
Lease liabilities	41	**6,243**	46,450
Long service payment obligations	25	**2,418**	1,637
Deferred tax liabilities	42	**1,172,328**	912,799
		13,317,129	7,907,199
		18,415,192	13,070,417

Lin Xiaohui
Director

Su Jiaohua
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company											
	Share capital HK$'000 (note 44)	Share premium HK$'000	Share options reserve HK$'000 (note 45)	Statutory reserve HK$'000 (note (a))	Capital reserve HK$'000 (note (b))	Assets revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Exchange translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2022	143,971	1,924,642	8,878	2,949	839,969	39,243	621	(57,044)	1,229,843	4,133,072	1,132,207	5,265,279
Profit for the year (Restated)	–	–	–	–	–	–	–	–	112,787	112,787	489,841	602,628
Other comprehensive income/(expenses) for the year: (Restated)												
Gains on property, plant and equipment revaluation, net	–	–	–	–	–	874	–	–	–	874	180	1,054
Income tax relating to net gain on property, plant and equipment revaluation	–	–	–	–	–	(648)	–	–	–	(648)	(137)	(785)
Actuarial gain on a defined benefit plan	–	–	–	–	–	–	–	–	264	264	12	276
Changes in fair value of equity investments at FVTOCI	–	–	–	–	–	–	176	–	–	176	58	234
Changes in fair value of assets classified as held for sale	–	–	–	–	–	–	728	–	–	728	242	970
Actuarial gain on long service payment obligations (Restated)	–	–	–	–	–	–	–	–	587	587	110	697
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(641,000)	–	(641,000)	(70,245)	(711,245)
Total comprehensive income/(expenses) for the year (Restated)	–	–	–	–	–	226	904	(641,000)	113,638	(526,232)	420,061	(106,171)
Exercise of share options	100	4,010	(1,930)	–	–	–	–	–	1,930	4,110	–	4,110
Release of reserve upon disposal of asset classified as held for sale	–	–	–	–	–	–	(1,333)	–	1,333	–	–	–
Transactions with owners	100	4,010	(1,930)	–	–	–	(1,333)	–	3,263	4,110	–	4,110
As at 31 December 2022 (Restated)	144,071	1,928,652	6,948	2,949	839,969	39,469	192	(698,044)	1,346,744	3,610,950	1,552,268	5,163,218

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company											
	Share capital HK$'000 (note 44)	Share premium HK$'000	Share options reserve HK$'000 (note 45)	Statutory reserve HK$'000 (note (a))	Capital reserve HK$'000 (note (b))	Assets revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Exchange translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2023 (Restated)	144,071	1,928,652	6,948	2,949	839,969	39,469	192	(698,044)	1,346,744	3,610,950	1,552,268	5,163,218
Profit/(Loss) for the year	-	-	-	-	-	-	-	-	76,689	76,689	(35,439)	41,250
Other comprehensive income/(expenses) for the year:												
Gains on property, plant and equipment revaluation, net	-	-	-	-	-	16,368	-	-	-	16,368	2,198	18,566
Income tax relating to net gain on property, plant and equipment revaluation	-	-	-	-	-	(667)	-	-	-	(667)	(338)	(1,005)
Actuarial gain on a defined benefit plan	-	-	-	-	-	-	-	-	55	55	34	89
Changes in fair value of equity investments at FVTOCI	-	-	-	-	-	-	65	-	-	65	21	86
Actuarial loss on long service payment obligations	-	-	-	-	-	-	-	-	(104)	(104)	(21)	(125)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(110,417)	-	(110,417)	(13,599)	(124,016)
Total comprehensive income/(expenses) for the year	-	-	-	-	-	15,701	65	(110,417)	76,640	(18,011)	(47,144)	(65,155)
As at 31 December 2023	144,071	1,928,652	6,948	2,949	839,969	55,170	257	(808,461)	1,423,384	3,592,939	1,505,124	5,098,063

Notes:

(a) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), those subsidiaries are required to transfer 5% to 10% of the profit after income tax to the statutory reserve until the reserve reaches 50% of the corresponding registered capital. Transfer to reserve must be made before the distribution of dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(b) Capital reserve of HK$839,969,000 represents the followings:

   (i) the deemed contribution by Dr. Lin Xiaohui ("Dr. Lin") and Madam Su Jiaohua ("Madam Su") through Manureen Holdings Limited ("Manureen Holdings") as the controlling shareholders of Realord Group Holdings Limited (the "Company", together with its subsidiaries, the "Group"), in the acquisition of assets through acquisition of subsidiaries by the Company from them during the year ended 31 December 2018. The deemed contribution by the controlling shareholders represents the difference between the net assets acquired (net of settlement of outstanding debts) of HK$7,909,770,000 and the fair value of total consideration of HK$7,323,176,000;

   (ii) the gain on disposal recognised within the equity of HK$24,482,000 arisen from the partial disposal of equity interest of its 4.51% in The Sincere Company, Limited ("Sincere") at a consideration of HK$33,853,000 less the carrying amount of HK$9,371,000 without loss of control during the year ended 31 December 2021; and

   (iii) the net assets acquired of HK$228,893,000, represents the carrying amount of assets acquired at the date of acquisition of HK$326,082,000 net of non-controlling interests of HK$97,189,000, arisen from the capital contribution from controlling shareholder, in the deed of gift, pursuant to which, Dr. Lin had irrevocably undertaken to transfer to the Group, and the Group had agreed to accept, the gift interest of being 70.5% equity interests in Caribbean Education Industry Group Limited and its subsidiaries (collectively referred to as the "Caribbean Group") from Dr. Lin at Nil consideration during the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Operating activities			
Profit before income tax		**320,599**	368,570
Adjustments for:			
Amortisation for other intangible assets		**12,182**	10,972
Depreciation			
– Owned assets		**34,633**	34,945
– Right-of-use assets		**66,573**	78,283
– Prepaid lease payments		**119**	125
Long service payment obligations			
– Expense recognised in profit or loss		**722**	2,764
– Benefits paid		**(207)**	(230)
Net foreign exchange gains		**(63,236)**	(368,443)
Finance costs	10	**766,401**	727,849
Bank interest income	7	**(2,834)**	(1,395)
Imputed interest income on gift receivable from Win Dynamic Limited ("Win Dynamic")	7	**(17,623)**	(16,113)
Dividend income	7	**(2,410)**	(2,887)
Interest income from margin financing	5	**(36,722)**	(31,349)
Interest income on credit-impaired loan receivables	7	**(7,003)**	(6,083)
Gain on fair value changes of investment properties, net	20	**(1,097,751)**	(997,731)
Impairment loss on goodwill		**63,204**	–
Impairment losses, net	9	**48,475**	47,537
(Reversal of provision)/Provision for properties under development		**(62,129)**	100,247
Recovery of receivables arising from securities broking previously written-off	8	**(56)**	(1,364)
(Gain)/Loss on disposal of property, plant and equipment	8	**(870)**	710
Gain on lease modification and termination	8	**(110)**	–
Revaluation (surplus)/deficit on property, plant and equipment	8	**(499)**	8,145
Unrealised fair value loss on financial assets at FVTPL	8	**2,716**	8,721
Covid-19-related rent concessions		**–**	(720)
Operating cash flows before movements in working capital		**24,174**	(37,447)
(Increase)/Decrease in inventories		**(10,308)**	50,809
Increase in trade receivables		**(20,877)**	(246,005)
Decrease/(Increase) in receivables arising from securities broking		**207,644**	(227,812)
Increase in loan receivables		**(95,165)**	(251,926)
Decrease in prepayments, deposits and other receivables		**47,065**	39,193
Increase in proposed development project		**(122,091)**	(510,229)
Increase in properties under development		**(17,234)**	(483,634)
(Increase)/Decrease in financial assets at FVTPL		**(15)**	1,256
Decrease in cash held on behalf of clients		**49,388**	17,093
Increase in restricted bank balances and deposits		**(7,747)**	–
(Increase)/Decrease in pension scheme assets		**(528)**	217
(Decrease)/Increase in trade payables		**(10,433)**	44,417
Decrease in payables arising from securities broking		**(51,817)**	(19,074)
Increase in contract liabilities		**32,465**	37,753
(Decrease)/Increase in other payables and accruals		**(67,228)**	246,965
Decrease in insurance contracts liabilities		**–**	(20)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Cash used in operations		**(42,707)**	(1,338,444)
Interest received		**36,722**	31,349
Income taxes paid		**(7,955)**	(7,187)
Net cash used in operating activities		**(13,940)**	(1,314,282)
Investing activities			
Acquisition of subsidiaries	46	**–**	(1,406)
Purchase of property, plant and equipment		**(2,968)**	(15,444)
Additions to investment properties	20	**(92)**	(22,142)
Proceeds from disposal of investment properties		**2,480**	23,090
Proceeds from disposal of equity investment		**–**	36,406
Proceeds from disposal of property, plant and equipment		**1,314**	898
Bank interest received		**2,834**	1,395
Dividend received		**2,410**	2,887
Repayment from/(Advances to) related parties		**111**	(105)
Decrease/(Increase) in restricted bank balances and deposits		**72,999**	(42,044)
Net cash from/(used in) investing activities		**79,088**	(16,465)
Financing activities			
New bank borrowings raised		**326,487**	934,486
New other borrowings raised		**451,220**	246,697
Loans from ultimate holding company		**522,637**	1,302,964
Advances from related parties		**78,121**	344,258
Repayment of other borrowings		**(422,417)**	(10,150)
Repayment of bank borrowings		**(512,164)**	(682,423)
Repayment to ultimate holding company		**(117,670)**	(42,585)
Payment of lease liabilities		**(69,544)**	(93,038)
Proceeds from exercise of share options		**–**	4,110
Interest paid		**(340,149)**	(726,859)
Net cash (used in)/from financing activities		**(83,479)**	1,277,460
Net decrease in cash and cash equivalents		**(18,331)**	(53,287)
Cash and cash equivalents at the beginning of the year		**171,900**	229,645
Effect of changes in foreign exchange rates		**(310)**	(4,458)
Cash and cash equivalents at the end of the year, represented by bank balances and cash		**153,259**	171,900

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is Manureen Holdings, a private limited company incorporated in the British Virgin Islands ("BVI"). The ultimate shareholders of Manureen Holdings are Dr. Lin and Madam Su, who own 70% and 30% equity interests in Manureen Holdings respectively. Dr. Lin is also the chairman and an executive director of the Company and Madam Su is an executive director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 56.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

In these consolidated financial statements, certain English name of the companies referred herein represent the management's best effort to translate the Chinese name of respective companies as no English name has been registered.

The consolidated financial statements for the year ended 31 December 2023 were approved for issue by the board of directors on 25 March 2024.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND CHANGES IN ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretation issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

HKFRS 17 "Insurance Contracts" and related amendments

HKFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. HKFRS 17 replaces HKFRS 4 "Insurance Contracts". The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. The core of the standard is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

HKFRS 17 is not expected to have a material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5[2]
Amendments to HKAS 1	Non-current Liabilities with Covenents[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective date not yet determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of the amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

As disclosed in note 25 to consolidated financial statements, in June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will take effect on 1 May 2025 (the "Transition Date"). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset LSP in respect of an employee's service from the Transition Date (the "Abolition"). In addition, the last month's salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 (the "Practical Expedient") to account for the offsetable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" ("the Guidance") that provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism.

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the employer's mandatory MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group ceased to apply the Practical Expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19. This change in accounting policy upon the cessation in applying the Practical Expedient has resulted in a catch-up adjustment in profit or loss in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022 (see note 25), with the corresponding adjustment to the carrying amount of the LSP obligations during the year ended 31 December 2022. This change in accounting policy did not have any impact on the opening balance of equity as at 1 January 2022. It also did not have a material impact on the company-level statements of financial position as at 31 December 2023 and 31 December 2022.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong (Continued)

This change in accounting policy has been applied retrospectively by restating the balances as at 31 December 2022. The following table summarises the impacts of the adoption of the Guidance on the comparatives presented in the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.

Consolidated statement of financial position as at 31 December 2022

	Carrying amount as at 31 December 2022 (before the adoption) HK$'000	Impact of adoption of the Guidance HK$'000	Restated carrying amount as at 31 December 2022 (after the adoption) HK$'000
LSP obligations	–	1,837	1,837
Retained profits	1,348,262	(1,518)	1,346,744
Non-controlling interests	1,552,587	(319)	1,552,268

Consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Original amount (before the adoption) HK$'000	Impact of adoption of the Guidance HK$'000	Restated amount (after the adoption) HK$'000
Selling and distribution expenses	(100,010)	(860)	(100,870)
Administrative expenses	(313,623)	(1,674)	(315,297)
Profit for the year	605,162	(2,534)	602,628
Actuarial gain on LSP obligations	–	697	697
Other comprehensive expenses	(709,496)	697	(708,799)
Earnings per share			
Basic	HK$7.98	(HK$0.15)	HK$7.83
Diluted	HK$7.96	(HK$0.14)	HK$7.82

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND CHANGES IN ACCOUNTING POLICIES (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong (Continued)

The following table summarises the impacts of the adoption of the Guidance on the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and consolidated statement of financial position as at 31 December 2023, if the Group had not changed its accounting policy as noted above and had continued to apply the practical expedient in paragraph 93(b) of HKAS 19:

Consolidated statement of financial position as at 31 December 2023

	Carrying amount as at 31 December 2023 (before the adoption) HK$'000	Impact of adoption of the Guidance HK$'000	Carrying amount as at 31 December 2023 (after the adoption) HK$'000
LSP obligations	–	2,477	2,477
Retained profits	1,425,428	(2,044)	1,423,384
Non-controlling interests	1,505,557	(433)	1,505,124

Consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Amount before the adoption HK$'000	Impact of adoption of the Guidance HK$'000	Amount after the adoption HK$'000
Selling and distribution expenses	(85,072)	(19)	(85,091)
Administrative expenses	(274,769)	(496)	(275,265)
Profit for the year	41,765	(515)	41,250
Actuarial loss on LSP obligations	–	(125)	(125)
Other comprehensive expenses	(106,280)	(125)	(106,405)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

Going concern basis

As at 31 December 2023, the Group had net current assets of HK$7,704,336,000, in which the total current assets of HK$9,770,073,000 mainly comprised (i) properties under development and proposed development project of HK$5,555,146,000 and HK$2,101,934,000 respectively; and (ii) restricted bank balances and deposits and bank balances and cash with aggregate carrying amount of HK$229,110,000. In addition, the total current liabilities of HK$2,065,737,000, which mainly comprised bank and other borrowings of HK$704,445,000, as at 31 December 2023.

In view of the above, the Directors have reviewed the Group's cash flows projection covering a period not less than twelve months from 31 December 2023 which have taken into account the following measures:

(a) the Directors have assessed all pertinent information and made a business plan to improve its liquidity by (i) monitoring the development status of property projects to ensure the realisation of projected developments and sales forecast, (ii) implementing measures to tighten cost controls across property projects, and (iii) exploring any feasible financial arrangement; and

(b) the continuous financial supports from Dr. Lin and the ultimate holding company, which is beneficially owned by Dr. Lin.

Based on the above, in the opinion of the Directors, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 December 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities, respectively and to provide for any future liabilities which might arise. The effect of these potential adjustments has not been reflected in these consolidated financial statements.

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs; and
- Level 3 inputs are significant unobservable inputs for the asset or liability.

The material accounting policies are set out below.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Basis of consolidation (Continued)

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

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

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

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

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

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.3 Business combinations or asset acquisitions

Optional concentration test

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

Assets acquisitions

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

Business combinations

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.3 Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC) Interpretation 21 ("HK(IFRIC)-Int") *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.3 Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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

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

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at the end of subsequent reporting periods and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at the end of subsequent reporting periods, with the corresponding gain or loss being recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.4 Goodwill

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

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

A cash-generating unit ("CGU") (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs). Any impairment loss on goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Revenue from contracts with customers

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

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

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

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

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

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

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis. For multiple contracts, contract asset and contract liabilities of unrelated contracts are not presented on a net basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Revenue from contracts with customers (Continued)

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its service contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

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

Dividend income is recognised when the right to receive payment is established.

The Group's accounting policy for rental income is described in note 3.6.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.6 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

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

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.6 Leases (Continued)

Definition of a lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee (Continued)

Except for those right-of-use assets meeting the definition of investment properties and those relating to a class of property, plant and equipment to which revaluation model was applied, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset (except for those meeting the definition of investment properties) for impairment when such indicator exists. Those right-of-use assets meeting the definition of investment properties or relating to a class of property, plant and equipment to which revaluation model was applied are subsequently measured at fair value in accordance with the Group's accounting policies.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments changes due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.6 Leases (Continued)

Definition of a lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee (Continued)

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification. The only exception is any rent concessions which arose as a direct consequence of the Covid-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less. Low-value assets comprise of small items of office equipment.

On the consolidated statement of financial position, right-of-use assets that do not meet the definition of investment property have been included in "property, plant and equipment". Right-of-use assets that meet the definition of investment property are presented within "investment properties". The prepaid lease payments for leasehold land are presented as "prepaid lease payments" under non-current assets.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.6 Leases (Continued)

The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group sub-leases some of its properties and the sub-lease contracts are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-leases as two separate contracts. The sub-leases are classified as a finance or operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies the short-term lease exemption, then the Group classifies the sub-lease as an operating lease.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

3.7 Prepaid lease payments

Prepaid lease payments (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

3.8 Foreign currencies

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.8 Foreign currencies (Continued)

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.9 Borrowing costs

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.10 Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as "other payables and accruals" in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

3.11 Employee benefits

Retirement benefit costs

Defined contribution plans

The Group participates in defined contribution retirement schemes for its employees in Hong Kong, the PRC, Japan and Grenada. The Mandatory Provident Fund Schemes (the "MPF Schemes") participated by the Group in Hong Kong are registered under and complied with the Mandatory Provident Fund Schemes Ordinance. The assets of these schemes are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of the relevant payroll costs to the MPF Scheme, capped at HK$1,500 per month, which contribution is matched by employees. The employees of the Group's subsidiaries in the PRC, Japan and Grenada are members of the state-managed retirement benefit schemes operated by the respective government. The Company's subsidiaries in the PRC, Japan and Grenada are required to contribute a certain percentage of their employees' payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. The Group has no legal constructive obligations to pay further contributions.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.11 Employee benefits (Continued)

Retirement benefit costs (Continued)

Defined benefit plans

The employees employed under the Hong Kong Employment Ordinance are also entitled to LSP if the eligibility criteria are met. The LSP are defined benefits plans.

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remains with the Group.

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

Defined benefit costs are categorised as follows:

- service cost (including current and past service cost, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.11 Employee benefits (Continued)

Retirement benefit costs (Continued)

Defined benefit plans (Continued)

Service cost on the Group's defined benefit plan is included in employee benefit expenses. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Net interest expense on the net defined benefit liability is included in employee benefit expenses.

Gains and losses resulting from remeasurements of the net defined benefit liability, comprising actuarial gains and losses, are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

In addition, the Group also operates a funded final salary defined benefit pension scheme (the "Pension Scheme") for those employees of certain subsidiaries who are eligible to participate in the Pension Scheme.

An actuarial estimate is made annually by a firm of independent qualified professional actuary, using the projected unit credit actuarial valuation method, of the present value of the Group's future defined benefit obligation under the Pension Scheme earned by the employees at the end of the reporting period. The assets contributed by the Group to the Pension Scheme are held separately from the assets of the Group in an independently administered fund, and are valued at their fair value at the end of the reporting period.

Remeasurements arising from defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.11 Employee benefits (Continued)

Retirement benefit costs (Continued)

Defined benefit plans (Continued)

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "administrative expenses" in profit or loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

Short-term employee benefits

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

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

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Share-based payment arrangements

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.11 Employee benefits (Continued)

Retirement benefit costs (Continued)

Share-based payment arrangements (Continued)

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

3.12 Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.12 Taxation (Continued)

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.12 Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

3.13 Property, plant and equipment

Property, plant and equipment (other than cost of right-of-use assets as described in note 3.6) including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost or revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Any revaluation increase arising from revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in assets revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the assets revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.13 Property, plant and equipment (Continued)

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

3.14 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

When the use of a property changes such that it is reclassified as properties under development, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.15 Intangible assets (other than goodwill)

Intangible assets acquired in a business combination

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

Intangible assets acquired in a business combination with finite useful life are reported at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible asset with finite useful life is recognised on straight-line basis over its estimated useful life. Amortisation commences when the intangible asset is available for use. The following useful lives are applied:

Trademark	5 - 10 years
Customers' relationship	2 years

Licenses acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses as described in note 3.16.

The licenses have a legal life of one year but is renewable every one year at minimal cost. The directors of the Company are of the opinion that the Group would renew the licenses continuously and has the ability to do so. Licenses have been considered to have an indefinite life because they are expected to contribute to the net cash flows of the Group indefinitely, and are not amortised.

At the end of the reporting period, the Group reviews the amortisation method of an intangible asset with finite useful life and the useful life of an intangible asset that is not being amortised to determine whether events and circumstances continue to support an indefinite useful life assessment of that asset.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.16 Impairment on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets (including property, plant and equipment (including right-of-use assets) and prepaid lease payments), proposed development project, intangible assets with finite useful lives, contract costs and the Company's investments in subsidiaries to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of these tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15 ("HKFRS 15") Revenue from Contracts with Customers, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the CGU to which they belong for the purpose of evaluating impairment of that CGU.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.16 Impairment on tangible and intangible assets other than goodwill (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss, unless the relevant cost is carried at revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.17 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Bank balances for which used by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash and classified as restricted bank balances and deposits.

3.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.19 Properties under development

Properties under development which are intended to be sold upon completion of development are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development are transferred to properties for sale upon completion.

3.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.21 Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.22 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses ("ECL"), to the amortised cost on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.22 Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.22 Financial instruments (Continued)

***Financial assets** (Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, receivables arising from securities broking, loan receivables, amounts due from related parties, cash held on behalf of clients, restricted bank balances and deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at the end of the reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for each debtor and those balances that are credit-impaired.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.22 Financial instruments (Continued)

***Financial assets** (Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of the reporting period. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group recognises an impairment loss in profit or loss for all financial instruments and the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.22 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

All financial liabilities (including trade payables, payables arising from securities broking, other payables and accruals, bank borrowings, other borrowings, amounts due to related parties and loans from ultimate holding company and a related company, other than lease liabilities) are subsequently measured at amortised cost using the effective interest method or at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.22 Financial instruments (Continued)

***Financial liabilities and equity** (Continued)*

Derecognition of financial liabilities

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

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The above said fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.23 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

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

(ii) has significant influence over the Group; or

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

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

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

(iii) the entity and the Group are joint ventures of the same third party.

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.24 Product classification - Insurance contracts

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occur. The Group issues immediate annuity contracts and term life contracts with a surrender value.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remaining of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

3.25 Insurance contracts liabilities

Life insurance contracts liabilities

Life insurance contracts liabilities are recognised when contracts are entered into and premiums are charged. The provision for life insurance contracts consists of outstanding claims and the life reserve.

Life reserve

Life reserve represents a reserve to cover unexpired risk of life insurance policies and is valued by an independent qualified professional actuary. The resulting surplus or deficit is transferred to or from the consolidated statement of profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Recognition of gift receivable from Win Dynamic

The gift receivable from Win Dynamic amounted to HK$150,001,000, being the fair value of the WD Proceeds (as defined in note 47) which was determined based on a credit-adjusted effective interest rate of 9.66%, was initially recognised by the acquisition of Sincere and its subsidiaries (collectively referred to as the "Sincere Group") upon the acceptance of the Offer (as defined in note 47) by Win Dynamic. Management of Sincere considered that such recognition was supported by the legal advices and determined by the basis of various assumptions when estimating the recoverability of gift receivable from Win Dynamic and the probability of timing of legal process, which includes forward-looking scenarios and their likelihoods, counterparty's credit rating and probability of default and recovery rate.

As at 31 December 2023, the carrying amount of gift receivable from Win Dynamic amounted to HK$191,939,000 (2022: HK$174,401,000), net of ECL allowance of HK$1,111,000 (2022: HK$1,027,000).

Deferred taxation on investment properties

For the purposes of measuring deferred taxes arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that certain of the Group's investment properties situated in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time rather than through sale whereas those remaining properties situated in the PRC and Hong Kong are not held under such a business model. Therefore, in determining the deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties are recovered entirely through sale is rebutted for certain investment properties situated in the PRC but is not rebutted for the remaining properties situated in the PRC and Hong Kong. The Group has not recognised any deferred taxes on changes in fair value of the investment properties situated in Hong Kong as the Group is not subject to any income taxes on disposal of these investment properties. Deferred tax on the changes in fair value relating to those investment properties in the PRC in which their carrying amounts are not recovered entirely through sales is recognised according to the relevant tax rules.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

4.1 Critical judgements in applying accounting policies (Continued)

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcomes of the Group's plans and measures to strengthen its capital base and liquidity. Details are explained in note 3.1 to the consolidated financial statements.

4.2 Key sources of estimation uncertainty

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

Valuation of investment properties

The Group's investment properties are situated in the PRC and Hong Kong. As at 31 December 2023, the Group's investment properties amounted to HK$9,542,078,000 (2022: HK$8,591,359,000) and represented 47% (2022: 43%) of the Group's total assets. As disclosed in note 20, net gains on fair value changes of investment properties of HK$1,097,751,000 (2022: HK$997,731,000) was recognised in profit or loss.

All of the Group's investment properties at the end of the reporting period and at the date of transfer are stated at their fair values based on valuations performed by a firm of independent qualified professional valuers. The valuations are dependent on certain significant unobservable inputs, including price/gross development value ("GDV") per square metre/bay/square feet and term/reversionary yield, which are determined based on comparable transactions after applying adjusting factors to reflect the conditions and locations of the subject properties and capitalising rental income from existing lease term and potential future reversionary income at market level respectively, which involved significant management's judgements and estimates. Details of the valuation methodologies and the significant unobservable inputs used in the valuations are disclosed in note 20.

Net realisable value of properties under development

As at 31 December 2023, the Group's properties under development amounted to HK$5,555,146,000 (2022: HK$5,535,564,000) and represented 27% (2022: 28%) of the Group's total assets. Management assessed whether any write-down of the properties under development was being recognised in accordance with the accounting policy in note 3.19. During the year ended 31 December 2023, reversal of provision for properties under development of HK$62,129,000 which was primarily related to the effect of the commencement of construction work on properties under development (2022: provision for properties under development of HK$100,247,000) has been recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

4.2 Key sources of estimation uncertainty (Continued)

Net realisable value of properties under development (Continued)

The net realisable value of these properties has been determined by management with assistant from a firm of independent qualified professional valuers with reference to the latest selling prices of the properties and the budgeted costs to be incurred until completion and sale. Significant management's judgements and estimates were required in determining the net realisable values of these properties. Write-down of the properties under development was being recognised when the net realisable value is lower than the carrying amount.

Management expects that any reasonable possible change in the key assumptions on which the net realisable value is based would not cause the carrying amount of properties under development to exceed its net realisable value.

Impairment assessment on proposed development project

As at 31 December 2023, the Group's proposed development project amounted to HK$2,101,934,000 (2022: HK$2,016,712,000) and represented 10% (2022: 10%) of the Group's total assets.

Management assessed whether any impairment of the proposed development project was being recognised in accordance with accounting policy stated in note 3.16. The recoverable amount of CGU has been determined by management with assistance from a firm of independent qualified professional valuers based on value in use calculation. The value in use calculation uses cash flow projection based on the financial budgets approved by management which involves the use of management's judgements and estimates such as determining discount rate, price per square meter/bay, construction cost and gross margin. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Management expects that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of proposed development project to exceed its recoverable amount.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

4.2 Key sources of estimation uncertainty (Continued)

Valuation of leasehold land and buildings included in property, plant and equipment

The Group's leasehold land and buildings are situated in the PRC and Hong Kong and measured at revalued amount in accordance with the accounting policy stated in note 3.13. As at 31 December 2023, the Group's leasehold land and buildings amounted to HK$554,034,000 (2022: HK$554,738,000). As disclosed in note 18, net gains on revaluation of leasehold land and buildings of HK$19,065,000 (2022: net losses of HK$7,091,000) was recognised for the year ended 31 December 2023.

All of the Group's leasehold land and buildings are stated at their revalued amount based on valuations performed by a firm of independent qualified professional valuers. The valuations are dependent on certain significant unobservable inputs, including (i) estimated construction cost for replacement; or (ii) price per square meter/square feet/bay which are determined based on comparable transactions after applying adjusting factors to reflect the conditions and locations of the subject properties, which involved significant management's judgements and estimates. Details of the valuation methodologies and the significant unobservable inputs used in the valuations are disclosed in note 18.

ECL assessment on trade receivables, receivables arising from securities broking and loan receivables

The Group recognises an allowance for credit losses for trade receivables, receivables arising from securities broking and loan receivables by adopting the ECL model individually on each debtor at the end of each reporting period. In calculating the allowance for credit losses, the loss rates are estimated based on comparable probability of default and recovery rate quoted from international credit-rating agencies; and exposure of default after consideration of underlying collaterals, if any, and adjusted for forward-looking information that is available without undue cost or effort. Such calculation of allowance for credit losses has involved significant judgements and estimates used by the management.

As at 31 December 2023, the carrying amounts of trade receivables, receivables arising from securities broking and loan receivables amounted to HK$543,427,000 (2022: HK$570,604,000), HK$310,485,000 (2022: HK$518,400,000) and HK$502,003,000 (2022: HK$409,761,000) respectively, net of allowance for credit losses of HK$77,423,000 (2022: HK$32,434,000), HK$978,000 (2022: HK$1,306,000) and HK$52,089,000 (2022: HK$49,166,000), respectively. The information about the ECL and the Group's trade receivables, receivables arising from securities broking and loan receivables are disclosed in notes 28 and 53(b), respectively.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

4.2 Key sources of estimation uncertainty (Continued)

Impairment assessment on goodwill and other intangible assets with indefinite useful lives in relation to Financial Services Segment, Environmental Protection Segment and Department Store Segment (as defined in note 6)

Determining whether goodwill and other intangible assets with indefinite useful lives are impaired requires an estimation of the recoverable amounts of the respective CGUs to which goodwill and other intangible assets with indefinite useful lives have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the respective CGUs and a suitable pre-tax discount rate and growth rate in order to calculate the present value of the cash flows of the respective CGUs. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss would arise. During the year ended 31 December 2023, an impairment loss on goodwill of HK$63,204,000 (2022: Nil) has been recognised in profit or loss.

Details of impairment assessment of goodwill and other intangible assets with indefinite useful lives are disclosed in notes 21 and 22, respectively.

Estimation of impairment of property, plant and equipment

Management conducted an impairment review of certain CGUs of the Group where there were indications of possible impairment by considering the recoverable amounts of the relevant CGUs. Management identifies individual operating segment as a CGU and operating individual department store as a CGU in relation to Department Store Segment for the purpose of impairment assessment. The amount of any impairment loss was measured as the difference between the CGU's carrying amount and its recoverable amount.

The recoverable amount is the higher of value in use and fair value less costs of disposal. Value in use is the estimated future cash flows, based on key assumptions including expected growth or deterioration rate, discounted to their present values using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. Where the actual future cash flows are less or more than expected, or there are unfavourable changes in facts and circumstances which result in downward revision of the estimated future cash flows for the purpose of determining the value in use, further impairment loss or reversal of impairment loss may arise. The calculation of the fair value less costs of disposal for right-of-use assets included in property, plant and equipment in relation to Department Store Segment is based on available data from market rent and discounted to the net present value of market rent less any costs to transform or restoration.

Details of impairment assessment of property, plant and equipment are disclosed in note 18.

5. REVENUE

The Group recognises revenue from the following major sources:

(i) Revenue from sale of motor vehicle parts is recognised at a point in time when the control of goods has been transferred to customers upon delivery;

(ii) Revenue from dismantling processing, trading and sales of scrap materials is recognised at a point in time when the control of the specific type of scrap materials, either dismantled or not, as requested by the customers, has been transferred to them upon delivery;

(iii) Revenue from sale of hangtags, labels, shirt paper boards and plastic bags is recognised at a point in time when the customer obtains control of the distinct goods;

(iv) Revenue from sale of goods at the department stores is recognised at a point in time when the control of goods has been transferred to customers upon purchase the goods at the department stores;

(v) Revenue from rendering of financial printing, digital printing and other related services is recognised over time using the output method because the customer simultaneously receives and consumes the benefits as the Group performs;

(vi) Revenue from rendering of corporate finance advisory, asset management and other related services is recognised over time using the output method because the customer simultaneously receives and consumes the benefits as the Group performs or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date;

(vii) Revenue from provision of citizenship application and consultancy service on citizenship by investment programme ("CBI Programme") is recognised at a point in time when the client's citizenship has been granted by the Minister as set out in Section 8 of the Grenada Citizenship by Investment Act 15 of 2013;

(viii) Revenue from commission from securities broking is recognised at a point in time upon execution of orders for purchase or sale of securities on behalf of clients;

(ix) Revenue from commission from counter and consignment sales at the department stores is recognised at a point in time and based on certain percentage of sales made by the customers in accordance with the terms of contracts;

(x) Revenue from sale of box office tickets is recognised at a point in time when the relevant film is exhibited;

(xi) Revenue from rental income is recognised on a straight-line basis over the term of the lease; and

(xii) Revenue from interest income from margin financing and money lending business is recognised on a time proportion basis using the effective interest method.

5. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers

Type of goods and services	Property HK$'000	Financial Services HK$'000	Environmental Protection HK$'000	Motor Vehicle Parts HK$'000	Commercial Printing HK$'000	Hangtag HK$'000	Department Store HK$'000	LAC HK$'000	Cinema Operation HK$'000	Total HK$'000
Year ended 31 December 2023										
Sales of goods										
– Motor vehicle parts	–	–	–	43,054	–	–	–	–	–	43,054
– Scrap materials	–	–	357,814	–	–	–	–	–	–	357,814
– Hangtag, labels, shirt paper boards and plastic bags	–	–	–	–	–	23	–	–	–	23
– Department store goods	–	–	–	–	–	–	106,666	–	–	106,666
	–	–	357,814	43,054	–	23	106,666	–	–	507,557
Rendering of services										
– Printing services	–	–	–	–	54,672	–	–	–	–	54,672
– Financial services	–	27,825	–	–	–	–	–	–	–	27,825
– Citizenship application and consultancy services	–	–	–	–	–	–	–	34,811	–	34,811
– Commission from securities broking	–	22,090	–	–	–	–	–	–	–	22,090
– Commission income from counter and consignment sales	–	–	–	–	–	–	38,729	–	–	38,729
– Box office tickets	–	–	–	–	–	–	–	–	3,720	3,720
Revenue from contracts with customers	–	49,915	357,814	43,054	54,672	23	145,395	34,811	3,720	689,404
Revenue from gross rental income	19,254	–	–	–	–	–	198	–	–	19,452
Revenue from interest income from margin financing	–	36,722	–	–	–	–	–	–	–	36,722
Revenue from interest income from money lending business	–	55,907	–	–	–	–	–	–	–	55,907
Total	19,254	142,544	357,814	43,054	54,672	23	145,593	34,811	3,720	801,485
Geographical markets										
Mainland China	18,917	–	17,474	5,069	981	–	–	388	3,720	46,549
Hong Kong	337	142,544	90,647	37,985	53,691	23	145,395	1,975	–	472,597
Japan	–	–	249,693	–	–	–	–	–	–	249,693
Grenada	–	–	–	–	–	–	–	32,448	–	32,448
Other countries	–	–	–	–	–	–	198	–	–	198
Total	19,254	142,544	357,814	43,054	54,672	23	145,593	34,811	3,720	801,485
Timing of revenue recognition										
A point in time	–	22,090	357,814	43,054	–	23	145,395	34,811	3,720	606,907
Over time	–	27,825	–	–	54,672	–	–	–	–	82,497
	–	49,915	357,814	43,054	54,672	23	145,395	34,811	3,720	689,404
Revenue out of the scope of HKFRS 15										
Rental income	19,254	–	–	–	–	–	198	–	–	19,452
Interest income	–	92,629	–	–	–	–	–	–	–	92,629
Total	19,254	142,544	357,814	43,054	54,672	23	145,593	34,811	3,720	801,485

5. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

Type of goods and services	Property HK$'000	Financial Services HK$'000	Environmental Protection HK$'000	Motor Vehicle Parts HK$'000	Commercial Printing HK$'000	Hangtag HK$'000	Department Store HK$'000	LAC HK$'000	Cinema Operation HK$'000	Total HK$'000
Year ended 31 December 2022										
Sales of goods										
– Motor vehicle parts	–	–	–	140,952	–	–	–	–	–	140,952
– Scrap materials	–	–	704,978	–	–	–	–	–	–	704,978
– Hangtag, labels, shirt paper boards and plastic bags	–	–	–	–	–	145	–	–	–	145
– Department store goods	–	–	–	–	–	–	108,484	–	–	108,484
	–	–	704,978	140,952	–	145	108,484	–	–	954,559
Rendering of services										
– Printing services	–	–	–	–	59,122	–	–	–	–	59,122
– Financial services	–	30,146	–	–	–	–	–	–	–	30,146
– Citizenship application and consultancy services	–	–	–	–	–	–	–	5,936	–	5,936
– Commission from securities broking	–	37,888	–	–	–	–	–	–	–	37,888
– Commission income from counter and consignment sales	–	–	–	–	–	–	37,405	–	–	37,405
– Box office tickets	–	–	–	–	–	–	–	–	1,067	1,067
Revenue from contracts with customers	–	68,034	704,978	140,952	59,122	145	145,889	5,936	1,067	1,126,123
Revenue from gross rental income	14,503	–	–	–	–	–	421	–	–	14,924
Revenue from interest income from margin financing	–	31,349	–	–	–	–	–	–	–	31,349
Revenue from interest income from money lending business	–	26,414	–	–	–	–	–	–	–	26,414
Total	14,503	125,797	704,978	140,952	59,122	145	146,310	5,936	1,067	1,198,810
Geographical markets										
Mainland China	14,194	–	450,292	13,761	–	–	–	–	1,067	479,314
Hong Kong	309	125,797	79,968	127,191	59,122	145	146,114	5,936	–	544,582
Japan	–	–	173,349	–	–	–	–	–	–	173,349
Other countries	–	–	1,369	–	–	–	196	–	–	1,565
Total	14,503	125,797	704,978	140,952	59,122	145	146,310	5,936	1,067	1,198,810
Timing of revenue recognition										
A point in time	–	37,888	704,978	140,952	–	145	145,889	5,936	1,067	1,036,855
Over time	–	30,146	–	–	59,122	–	–	–	–	89,268
	–	68,034	704,978	140,952	59,122	145	145,889	5,936	1,067	1,126,123
Revenue out of the scope of HKFRS 15										
Rental income	14,503	–	–	–	–	–	421	–	–	14,924
Interest income	–	57,763	–	–	–	–	–	–	–	57,763
Total	14,503	125,797	704,978	140,952	59,122	145	146,310	5,936	1,067	1,198,810

5. REVENUE (Continued)

(b) Performance obligations for contracts with customers

(i) Sales of goods

Motor vehicle parts, scrap materials and hangtag, labels, shirt paper boards and plastic bags

The Group sells (i) motor vehicle parts; (ii) scrap materials; and (iii) hangtag, labels, shirt paper boards and plastic bags directly to customers. Revenue from sale of above-mentioned goods is recognised at a point in time when the control of goods has been transferred to customers upon the goods have been delivered to the location designated by the customers as agreed in the sales contracts. Following the delivery, the customers have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit terms of (i) sales of motor vehicle parts; (ii) sales of scrap materials; and (iii) sales of hangtag, labels, shirt paper boards and plastic bags are (i) 90 days (2022: 90 days); (ii) 45 to 90 days (2022: 45 to 90 days); and (iii) 45 to 90 days (2022: 45 to 90 days) upon the delivery, respectively.

Department store goods

The Group sells consumer products directly to customers at the department stores. Revenue from sale of goods at the department stores is recognised when control of the goods has transferred, being at the point the customers purchase the goods at the department stores. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Sales of goods with rights of return

Certain contracts for the sale of goods provide customers with rights of return. The rights of return give rise to variable consideration. For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

5. REVENUE (Continued)

(b) Performance obligations for contracts with customers (Continued)

(ii) Rendering of services

Financial printing, digital printing, corporate finance advisory, asset management and other related services

Revenue from rendering of financial printing and digital printing services is recognised over time on the progress of work that the customers simultaneously receive and consume the benefits performed by the Group.

Revenue from rendering of financial services (including corporate financial advisory and asset management) is recognised over time on the progress of work that the customers simultaneously receive and consume the benefits performed by the Group or the Group's performance does not create an asset with an alternative use to the Group and the Group has a right to payment at an amount that reasonably compensates it for its performance completed to date at all times throughout the contract.

The progress of satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurement of the value of the services rendered to date. When the Group receives a deposit in advance before the services rendered, and this will give rise to contract liabilities until the revenue is recognised. The payment term is generally one month (2022: one month).

5. REVENUE (Continued)

(b) Performance obligations for contracts with customers (Continued)

(ii) Rendering of services (Continued)

Development and sales of properties with citizenship application and consultancy services on CBI Programme

For the contracts entered into with customers on development and sales of properties with citizenship application and consultancy services, the Group provides citizenship application and consultancy services on CBI Programme and sells the relevant properties specified in the contracts.

The revenue from citizenship application and consultancy services on CBI Programme considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market and therefore, is a separate performance obligation from the development and sales of properties. Transaction price is allocated between sales of properties and the citizenship application and consultancy services on a relative stand-alone selling price basis.

Revenue relating to the citizenship application and consultancy services is recognised at a point in time upon the application of the citizenship under CBI Programme has been approved by the Minister as set out in Section 8 of the Grenada Citizenship by Investment Act 15 of 2013. The Group receives a deposit in advance before services rendered, and this will give rise to contract liabilities until the revenue is recognised.

Revenue relating to the development and sales of properties is recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property. The Group receives payment in advance before the relevant property completed, and this will give rise to contract liabilities at the time of completion of the application of the citizenship until the revenue relating to the development and sales of properties is recognised. The Group considers the advance payment do not contain significant financing component and accordingly the effect of the time value of money is insignificant.

Securities broking services

The Group's commission income from securities broking is recognised at a point in time upon execution of orders for purchase or sale of securities on behalf of clients. Such commission income is calculated as a percentage of the transacted amount of securities purchased or sold. The commission income would be paid out of the cash held on behalf of clients upon purchase of securities or deducted from the proceeds received on behalf of clients upon disposal of securities.

5. REVENUE (Continued)

(b) Performance obligations for contracts with customers (Continued)

(ii) Rendering of services (Continued)

Counter and consignment sales

The Group's commission income from counter and consignment sale at the department stores is recognised at a point in time and based on certain percentage of sales in accordance with the terms of contracts. The Group receives the entire sales proceeds from ultimate customers on behalf of the counters and consignors and reimburses the sales proceeds back to counters and consignors after deducting the commission income.

Provision for loyalty points programme

For sale of goods at the department stores, the performance obligation is satisfied upon utilisation of loyalty points. The Group allocated a portion of the transaction prices to the loyalty programme which is based on the relative stand-alone selling price. The transaction price of HK$1,377,000 (2022: HK$1,321,000) was allocated to the remaining performance obligations as at 31 December 2023 which are expected to be recognised as revenue within one year.

Box office tickets

The Group sells box office tickets directly to customers in the PRC. Revenue from sale of box office tickets is recognised at a point in time when the film is exhibited to the customers and payment in advance is normally required.

Incremental costs to obtain a contract

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

5. REVENUE (Continued)

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

The contracts on development and sales of properties with citizenship application and consultancy services on CBI Programme have a construction term of two years, during which the Group has the authority to decide whether to extend it. The transaction price allocated to the remaining unsatisfied performance obligation and the expected timing or recognising revenue are as follows:

	2023	2022
	HK$'000	HK$'000
– Within one year	**19,344**	9,984
– More than one year but not more than two years	**42,596**	17,472
	61,940	27,456

The other sales of goods and rendering of services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group is organised into business units based on their products and services and has nine (2022: nine) operating segments as follows:

(i) property investment, development and commercial operation ("Property Segment");

(ii) provision of corporate finance advisory, asset management, securities brokerage services, money lending and margin financing ("Financial Services Segment");

(iii) environmental protection industry, mainly dismantling, processing, trading and sales of scrap materials ("Environmental Protection Segment" or "EP Segment");

(iv) distribution and sale of motor vehicle parts ("Motor Vehicle Parts Segment" or "MVP Segment");

(v) provision of financial printing, digital printing and other related services ("Commercial Printing Segment");

(vi) operation of department stores offering a wide range of consumer products, comprises of sale of goods, income from counter and consignment sale and the revenue from other sources, including rental income from sublease of properties and the provision of general and life insurances ("Department Store Segment");

(vii) provision of citizenship application and consultancy services on citizenship by CBI programme and development of project in Grenada which integrates a collection of international school campuses, apartments for student, commercial complex, hotel resorts, residential villas and other ancillary facilities ("Latin America and Caribbean Segment" or "LAC Segment");

(viii) sales of hangtag, labels, shirt paper boards and plastic bags principally to manufacturers of consumer products ("Hangtag Segment"); and

(ix) operation of a cinema located in the PRC with the exhibition of the film ("Cinema Operation Segment").

During the year ended 31 December 2022, the Group commenced the business of cinema operation and it is considered as a new operating segment by the CODM.

6. SEGMENT INFORMATION (Continued)

During the year ended 31 December 2023 and 2022, Hangtag Segment and Cinema Operation Segment were being reported as "Others" as none of these segments met the quantitative thresholds for the reporting segments in both current and prior years.

(a) Segment revenues and results

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

	Property	Financial Services	Environmental Protection	Motor Vehicle Parts	Commercial Printing	Department Store	LAC	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2023									
Segment revenue									
– Sales to external customers	19,254	142,544	357,814	43,054	54,672	145,593	34,811	3,743	801,485
– Inter-segment sales	2,520	2,772	–	–	1,032	648	–	–	6,972
	21,774	145,316	357,814	43,054	55,704	146,241	34,811	3,743	808,457
Elimination of inter-segment sales									(6,972)
Revenue									801,485
Segment results	782,546	75,732	(29,852)	(10,310)	(4,141)	(91,061)	(8,790)	74	714,198
Bank interest income									2,834
Dividend income									2,410
Unrealised fair value loss on financial assets at FVTPL									(2,716)
Realised loss on disposal of financial assets at FVTPL									(94)
Net foreign exchange gain									59,445
Revaluation surplus on property, plant and equipment									499
Corporate expenses									(41,578)
Finance costs									(414,399)
Profit before income tax									320,599

6. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

	Property HK$'000	Financial Services HK$'000	Environmental Protection HK$'000	Motor Vehicle Parts HK$'000	Commercial Printing HK$'000	Department Store HK$'000	LAC HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2022									
Segment revenue									
– Sales to external customers	14,503	125,797	704,978	140,952	59,122	146,310	5,936	1,212	1,198,810
– Inter-segment sales	2,520	6,954	–	–	944	285	–	–	10,703
	17,023	132,751	704,978	140,952	60,066	146,595	5,936	1,212	1,209,513
Elimination of inter-segment sales									(10,703)
Revenue									1,198,810
Segment results (Restated)	(1,379,530)	21,315	(6,501)	5,682	(3,192)	(35,331)	1,799,839	(374)	401,908
Bank interest income									1,395
Dividend income									2,887
Unrealised fair value loss on financial assets at FVTPL									(8,721)
Realised loss on disposal of financial assets at FVTPL									(24)
Net foreign exchange gain									358,098
Revaluation deficit on property, plant and equipment									(8,145)
Corporate expenses									(47,829)
Finance costs									(330,999)
Profit before income tax (Restated)									368,570

Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represents the profit earned by/(loss from) each segment without allocation of bank interest income, dividend income, unrealised fair value loss on financial assets at FVTPL, realised loss on disposal of financial assets at FVTPL, net foreign exchange gain, revaluation surplus/(deficit) on property, plant and equipment, corporate expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

	Property HK$'000	Financial Services HK$'000	Environmental Protection HK$'000	Motor Vehicle Parts HK$'000	Commercial Printing HK$'000	Department Store HK$'000	LAC HK$'000	Others HK$'000	Total HK$'000
As at 31 December 2023									
Segment assets	15,533,879	1,099,626	446,857	153,088	14,527	664,766	2,297,270	5,129	20,215,142
Corporate and unallocated assets									265,787
Total assets									20,480,929
Segment liabilities	8,021,137	200,598	99,172	9,928	20,875	184,007	143,265	262	8,679,244
Corporate and unallocated liabilities									6,703,622
Total liabilities									15,382,866

	Property HK$'000	Financial Services HK$'000	Environmental Protection HK$'000	Motor Vehicle Parts HK$'000	Commercial Printing HK$'000	Department Store HK$'000	LAC HK$'000	Others HK$'000	Total HK$'000
As at 31 December 2022									
Segment assets	14,501,390	1,318,369	499,646	155,999	25,552	791,937	2,243,238	5,365	19,541,496
Corporate and unallocated assets									328,181
Total assets									19,869,677
Segment liabilities (Restated)	7,775,088	522,733	124,198	5,675	28,641	248,497	71,548	156	8,776,536
Corporate and unallocated liabilities									5,929,923
Total liabilities (Restated)									14,706,459

6. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

(i) all assets are allocated to operating segments other than equity instruments at FVTOCI, amounts due from related parties, financial assets at FVTPL, tax recoverable, bank balances and cash and other unallocated head office and corporate assets as these assets are managed on a group basis.

(ii) all liabilities are allocated to operating segments other than certain other payables and accruals, certain bank borrowings, amounts due to related parties, tax payable, deferred tax liabilities, certain other borrowings, loan from a related company, loans from ultimate holding company and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(c) Other segment information

	Property HK$'000	Financial Services HK$'000	Environmental Protection HK$'000	Motor Vehicle Parts HK$'000	Commercial Printing HK$'000	Department Store HK$'000	LAC HK$'000	Others HK$'000	Unallocated HK$'000	Total HK$'000
Year ended 31 December 2023										
Amount included in the measure of segment results or segment assets										
Capital expenditure (note)	209	16	2,629	–	124	2,267	5,359	987	–	11,591
Depreciation										
– Own assets	13,557	979	5,256	–	1,609	8,096	1,342	1,160	2,634	34,633
– Right-of-use assets	–	5,404	6,361	2,455	5,976	27,033	2,886	–	16,458	66,573
– Prepaid lease payments	–	–	119	–	–	–			–	119
Amortisation of other intangible assets	–	2,788	–	–	–	2,132	7,262	–	–	12,182
Government grants	–	–	(257)	–	–	–	–	–	–	(257)
Imputed interest income on gift receivable form Win Dynamic	–	–	–	–	–	(17,623)	–	–	–	(17,623)
Interest income on credit-impaired loan receivables	–	(7,003)	–	–	–	–	–	–	–	(7,003)
Gain on disposal of property, plant and equipment	(750)	–	203	–	–	(223)	–	(100)	–	(870)
Gain on lease modification and termination	–	(2)	–	(16)	–	–	(92)	–	–	(110)
Revaluation surplus on property, plant and equipment	–	–	–	–	–	–	–	–	(499)	(499)
Reversal of provision for properties under development	(62,129)	–	–	–	–	–	–	–	–	(62,129)
Impairment loss on goodwill	–	–	–	–	–	63,204	–	–	–	63,204
Impairment losses, net	–	9,095	29,301	9,943	52	84	–	–	–	48,475
Gain on fair value changes of investment properties, net	(1,097,751)	–	–	–	–	–	–	–	–	(1,097,751)
Bank interest income	–	–	–	–	–	–	–	–	(2,834)	(2,834)
Finance costs	352,002	–	–	–	–	–	–	–	414,399	766,401
Income tax expenses/(credit)	284,136	2,760	(4,801)	(2,062)	1,055	(338)	(1,401)	–	–	279,349

6. SEGMENT INFORMATION (Continued)

(c) Other segment information (Continued)

	Property HK$'000	Financial Services HK$'000	Environmental Protection HK$'000	Motor Vehicle Parts HK$'000	Commercial Printing HK$'000	Department Store HK$'000	LAC HK$'000	Others HK$'000	Unallocated HK$'000	Total HK$'000
Year ended 31 December 2022										
Amount included in the measure of segment results or segment assets										
Capital expenditure (note)	8,526	18,038	12,882	5,415	21,488	1,438	36,815	3,062	49,001	156,665
Depreciation										
– Own assets	15,265	785	5,645	2	1,754	7,851	586	453	2,604	34,945
– Right-of-use assets	–	5,486	6,776	619	7,287	38,755	3,594	–	15,766	78,283
– Prepaid lease payments	–	–	125	–	–	–	–	–	–	125
Amortisation of other intangible assets	–	2,787	–	–	–	2,133	6,052	–	–	10,972
Government grants	(888)	(1,426)	(387)	(72)	(1,575)	–	(8)	(41)	(398)	(4,795)
Imputed interest income on gift receivable form Win Dynamic	–	–	–	–	–	(16,113)	–	–	–	(16,113)
Interest income on credit-impaired loan receivables	–	(6,083)	–	–	–	–	–	–	–	(6,083)
Loss on disposal of property, plant and equipment	–	–	73	–	610	–	27	–	–	710
Revaluation deficit on property, plant and equipment	–	–	–	–	–	–	–	–	8,145	8,145
Provision for properties under development	100,247	–	–	–	–	–	–	–	–	100,247
Impairment losses/(Reversal of impairment losses), net	–	34,366	10,865	1,254	474	582	–	(4)	–	47,537
Loss/(Gain) on fair value changes of investment properties, net	849,139	–	–	–	–	–	(1,846,870)	–	–	(997,731)
Bank interest income	–	–	–	–	–	–	–	–	(1,395)	(1,395)
Finance costs	396,850	–	–	–	–	–	–	–	330,999	727,849
Income tax expenses/(credit)	(233,704)	836	(1,933)	1,945	(78)	(329)	(796)	1	–	(234,058)

Note: Capital expenditure consists of additions to property, plant and equipment, investment properties and other intangible assets.

6. SEGMENT INFORMATION (Continued)

(d) Geographical information

(i) *Revenue from external customers*

	2023	2022
	HK$'000	HK$'000
Hong Kong	**472,597**	544,582
Mainland China	**46,549**	479,314
Japan	**249,693**	173,349
Grenada	**32,448**	–
Other countries	**198**	1,565
	801,485	1,198,810

The revenue information above is based on the locations of the customers.

(ii) *Non-current assets*

	2023	2022
	HK$'000	HK$'000
Mainland China	**9,081,811**	8,155,667
Hong Kong	**1,387,952**	1,501,254
Japan	**10,670**	19,163
Other countries	**610**	3,962
	10,481,043	9,680,046

The non-current assets information above is based on the locations of the assets and excludes non-current portion of financial instruments and pension scheme assets.

(e) Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the Group's total revenues are as follows:

	2023	2022
	HK$'000	HK$'000
Customer A[1]	**N/A**[2]	260,419
Customer B[1]	**196,809**	154,354

[1] Revenue from Environmental Protection Segment

[2] The amount recognised was less than 10% of the total revenue of the Group for the respective reporting period.

7. OTHER INCOME

	2023 HK$'000	2022 HK$'000
Bank interest income	**2,834**	1,395
Dividend income	**2,410**	2,887
Imputed interest income on gift receivable from Win Dynamic (note 47)	**17,623**	16,113
Interest income on credit-impaired loan receivables	**7,003**	6,083
Government grants (note)	**257**	4,795
Others	**1,823**	2,106
	31,950	33,379

Note: During the year ended 31 December 2022, the Group received funding support amounting to HK$3,399,000 from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grants, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

8. OTHER GAINS, NET

	2023 HK$'000	2022 HK$'000
Gain/(Loss) on disposal of property, plant and equipment	**870**	(710)
Gain on lease modification and termination	**110**	–
Unrealised fair value loss on financial assets at FVTPL	**(2,716)**	(8,721)
Realised loss on disposal of financial assets at FVTPL	**(94)**	(24)
Net foreign exchange gain	**59,445**	358,098
Revaluation surplus/(deficit) on property, plant and equipment	**499**	(8,145)
Recovery of receivables arising from securities broking previously written-off	**56**	1,364
	58,170	341,862

9. IMPAIRMENT LOSSES, NET

	2023 HK$'000	2022 HK$'000
Impairment losses, net, recognised on:		
– trade receivables	**45,141**	13,133
– receivables arising from securities broking	**327**	1,218
– loan receivables	**2,923**	32,604
– gift receivable from Win Dynamic (note 47)	**84**	582
	48,475	47,537

Details of impairment assessment for the years ended 31 December 2023 and 2022 are set out in note 53(b).

10. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on bank borrowings and overdrafts	**520,259**	572,676
Interest on other borrowings	**21,890**	5,085
Interest on loans from ultimate holding company	**199,211**	131,432
Interest on amounts due to related parties	**2,860**	3,391
Interest on loan from a related company	**18,454**	6,746
Finance charges on lease liabilities	**3,727**	7,681
Imputed interest on deferred consideration	**–**	838
	766,401	727,849

11. INCOME TAX EXPENSES/(CREDIT)

	2023 HK$'000	2022 HK$'000
Current tax		
Hong Kong		
– Provision for the year	**4,468**	6,799
– (Over)/Under-provision in prior years	**(128)**	2,402
Japan		
– Provision for the year	**–**	568
– Over-provision in prior years	**–**	(1,027)
Others		
– Provision for the year	**14**	23
	4,354	8,765
Deferred tax		
– Charge/(Credit) for the year (note 42)	**274,995**	(242,823)
Income tax expenses/(credit)	**279,349**	(234,058)

Hong Kong

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2023.

The PRC

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2022: 25%) for the year ended 31 December 2023. For the years ended 31 December 2023 and 2022, the Group did not generate any estimated assessable profits in PRC.

11. INCOME TAX EXPENSES/(CREDIT) (Continued)

Japan

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rate for these taxes is 34.6% (2022: 33.5%) for the year ended 31 December 2023. For the year ended 31 December 2023, the Group did not generate any estimated assessable profits in Japan.

Grenada

The subsidiaries of the Group incorporated in Grenada is subject to Corporation Tax in the Grenada ("Corporation Tax"). Corporation tax is calculated at 28% (2022: 28%) of the estimated assessable profits for the year ended 31 December 2023. For the years ended 31 December 2023 and 2022, the Group did not generate any estimated assessable profits in Grenada.

A reconciliation between income tax expenses/(credit) and profit before income tax at applicable tax rates is as follows:

	2023	2022
	HK$'000	HK$'000
		(Restated)
Profit before income tax	**320,599**	368,570
Income tax calculated at the rates applicable in the tax jurisdictions concerned	**101,675**	142,704
Tax effect of non-taxable income	**(31,064)**	(585,685)
Tax effect of non-deductible expenses	**108,624**	150,711
Tax effect of tax losses not recognised	**100,585**	58,325
Utilisation of tax losses previously not recognised	**(189)**	(1,215)
(Over)/Under-provision in prior years	**(128)**	1,375
Others	**(154)**	(273)
Income tax expenses/(credit)	**279,349**	(234,058)

12. PROFIT FOR THE YEAR

The Group's profit for the year is arrived at after charging/(crediting):

	2023 HK$'000	2022 HK$'000 (Restated)
Employee benefits expense (including directors' emoluments)		
– Wages and salaries	**139,155**	158,011
– Discretionary bonuses	**11,090**	9,778
– Retirement benefits (note)	**6,674**	10,946
	156,919	178,735
Auditor's remuneration	**5,650**	5,600
Depreciation of:		
– Owned assets	**34,633**	34,945
– Right-of-use assets	**66,573**	78,283
– Prepaid lease payments	**119**	125
Amortisation of other intangible assets	**12,182**	10,972
Direct operating expenses (including repair and maintenance):		
– Arising from leased investment properties	**9,291**	5,516
– Arising from vacant investment properties	**1,870**	1,959
Cost of inventories recognised as expenses	**445,896**	879,817
Impairment loss on goodwill (note 21)	**63,204**	–
Short-term lease payments	**18,985**	20,073
Covid-19-related rent concessions	**–**	(720)

Note: As at 31 December 2023 and 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

The amount of the retirement benefits included the net pension scheme cost of HK$528,000 (2022 (restated): HK$217,000) and expenses arising from LSP obligations of HK$722,000 (2022 (restated): HK$2,764,000) during the year ended 31 December 2023.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's emoluments for the year, disclosed pursuant to the Listing Rules and Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	2023	2022
	HK$'000	HK$'000
Fees	**467**	439
Other emoluments:		
– Salaries, allowances and benefits in kind	**12,120**	12,120
– Discretionary bonuses	**37**	37
– Retirement benefits	**54**	54
	12,211	12,211
	12,678	12,650

(a) Executive directors

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2023					
Executive directors:					
Dr. Lin	**–**	**6,120**	**–**	**18**	**6,138**
Madam Su	**–**	**2,400**	**–**	**18**	**2,418**
Mr. Lin Xiaodong	**–**	**3,600**	**–**	**18**	**3,618**
	–	**12,120**	**–**	**54**	**12,174**
Year ended 31 December 2022					
Executive directors:					
Dr. Lin	–	6,120	–	18	6,138
Madam Su	–	2,400	–	18	2,418
Mr. Lin Xiaodong	–	3,600	–	18	3,618
	–	12,120	–	54	12,174

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

(b) Independent non-executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefits HK$'000	Total HK$'000
Year ended 31 December 2023					
Independent non-executive directors:					
Mr. Yu Leung Fai	**156**	**–**	**13**	**–**	**169**
Mr. Fang Jixin	**155**	**–**	**13**	**–**	**168**
Mr. Ho Chun Chung Patrick (note (a))	**156**	**–**	**11**	**–**	**167**
	467	**–**	**37**	**–**	**504**
Year ended 31 December 2022					
Independent non-executive directors:					
Mr. Yu Leung Fai	156	–	13	–	169
Mr. Fang Jixin	156	–	13	–	169
Mr. Ho Chun Chung Patrick (note (a))	127	–	11	–	138
	439	–	37	–	476

Note:

(a) Appointed on 8 March 2022.

Included in the financial assets at FVTPL is a school debenture amounted to HK$5,000,000 (2022: HK$5,300,000) for the use by Dr. Lin's dependent.

The executive directors' emoluments shown above for years ended 31 December 2023 and 2022 were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above for the years ended 31 December 2023 and 2022 were for their services as directors of the Company.

There was no arrangement under which a director waived or agreed to waive any emolument during both years.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

There was no emolument paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

Madam Su is also the chief executive of the Company and her emoluments disclosed above included those services rendered by her as the chief executive during both years.

Discretionary bonuses were determined with reference to the individual performance.

14. TRANSACTIONS, ARRANGEMENTS OR CONTRACTS IN WHICH DIRECTORS OF THE COMPANY HAVE MATERIAL INTERESTS

Details of the material connected transactions and related party transactions are set out in the "Report of the Directors" and note 50 respectively.

Save for the above, no other transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time during the years ended 31 December 2023 and 2022 was a director of the Company or his or her connected entity had, directly or indirectly, a material interest subsisted at any time during the year or at the end of the reporting period.

15. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2022: two) directors, details of whose emoluments are set out in note 13 above.

Details of the emoluments of the remaining three (2022: three) highest paid employees who are not directors of the Company are as follows:

	2023	2022
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**10,159**	10,617
Discretionary bonuses	**3,500**	4,000
Retirement benefits	**159**	161
	13,818	14,778

15. FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of the highest paid employees who are not the directors of the Company whose emolument fell within the following bands is as follows:

	Number of employees	
	2023	2022
HK$3,000,001 to HK$3,500,000	**1**	–
HK$4,000,001 to HK$4,500,000	**1**	2
HK$5,500,001 to HK$6,000,000	**1**	–
HK$6,000,001 to HK$6,500,000	**–**	1
	3	3

16. DIVIDEND

No dividend was paid or proposed to ordinary shareholders of the Company during the years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

17. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2023 **HK$'000**	2022 HK$'000 (Restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share calculation (profit attributable to owners of the Company)	**76,689**	112,787

	Number of shares	
	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**1,440,709,880**	1,440,397,551
Effect of dilutive potential ordinary shares:		
– Share options	**1,154,796**	2,305,171
Weighted average number of ordinary shares for the purpose of diluted earnings per share calculation	**1,441,864,676**	1,442,702,722

18. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK$'000	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Yacht HK$'000	Total HK$'000
As at 1 January 2022									
Cost	200,401	25,619	29,480	5,348	20,001	17,453	30,935	21,680	350,917
Valuation	–	599,666	–	–	–	–	–	–	599,666
Accumulated depreciation and impairment	(115,872)	(62,914)	(9,094)	(3,657)	(16,209)	(14,510)	(27,483)	(11,924)	(261,663)
Net carrying amount	84,529	562,371	20,386	1,691	3,792	2,943	3,452	9,756	688,920
Year ended 31 December 2022									
Opening net carrying amount	84,529	562,371	20,386	1,691	3,792	2,943	3,452	9,756	688,920
Additions	104,324	–	497	6,026	2,225	6,325	371	–	119,768
Acquisition of subsidiaries (note 46)	–	–	–	–	231	–	–	–	231
Disposals	–	–	(788)	(350)	(276)	(194)	–	–	(1,608)
Depreciation	(78,283)	(23,709)	(2,169)	(384)	(2,095)	(2,317)	(2,103)	(2,168)	(113,228)
Lease modification	935	–	–	–	–	–	–	–	935
Loss on revaluation, net	–	(7,091)	–	–	–	–	–	–	(7,091)
Transfer from investment properties (note 20)	–	26,205	–	–	–	–	–	–	26,205
Exchange realignment	(1,585)	(3,038)	(2,566)	(321)	(882)	(460)	(197)	–	(9,049)
Closing net carrying amount	109,920	554,738	15,360	6,662	2,995	6,297	1,523	7,588	705,083
As at 31 December 2022 and 1 January 2023									
Cost	223,293	25,480	26,001	10,049	17,880	21,744	28,736	21,680	374,863
Valuation	–	614,995	–	–	–	–	–	–	614,995
Accumulated depreciation and impairment	(113,373)	(85,737)	(10,641)	(3,387)	(14,885)	(15,447)	(27,213)	(14,092)	(284,775)
Net carrying amount	109,920	554,738	15,360	6,662	2,995	6,297	1,523	7,588	705,083
Year ended 31 December 2023									
Opening net carrying amount	**109,920**	**554,738**	**15,360**	**6,662**	**2,995**	**6,297**	**1,523**	**7,588**	**705,083**
Additions	**8,531**	**–**	**–**	**100**	**642**	**2,136**	**90**	**–**	**11,499**
Disposals	**–**	**–**	**(238)**	**–**	**(204)**	**–**	**(2)**	**–**	**(444)**
Depreciation	**(66,573)**	**(18,688)**	**(4,020)**	**(4,196)**	**(1,737)**	**(3,009)**	**(815)**	**(2,168)**	**(101,206)**
Lease modification	**325**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**325**
Lease termination	**(1,007)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,007)**
Gain on revaluation, net	**–**	**19,065**	**–**	**–**	**–**	**–**	**–**	**–**	**19,065**
Exchange realignment	**(704)**	**(1,081)**	**(431)**	**(14)**	**(375)**	**(111)**	**284**	**–**	**(2,432)**
Closing net carrying amount	**50,492**	**554,034**	**10,671**	**2,552**	**1,321**	**5,313**	**1,080**	**5,420**	**630,883**
As at 31 December 2023									
Cost	**228,834**	**24,275**	**24,361**	**10,053**	**18,237**	**23,746**	**28,303**	**21,680**	**379,489**
Valuation	**–**	**634,060**	**–**	**–**	**–**	**–**	**–**	**–**	**634,060**
Accumulated depreciation and impairment	**(178,342)**	**(104,301)**	**(13,690)**	**(7,501)**	**(16,916)**	**(18,433)**	**(27,223)**	**(16,260)**	**(382,666)**
Net carrying amount	**50,492**	**554,034**	**10,671**	**2,552**	**1,321**	**5,313**	**1,080**	**5,420**	**630,883**

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year ended 31 December 2022, certain portion of a shopping arcade in Shenzhen, Guangdong Province, the PRC included in investment properties has been transferred to leasehold land and buildings included in property, plant and equipment at its fair value of HK$26,205,000 upon the commencement of the self-operated cinema since October 2022.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Right-of-use assets	Over the lease terms
Leasehold land and buildings	2%-4% or over the lease terms, whichever is shorter
Plant and machinery	10%
Furniture and fixtures	10-20%
Office equipment	20%
Leasehold improvements	20% or over the lease terms, whichever is shorter
Motor vehicles	16-25%
Yacht	10%

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement of leasehold land and buildings

The Group's leasehold land and buildings were revalued individually at the end of the reporting period by Roma Appraisals Limited ("Roma") and B.I. Appraisals Limited, firms of independent qualified professional valuers, at an aggregate market value of HK$554,034,000 (2022: HK$554,738,000) based on their fair values. A revaluation surplus of HK$499,000 (2022: deficit of HK$8,145,000) resulting from the above valuations has been recognised in profit or loss (note 8).

The fair value measurements of the leasehold land and buildings are categorised in Level 3. During the years ended 31 December 2023 and 2022, there were no transfers amongst different levels of fair value measurements.

The fair values of the industrial property in Hong Kong, the commercial and residential properties, car parking spaces and cinema in the PRC and Hong Kong were determined using the direct comparison approach by making reference to comparable transactions as available in the relevant market after applying adjusting factors to reflect the conditions and locations of the subject properties.

The fair value of the industrial property in the PRC was determined using the depreciation replacement cost approach, which considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar properties in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence percent, whether arising from physical, functional or economic causes.

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

***Fair value measurement of leasehold land and buildings** (Continued)*

Below is a summary of the key inputs used to the valuations of leasehold land and buildings:

Leasehold land and buildings	Significant unobservable inputs	Range	
		2023	2022
Commercial property in Shenzhen, Guangdong Province, the PRC (2023: HK$29,584,000 (2022: HK$29,389,000))	Adopted price per square metre determined based on comparable transactions (Renminbi ("RMB"))	**23,700 to 37,500**	30,800 to 33,200
	Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 84% to 93%**	Adjusting factors ranged from 92% to 93%
Industrial property in Wuzhou, Guangxi Province, the PRC (2023: HK$17,012,000 (2022: HK$13,529,000))	Estimated construction cost for replacement (per square metre) (RMB)	**1,924**	1,900
	Adjusting factor of variable conditions and locations	**Adjusting factor of 74%**	Adjusting factor of 76%
Residential property in Bel-Air, Island South, Hong Kong (2023: HK$304,000,000 (2022: HK$304,000,000))	Adopted price per square feet determined based on comparable transactions (HK$)	**55,400 to 85,100**	64,900 to 82,500
	Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 87% to 99%**	Adjusting factors ranged from 65% to 103%

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement of leasehold land and buildings (Continued)

Leasehold land and buildings	Significant unobservable inputs	Range	
		2023	2022
Industrial property in Gemstar Tower, Hung Hom, Hong Kong (2023: HK$173,480,000 (2022: HK$177,200,000))	Adopted price per square feet determined based on comparable transactions (HK$)	**6,000 to 6,900**	6,200 to 6,700
	Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 76% to 86%**	Adjusting factors ranged from 78% to 86%
2 car parking spaces in Gemstar Tower, Hung Hom, Hong Kong (2023: HK$3,520,000 (2022: HK$3,800,000))	Adopted price per bay determined based on comparable transactions (HK$'000)	**1,500 to 2,500**	1,530 to 2,600
	Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 81% to 94%**	Adjusting factors ranged from 84% to 93%
Cinema in a shopping arcade in Shenzhen, Guangdong Province, the PRC (2023: HK$26,438,000 (2022: HK$26,820,000))	Adopted price per square metre determined based on comparable transactions (RMB)	**10,800 to 26,400**	12,000 to 19,800
	Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 11% to 16%**	Adjusting factors ranged from 10% to 18%

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

***Fair value measurement of leasehold land and buildings** (Continued)*

The fair values of the leasehold land and buildings were based on the highest and best use of leasehold land and buildings in the PRC and Hong Kong, which did not differ from their actual use. There is no change from the valuation technique used in the prior year.

An (decrease)/increase in the adopted price per square metre/square feet/bay would result in the same level of (decrease)/increase in the fair values of the commercial, industrial and residential properties, cinema and car parking spaces. An (decrease)/increase in the estimated construction cost for replacement per square metre would result in the same level of (decrease)/increase in the fair value of the industrial property.

As at 31 December 2023 and 2022, certain leasehold land and buildings of the Group were pledged to secure general banking facilities granted to the Group, details of which are set out in note 38.

Had the leasehold land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amount would have been HK$542,497,000 (2022: HK$561,185,000).

As at 31 December 2023 and 2022, included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Net carrying amount as at 31 December		**Depreciation for the year ended 31 December**	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Land and buildings carried at cost	**46,795**	106,734	**65,467**	77,321
Plant and machinery	**3,354**	3,069	**1,007**	853
Office equipment	**343**	117	**99**	109
Total	**50,492**	109,920	**66,573**	78,283

The details in relation to these leases are set out in note 41.

19. PREPAID LEASE PAYMENTS

The carrying amount of prepaid lease payments represents the land use rights situated in the PRC. The prepaid lease payments fall into the scope of HKFRS 16 as it meets the definition of right-of-use assets.

20. INVESTMENT PROPERTIES

	2023	2022
	HK$'000	HK$'000
As at 1 January	**8,591,359**	10,628,833
Additions	**92**	22,142
Disposals	**(2,480)**	(23,090)
Transfer to properties under development (note 27)	**–**	(2,207,400)
Transfer to property, plant and equipment (note 18)	**–**	(26,205)
Gain on fair value changes recognised in profit or loss, net	**1,097,751**	997,731
Exchange realignment	**(144,644)**	(800,652)
As at 31 December	**9,542,078**	8,591,359

As at 31 December 2023 and 2022, the Group's investment properties were situated in the PRC and Hong Kong. The directors of the Company have determined that the investment properties consist of four classes of asset, i.e., commercial buildings, car parking spaces, industrial properties and residential apartments, based on the nature, characteristics and risks of each property.

Fair value measurement

The Group's investment properties as at 31 December 2023 and 2022 were revalued based on valuations performed by Roma.

20. INVESTMENT PROPERTIES (Continued)

Fair value measurement (Continued)

There were no transfers amongst properties under development, property, plant and equipment and the investment properties during the year ended 31 December 2023. During the year ended 31 December 2022 and at the date of transfer, the fair values of the investment properties to be transferred to properties under development and property, plant and equipment were HK$2,207,400,000 and HK$26,205,000, respectively.

The fair value measurements of the investment properties are categorised in Level 3. During the years ended 31 December 2023 and 2022, there were no transfers amongst different levels of fair value measurements.

As at 31 December 2023 and 2022, the fair values of the investment properties, except for Phase I and Phase II of Realord Technology Park (as defined below) (2022: Phase II of Realord Technology Park) (as defined below), were determined using the direct comparison approach by making reference to comparable transactions as available in the relevant market after applying adjusting factors to reflect the conditions and locations of the subject properties.

As at 31 December 2023, the fair value of Phase I of Realord Technology Park including the car parking spaces (as defined below) was determined on the basis that it will be leased under a lease term of ten years (note a) and operated as hotel in the future for the remaining land use rights terms in accordance with the Group's latest development plan. As at 31 December 2023, the valuation was determined by the term and reversion approach (2022: direct comparison approach). The term and reversion approach estimates the values of the properties on an open market basis by capitalising rental income on a fully leased basis among the lease term having regard to the rental income from existing tenancies and potential future reversionary income at the market level. The term value involves the capitalisation of the base rental income and the estimation of the turnover rental income over the existing lease term. The reversionary value is taken to be the estimation of net operating profit of hotel operation upon the expiry of the lease and is capitalised on a fully leased basis. In this approach, the Valuer has considered the term yield and reversionary yield. The term yield is used for capitalisation of the rental income whilst the reversionary yield is used to convert reversionary operating profit of hotel operation.

As at 31 December 2023 and 2022, the fair value of Phase II of Realord Technology Park (as defined below) was determined on the basis that it will be developed and completed in accordance with the Group's latest development plan. The valuation was determined by the residual method. The residual method involved calculating the GDV and deducting the estimated development costs and developer's profit.

During the year ended 31 December 2022, certain portion of a shopping arcade in Shenzhen, Guangdong Province, the PRC has been transferred to leasehold land and buildings included in property, plant and equipment at its fair value of HK$26,205,000 upon the commencement of the self-operated cinema since October 2022.

20. INVESTMENT PROPERTIES (Continued)

Fair value measurement (Continued)

Below is a summary of the valuation techniques and the key inputs used to the valuations of investment properties:

Investment property	Valuation technique	Significant unobservable inputs	Range 2023	Range 2022
A residential apartment in Festival City, Shatin, Hong Kong (2023: HK$11,700,000) (2022: HK$13,000,000)	Direct comparison approach	Adopted price per square feet determined based on comparable transactions (HK$)	**14,200 to 17,600**	16,700 to 18,400
		Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 92% to 108%**	Adjusting factors ranged from 100% to 117%
A residential apartment in Parc Oasis, Kowloon, Hong Kong (2023: HK$14,000,000) (2022: HK$14,000,000)	Direct comparison approach	Adopted price per square feet determined based on comparable transactions (HK$)	**17,000 to 20,000**	19,000 to 20,400
		Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 102% to 108%**	Adjusting factors ranged from 98% to 112%

20. INVESTMENT PROPERTIES (Continued)

Fair value measurement (Continued)

Investment property	Valuation technique	Significant unobservable inputs	Range 2023	Range 2022
A residential apartment in The Riverpark, Shatin, Hong Kong (2023: HK$15,900,000) (2022: HK$17,700,000)	Direct comparison approach	Adopted price per square feet determined based on comparable transactions (HK$)	**16,100 to 17,800**	17,700 to 21,100
		Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 84% to 99%**	Adjusting factors ranged from 91% to 104%
A residential apartment in Bel-Air, Island South, Hong Kong (2023: HK$31,000,000) (2022: HK$31,000,000)	Direct comparison approach	Adopted price per square feet determined based on comparable transactions (HK$)	**19,300 to 30,300**	24,000 to 27,000
		Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 87% to 93%**	Adjusting factors ranged from 88% to 95%
A residential apartment in Bel-Air, Island South, Hong Kong (2023: HK$485,000,000) (2022: HK$459,000,000)	Direct comparison approach	Adopted price per square feet determined based on comparable transactions (HK$)	**65,700 to 88,100**	67,000 to 85,000
		Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 95% to 109%**	Adjusting factors ranged from 69% to 105%

20. INVESTMENT PROPERTIES (Continued)

Fair value measurement (Continued)

Investment property	Valuation technique	Significant unobservable inputs	Range 2023	Range 2022
A car parking space in Festival City, Shatin, Hong Kong (2023: Nil) (2022: HK$2,480,000) (noted (d))	Direct comparison approach	Adopted price per bay determined based on comparable transactions (HK$'000)	**N/A**	2,150 to 2,630
		Adjusting factors for variable conditions and locations	**N/A**	Adjusting factors of 100%
A car parking space in Parc Oasis, Kowloon, Hong Kong (2023: HK$1,100,000) (2022: HK$1,200,000)	Direct comparison approach	Adopted price per bay determined based on comparable transactions (HK$'000)	**1,000 to 1,250**	1,010 to 1,380
		Adjusting factors for variable conditions and locations	**Adjusting factors of 100%**	Adjusting factors of 100%
Commercial building in Shenzhen, Guangdong Province, the PRC (2023: HK$62,790,000) (2022: HK$65,060,000)	Direct comparison approach	Adopted price per square metre determined based on comparable transactions (RMB)	**50,600 to 57,500**	52,400 to 63,100
		Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 91% to 96%**	Adjusting factors ranged from 92% to 97%

20. INVESTMENT PROPERTIES (Continued)

Fair value measurement (Continued)

Investment property	Valuation technique	Significant unobservable inputs	Range 2023	Range 2022
Industrial property in Shenzhen, Guangdong Province, the PRC (2023: HK$182,862,000) (2022: HK$195,180,000)	Direct comparison approach	Adopted price per square metre determined based on comparable transactions (RMB)	**7,400 to 10,700**	7,100 to 11,300
		Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 80% to 98%**	Adjusting factors ranged from 75% to 95%
Commercial building in Shenzhen, Guangdong Province, the PRC (2023: HK$1,906,462,000) (2022: HK$1,755,503,000)	Direct comparison approach	Adopted price per square metre determined based on comparable transactions (RMB)	**62,300 to 89,700**	55,900 to 64,300
		Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 79% to 85%**	Adjusting factors ranged from 84% to 88%

20. INVESTMENT PROPERTIES (Continued)

Fair value measurement (Continued)

Investment property	Valuation technique	Significant unobservable inputs	Range	
			2023	2022
A shopping arcade in Shenzhen, Guangdong Province, the PRC (2023: HK$1,804,538,000) (2022: HK$1,930,593,000) (note (b))	Direct comparison approach	Adopted price per square metre determined based on comparable transactions (RMB)	**80,800 to 146,900**	102,000 to 127,900
		Adjusting factors for variable conditions and locations	**Adjusting factors ranged from 84% to 89%**	Adjusting factors ranged from 85% to 93%
1,012 car parking spaces in Shenzhen, Guangdong Province, the PRC (2023: HK$390,179,000) (2022: HK$341,005,000)	Direct comparison approach	Adopted price per bay determined based on comparable transactions (RMB)	**313,500 to 399,000**	280,500 to 331,500
		Adjusting factors for variable conditions and locations	**Adjusting factor of 95%**	Adjusting factor of 85%
Commercial building in Shenzhen, Guangdong Province, the PRC ("Phase I of Realord Technology Park") (2023: HK$3,512,936,000) (2022: HK$2,781,883,000) (note (a))	2023: Term and reversion approach (2022: Direct comparison approach)	Term yield	**2.2% per annum**	–
		Reversionary yield	**2.5% per annum**	–
		Adopted price per square metre determined based on comparable transactions (RMB)	**–**	45,000 to 47,100
		Adjusting factors for variable conditions and locations	**–**	Adjusting factor of 90%

20. INVESTMENT PROPERTIES (Continued)

Fair value measurement (Continued)

Investment property	Valuation technique	Significant unobservable inputs	Range 2023	Range 2022
Commercial building in Shenzhen, Guangdong Province, the PRC ("Phase II of Realord Technology Park") (2023: HK$1,123,611,000) (2022: HK$882,800,000)	Residual method	GDV per square metre (RMB)	**50,000 to 59,000**	33,000 to 73,000
		GDV per bay (RMB)	**260,000**	290,000
		Estimated costs to completion (RMB)	**163 million**	167 million
		Developer's profit margin	**15%**	15%
315 car parking spaces in Shenzhen, Guangdong Province, the PRC (the "car parking spaces") (2023: Nil) (2022: HK$100,955,000) (note (a))	Direct comparison approach	Adopted price per bay determined based on comparable transactions (RMB)	**–**	264,000 to 312,000
		Adjusting factors for variable conditions and locations	**–**	Adjusting factor of 80%
2 pieces of lands in the Parish of Saint George, Grenada (2023: Nil) (2022: Nil) (note (c))	31 December 2022 (the date of transfer): Residual method	31 December 2022 (the date of transfer)		
		GDV per square metre (US$)	**–**	3,745 to 5,152
		Estimation costs to completion (US$)	**–**	2,735 million
		Development's profit margin	**–**	10%

20. INVESTMENT PROPERTIES (Continued)

Fair value measurement (Continued)

Notes:

(a) In October 2023, the Group has signed a tenancy agreement to lease the Phase I of Realord Technology Park including the car parking spaces to a third party for hotel operation for a lease term of ten years since 1 January 2024. The valuation technique has been changed from direct comparison approach as at 31 December 2022 to term and reversion approach during the year ended 31 December 2023 due to the actual change in market condition of such properties. The management of the Group considered that the term and reversion approach best reflected the actual use of such properties.

(b) Certain portion of a shopping arcade has been transferred to leasehold land and buildings included in property, plant and equipment at its fair value of HK$26,205,000 upon commencement of self-operated cinema since October 2022.

(c) These investment properties have been transferred to properties under development as disclosed in note 27 during the year ended 31 December 2022.

(d) This investment property has been sold during the year ended 31 December 2023.

Relationships of significant unobservable inputs to fair value are as follows:

- An increase/(decrease) in the adopted price per square meter/bay/square feet/acre would result in the same level of increase/(decrease) in the fair values of the completed investment properties;

- The higher the adjusting factor, the higher the fair values of the completed investment properties;

- The higher the term yield/reversionary yield, the lower the fair value of Phase I of Realord Technology Park including the car parking spaces;

- The higher GDV per square meter/bay, the higher the fair value of Phase II of Realord Technology Park;

- The higher the estimated costs to completion, the lower the fair value of Phase II of Realord Technology Park; and

- The higher the developer's profit margin, the lower the fair value of Phase II of Realord Technology Park.

As at 31 December 2023 and 2022, certain investment properties of the Group were pledged to secure general banking facilities and other borrowings granted to the Group, details of which are set out in notes 38 and 39.

21. GOODWILL

	2023 HK$'000	2022 HK$'000
Reconciliation of carrying amount		
At the beginning of the year	**320,937**	320,937
Impairment losses	**(63,204)**	–
At the end of the year	**257,733**	320,937
Cost	**320,937**	320,937
Accumulated impairment losses	**(63,204)**	–
	257,733	320,937

The carrying amounts of goodwill and other intangible assets allocated to the CGUs as at 31 December 2023 and 2022 are as follows:

	2023 Goodwill HK$'000	2023 Other intangible assets HK$'000 (note 22)	2023 Total HK$'000	2022 Goodwill HK$'000	2022 Other intangible assets HK$'000 (note 22)	2022 Total HK$'000
Financial Services Segment						
– Type 1 license business	**2,100**	**4,400**	**6,500**	2,100	4,400	6,500
– Type 4 and Type 9 licenses business	**–**	**8,969**	**8,969**	–	8,969	8,969
– Type 1, Type 4 and Type 6 licenses business	**58,893**	**21,664**	**80,557**	58,893	24,452	83,345
Environmental Protection Segment	**26,397**	**–**	**26,397**	26,397	–	26,397
Department Store Segment	**170,343**	**5,332**	**175,675**	233,547	7,465	241,012
LAC Segment	**–**	**1,211**	**1,211**	–	8,472	8,472
	257,733	**41,576**	**299,309**	320,937	53,758	374,695

Impairment testing of goodwill and other intangible assets

Goodwill and other intangible assets acquired through business combinations are allocated to the Financial Services Segment CGUs (i.e. (i) Type 1 license business; (ii) Type 4 and Type 9 licenses business; and (iii) Type 1, Type 4 and Type 6 licenses business), Environmental Protection Segment CGU, Department Store Segment CGU and LAC Segment CGU for impairment testing. The directors of the Company consider that the assets (including goodwill and other intangible assets allocated) of respective CGUs of Financial Services Segment for Type 1 license business and Type 4 and Type 9 licenses business and LAC Segment are insignificant to the Group. Accordingly, the details of the impairment test are not presented below.

21. GOODWILL (Continued)

Impairment testing of goodwill and other intangible assets (Continued)

The basis of the recoverable amount of the relevant CGUs and major underlying assumptions are summarised below:

Financial Services Segment (Type 1, Type 4 and Type 6 licenses business)

The recoverable amount of this CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 14.3% (2022: 14.9%), and the cash flows beyond the five-year period were extrapolated using a growth rate of 2.5% (2022: 3.0%). Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the CGU's past performance and management's expectations for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed the recoverable amount of this CGU.

Environmental Protection Segment

The recoverable amount of this CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 19.8% (2022: 23.7%), and the cash flows beyond the five-year period were extrapolated using a growth rate of 2.5% (2022: 2.6%). Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the CGU's past performance and management's expectations for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed the recoverable amount of this CGU.

21. GOODWILL (Continued)

Impairment testing of goodwill and other intangible assets (Continued)

Department Store Segment

During the year ended 31 December 2023, this CGU performed below budget, management estimated the recoverable amount of this CGU by using a value in use calculation based on valuation performed by the independent qualified professional valuers, Colliers International (Hong Kong) Limited, using cash flow projections based on financial budgets covering a five-year period approved by senior management as at 31 December 2023. The pre-tax discount rate applied to the cash flow projections was 8.9%, and the cash flows beyond the five-year period were extrapolated using a growth rate of 2.5%. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the CGU's past performance and management's expectations for the market development. The recoverable amount of this CGU was HK$358,000,000 as at 31 December 2023, therefore, an impairment loss of HK$63,204,000 was recognised.

The recoverable amount of this CGU has been determined based on fair value less costs of disposal with reference to the quoted market price of Sincere on the Stock Exchange as at 31 December 2022, no impairment loss recognised.

Management is not currently aware of any other possible changes that would necessitate changes in its key estimates. However, the estimate of recoverable amount of this CGU is particularly sensitive to the growth rate applied. If the growth rate decreased by 1%, an additional impairment loss of HK$41,250,000 would be recognised.

22. OTHER INTANGIBLE ASSETS

	Trademark	Licenses	Customer relationship	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2022	29,111	21,095	–	50,206
Acquisition of subsidiaries (note 46)	–	–	14,524	14,524
Amortisation for the year	(4,920)	–	(6,052)	(10,972)
As at 31 December 2022 and 1 January 2023	24,191	21,095	8,472	53,758
Amortisation for the year	(4,920)	–	(7,262)	(12,182)
As at 31 December 2023	19,271	21,095	1,210	41,576

22. OTHER INTANGIBLE ASSETS (Continued)

The other intangible assets with indefinite useful lives are tested for impairment at least annually or when there is indication of possible impairment. Details of impairment testing are set out in note 21.

23. EQUITY INSTRUMENTS AT FVTOCI

	2023	2022
	HK$'000	HK$'000
Equity investments at FVTOCI	**4,127**	4,041

The above equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

24. PENSION SCHEME ASSETS

The Group operates a funded final salary defined benefit pension scheme (the "Pension Scheme") for those employees who are eligible to participate in the Pension Scheme. The Pension Scheme provides lump sum benefits based on a multiple of a member's final salary and years of service upon the member's retirement, death or early retirement due to incapacity. In addition to the above, a flat pension payment equals to 50% of final salary payable over a period that is related to the member's years of service.

The Group's defined benefit plan is a final salary plan, which requires contributions to be made to a separately administered fund. The Pension Scheme is governed under a trust and is administrated by a corporate trustee with the assets held separately from those of the Group. The trustee is responsible for ensuring that the Pension Scheme is administered in accordance with the trust deed and rules and to act on behalf of all members impartially, prudently and in good faith.

The trustee and the Group periodically review the investment strategy and funding position. As at 31 December 2023, the investment portfolio is a mix of 33% (2022: 31%) in equity and 67% (2022: 69%) in debt instruments.

The Pension Scheme is exposed to interest rate risk, investment risk and salary risk.

24. PENSION SCHEME ASSETS (Continued)

The most recent actuarial valuation to determine the present value of the defined benefit obligations of the Pension Scheme was carried out on 31 December 2023 and 2022 by a firm of independent qualified professional valuer, Towers Watson Hong Kong Limited, using the projected unit credit actuarial valuation method.

(a) The principal actuarial assumptions used at the end of the reporting period are as follows:

	2023	2022
Discount rate	**2.9%**	3.7%
Expected rate of salary increase	**2.0%**	2.0%

The actuarial valuation showed that the market value of plan assets as at 31 December 2023 was HK$33,067,000 (2022: HK$35,591,000) and that the actuarial value of these assets represented 356% (2022: 286%) of the benefits that had been accrued to qualifying employees.

(b) A quantitative sensitivity analysis for significant assumptions at the end of the reporting period is shown below:

	Increase in rate %	**(Decrease)/ Increase in net defined benefit obligations HK$'000**	**Decrease in rate %**	**Increase/ (Decrease) in net defined benefit obligations HK$'000**
As at 31 December 2023				
Discount rate	**0.25**	**(143)**	**(0.25)**	**149**
Long-term salary increase rate	**0.25**	**148**	**(0.25)**	**(144)**
As at 31 December 2022				
Discount rate	0.25	(142)	(0.25)	157
Long-term salary increase rate	0.25	148	(0.25)	(145)

24. PENSION SCHEME ASSETS (Continued)

(b) A quantitative sensitivity analysis for significant assumptions at the end of the reporting period is shown below: (Continued)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

(c) The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

	2023 **HK$'000**	2022 HK$'000
Current service cost	**330**	496
Net interest income	**(858)**	(279)
Net pension scheme cost	**(528)**	217

The above amount of the Group's net pension scheme cost was included in "administrative expenses" in the consolidated statement of profit or loss.

(d) The movements in the present value of the defined benefit obligations are as follows:

	2023 **HK$'000**	2022 HK$'000
At the beginning of the year	**12,431**	19,675
Current service cost	**330**	496
Interest cost	**394**	213
Actuarial losses/(gains)	**389**	(2,724)
Benefit paid	**(4,254)**	(5,229)
At the end of the year	**9,290**	12,431

24. PENSION SCHEME ASSETS (Continued)

(e) The movements in the defined benefit obligations and the fair value of plan assets are as follows:

		Pension cost (charged)/credited to profit or loss				Remeasurement income/(expense) in other comprehensive income					
	As at 1 January 2023 HK$'000	Service cost HK$'000	Net interest (expense)/ income HK$'000	Sub-total included in profit or loss HK$'000	Benefit paid HK$'000	Return on plan assets (excluding amounts included in net interest expense) HK$'000	Actuarial changes arising from changes in demographic assumptions HK$'000	Actuarial changes arising from changes in financial assumptions HK$'000	Experience adjustments HK$'000	Sub-total included in other comprehensive income HK$'000	As at 31 December 2023 HK$'000
Defined benefit obligations	(12,431)	(330)	(394)	(724)	4,254	–	10	(479)	80	(389)	(9,290)
Fair value of plan assets	35,591	–	1,252	1,252	(4,254)	478	–	–	–	478	33,067
Benefit assets/(liabilities)	23,160	(330)	858	528	–	478	10	(479)	80	89	23,777

		Pension cost (charged)/credited to profit or loss				Remeasurement income/(expense) in other comprehensive income					
	As at 1 January 2022 HK$'000	Service cost HK$'000	Net interest (expense)/ income HK$'000	Sub-total included in profit or loss HK$'000	Benefit paid HK$'000	Return on plan assets (excluding amounts included in net interest expense) HK$'000	Actuarial changes arising from changes in demographic assumptions HK$'000	Actuarial changes arising from changes in financial assumptions HK$'000	Experience adjustments HK$'000	Sub-total included in other comprehensive income HK$'000	As at 31 December 2022 HK$'000
Defined benefit obligations	(19,675)	(496)	(213)	(709)	5,229	–	(4)	1,831	897	2,724	(12,431)
Fair value of plan assets	42,776	–	492	492	(5,229)	(2,448)	–	–	–	(2,448)	35,591
Benefit assets/(liabilities)	23,101	(496)	279	(217)	–	(2,448)	(4)	1,831	897	276	23,160

(f) The major categories of the fair value of the total plan assets are as follows:

	2023	2022
Equity instruments, quoted in an active market	33%	31%
Debt instruments, at quoted prices	67%	69%
Total	100%	100%

24. PENSION SCHEME ASSETS (Continued)

(g) Expected contributions to the defined benefit plan in future years are as follows:

	2023	2022
	HK$'000	HK$'000
Within the next 12 months	**–**	–

As at 31 December 2023, the average duration of the defined benefit obligations at the end of the reporting period was 6.4 years (2022: 4.8 years).

(h) In addition to the above disclosures, the following information is further provided pursuant to the requirements of the Listing Rules:

The Group has paid contributions to the Pension Scheme at rates as recommended and calculated by the independent qualified professional actuary, Ms. Wing Lui, Fellow of the Society of Actuaries, using the attained age valuation method. The latest ongoing funding valuation and solvency funding valuation were performed as at 1 January 2023. The market value of the assets was HK$35,591,000 while the levels of ongoing funding and solvency funding were 268% and 375%, respectively. Based on the accrued funding status as at 1 January 2023, the Pension Scheme was fully funded. An interest rate of 2.5% per annum and a salary increase rate of 2% per annum were assumed in the valuation.

25. LSP OBLIGATIONS

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to LSP under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme, with an overall cap of HK$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Government gazetted the Amendment Ordinance, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance will take effect on the Transition Date. Separately, the Government has indicated that it would launch a subsidy scheme to assist employers after the abolition.

25. LSP OBLIGATIONS (Continued)

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK$390,000 per employee. If an employee's total benefit payment exceeds HK$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in notes 2 and 3.11 to the consolidated financial statements.

The Group has determined that the Amendment Ordinance primarily impacts the Group's LSP obligations with respect to Hong Kong employees.

The present value of unfunded LSP obligations and its movements are as follows:

	2023 **HK$'000**	2022 HK$'000 (Restated)
As at 1 January	**1,837**	–
Remeasurement recognised in other comprehensive expense		
– Actuarial losses/(gains) arising from changes in financial assumptions	**125**	(697)
Expenses recognised in profit or loss:		
– Current service cost	**722**	602
– Past service cost	**–**	2,162
Benefits paid	**(207)**	(230)
As at 31 December	**2,477**	1,837
Classified as:		
– current liabilities	**59**	200
– non-current liabilities	**2,418**	1,637
	2,477	1,837

The directors of the Company consider that any reasonably possible change in any of the estimates and assumptions in calculation of the LSP obligations are insignificant to the Group. Accordingly, the details of the estimates and assumptions are not presented below.

26. INVENTORIES

	2023	2022
	HK$'000	HK$'000
Raw materials	**22,782**	8,370
Finished goods	**34,646**	38,791
	57,428	47,161

27. PROPERTIES UNDER DEVELOPMENT

	2023	2022
	HK$'000	HK$'000
As at 1 January	**5,535,564**	3,229,062
Additions	**17,234**	483,634
Transfer from investment properties (note 20)	**–**	2,207,400
Reversal of provision/(Provision)	**62,129**	(100,247)
Exchange realignment	**(59,781)**	(284,285)
As at 31 December	**5,555,146**	5,535,564

During the year ended 31 December 2022, 2 pieces of lands in the Parish of Saint George, Grenada has been transferred from investment properties to properties under development at its fair value of HK$2,207,400,000 at the date of transfer, upon the actual change in use of such properties since December 2022.

As at 31 December 2023 and 2022, certain of the Group's properties under development with carrying amount of HK$3,331,175,000 (2022: HK$3,328,164,000) were pledged to secure general banking facilities granted to the Group, details of which are set out in note 38.

28. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING/LOAN RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables, goods and services	**620,850**	603,038
Less: allowance for credit losses	**(77,423)**	(32,434)
	543,427	570,604
Receivables arising from securities broking conducted in the ordinary course of business:		
– Clearing house	**1,829**	42,784
– Cash clients accounts receivable	**9,305**	19,711
– Loans to margin clients	**300,329**	457,211
Less: allowance for credit losses	**(978)**	(1,306)
	310,485	518,400
Receivables arising from money lending conducted in the ordinary course of business:		
– Loan receivables	**554,092**	458,927
Less: allowance for credit losses	**(52,089)**	(49,166)
	502,003	409,761
	1,355,915	1,498,765

28. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING/LOAN RECEIVABLES (Continued)

Trade receivables

The credit periods are generally one to three months (2022: one to three months). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

At the end of the reporting period, 2% (2022: 30%) and 25% (2022: 45%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers respectively. The Group does not hold any collateral or other credit enhancements over its trade receivables.

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates/date of rendering of services:

	2023	2022
	HK$'000	HK$'000
Current to 30 days	**76,488**	121,459
31 to 60 days	**21,603**	33,946
61 to 90 days	**18,883**	36,893
91 to 365 days	**69,305**	279,807
Over 1 year	**357,148**	98,499
	543,427	570,604

Receivables arising from securities broking

With regard to receivables arising from securities broking, the Group seeks to maintain tight control over its outstanding receivable and has procedures and policies to assess its clients' credit quality and define credit limits for each client. All client acceptances and credit limits are approved by designated approvers according to the clients' credit quality.

The normal settlement term of cash clients accounts receivable arising from the ordinary course of business of securities broking is two trading days after the trade date.

28. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING/LOAN RECEIVABLES (Continued)

***Receivables arising from securities broking** (Continued)*

Loans to margin clients are secured by the underlying pledged securities, repayable on demand or agreed dates of repayment and bear fixed interest at commercial rates with a range from 5% to 20.9% (2022: 5% to 20.6%). As at 31 December 2023, the total market value of securities pledged as collateral in respect of the loans to margin clients was HK$827,320,000 (2022: HK$2,731,092,000). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the amount of receivable outstanding exceeds the eligible margin value of securities deposited. As at 31 December 2023, 92% (2022: 91%) of the balance were secured by sufficient collaterals on an individual basis. Management has assessed the market value of the pledged securities of each individual customer that has margin shortfall as at the year end. The collaterals held cannot be repledged by the Group. The corresponding collaterals held can be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients in the event of default.

No ageing analysis of clearing house, cash clients accounts receivable and loans to margin clients is disclosed as, in the opinion of the directors of the Company, the ageing analysis is not meaningful in view of the nature of the receivable from clearing house, cash clients accounts receivable arising from securities broking and the revolving margin loans.

Loan receivables

Loan receivables are unsecured, repayable on agreed dates of repayment within one year (2022: one year) and bear fixed interest at commercial rates with a range from 8.5% to 12% (2022: 8.5% to 12%).

No ageing analysis of loans to money lending clients is disclosed as in the opinion of the directors of the Company, the ageing analysis is not meaningful in view of the nature of the money lending loans.

Details of impairment assessment of trade receivables, receivables arising from securities broking and loan receivables for the years ended 31 December 2023 and 2022 are set out in note 53(b).

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Prepayments for purchase of inventories	**20,965**	16,015
Deposit paid for acquisition of property, plant and equipment	**4,484**	4,484
Refundable rental deposits	**42,074**	47,463
Other prepayments, deposits and receivables (note (c))	**60,608**	100,567
Other receivables from a local government authority (note (a))	**106,752**	108,704
Purchased or originated credit-impaired loan receivables (note (b))	**96,249**	98,194
Gift receivable from Win Dynamic (note 47)	**191,939**	174,401
	523,071	549,828
Classified as:		
– current assets	**316,678**	343,906
– non-current assets	**206,393**	205,922
	523,071	549,828

Notes:

(a) The amounts represent receivables due from a local government authority in the PRC in respect of sales of properties before the acquisition of subsidiaries in 2018. Management believes that no impairment loss is necessary in respect of this balance as the amount is still considered to be fully recoverable taken into account of the repayment history and the current creditworthiness of the debtor.

(b) The amounts represent three (2022: three) credit-impaired loan receivables purchased from a bank in the PRC at an aggregate cash consideration of RMB72,827,000 (2022: RMB72,827,000). Legal proceedings had been entered into between the Group, the bank and the original debtors regarding the recoverability of the credit-impaired loan receivables and it was judged that the pledged properties could be used for auctions to repay the outstanding loans and interests. The loan receivables are carried at contractual interest rate from 8.5% to 9.3% (2022: 8.5% to 9.3%) per annum and the Group has applied the credit-adjusted effective interest rate from 8.5% to 9.3% (2022: 8.5% to 9.3%) to the amortised cost of the financial assets from initial recognition. It only recognises the cumulative changes in lifetime ECL since initial recognition as allowance for credit losses.

During the years ended 31 December 2023 and 2022, no impairment loss has been recognised in profit or loss under the lifetime ECL assessment.

(c) The amounts represent value added tax receivable, deposit or prepayments of utility expenses and contract costs.

30. PROPOSED DEVELOPMENT PROJECT

The carrying amount of proposed development project represents the difference between the consideration paid and the net assets acquired in the acquisition of assets through acquisition of Shenzhen Yousheng Real Estate Co., Ltd. (深圳市友盛地產有限公司) ("Shenzhen Yousheng") in 2019 and the construction cost incurred after 2019. The amount would be converted into properties under development upon obtaining the land use right.

As at 31 December 2023 and 2022, the Group's proposed development project was pledged to secure general banking facilities granted to the Group, details of which are set out in note 38.

31. FINANCIAL ASSETS AT FVTPL

	2023	2022
	HK$'000	HK$'000
Club and school debentures	**13,268**	13,185
Listed equity investments	**54,187**	56,662
Other investments	**1,073**	1,382
	68,528	71,229

The above investments as at 31 December 2023 and 2022 were classified as financial assets at FVTPL as they were held for trading.

As at 31 December 2023 and 2022, certain investments held for trading of the Group were pledged to secure general banking facilities, details of which are set out in notes 38.

32. CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated trust accounts with licensed banks to hold securities clients' monies arising from its securities brokerage business. The Group has classified the clients' monies as "cash held on behalf of clients" under the current assets and recognised the corresponding liabilities to respective clients on grounds that the Group is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

33. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market interest rates. Short-term time deposits are made for a period of few days to meet the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit interest rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

Certain bank balances are denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

34. TRADE PAYABLES/PAYABLES ARISING FROM SECURITIES BROKING

	2023	2022
	HK$'000	HK$'000
Trade payables	**84,961**	97,100
Payables arising from securities broking conducted in the ordinary course of business:		
– Cash and margin clients accounts payable	**77,285**	129,102
	162,246	226,202

The credit period of trade payables ranges from 60 to 90 days (2022: 60 to 90 days). The normal settlement terms of payables arising from securities broking are two trading days (2022: two trading days) after the trade date.

34. TRADE PAYABLES/PAYABLES ARISING FROM SECURITIES BROKING (Continued)

The following is an ageing analysis of trade payables based on invoice dates:

	2023 HK$'000	2022 HK$'000
Current to 30 days	**49,498**	77,281
31 to 60 days	**17,045**	3,992
61 to 90 days	**2,698**	1,003
Over 90 days	**15,720**	14,824
	84,961	97,100

Included in cash clients accounts payable is cash held on behalf of clients amounted to HK$77,354,000 (2022: HK$126,742,000), which represented those clients' undrawn monies/excess deposits placed with the Group. As at 31 December 2023, the cash clients accounts payable included an amount of HK$122,000 (2022: HK$114,000) in respect of certain directors' undrawn monies/excess deposits placed with the Group. The cash clients accounts payable are repayable on demand and non-interest bearing. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis is not meaningful in view of the nature of the business of dealing in securities.

35. CONTRACT LIABILITIES

	2023 HK$'000	2022 HK$'000
Current		
Printing services contract (note (a))	**655**	2,822
Receipts in advance from customers (note (b))	**19,347**	19,268
Loyalty points programme (note (c))	**1,377**	1,321
Receipts in advanced on CBI programme (note (d))	**61,940**	27,456
Pre-sale of tickets	**82**	69
	83,401	50,936

35. CONTRACT LIABILITIES (Continued)

Notes:

(a) When the Group receives a deposit before the printing activity commences, this will give rise to contract liabilities at the inception of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives a 20% (2022: 20%) deposit on acceptance of provision for certain printing services. At contract inception, performance obligation is expected to be satisfied within one year.

(b) The amount represents receipts in advance from customers of Environmental Protection Segment for unsatisfied performance obligations and are recognised as revenue when the Group performs its obligations under the contracts. At contract inception, performance obligation is expected to be satisfied within one year.

(c) The performance obligation is satisfied upon utilisation of loyalty points of Department Store Segment. The Group allocated a portion of the transaction prices to the loyalty programme which is based on the relative standalone selling price. The transaction price of HK$1,377,000 (2022: HK$1,321,000) was allocated to the remaining performance obligations as at 31 December 2023 which are expected to be recognised as revenue within one year.

(d) The amount represents receipts in advance from customers of LAC segment for unsatisfied performance obligation under the contracts entered into with customers on development and sales of properties with citizenship application and consultancy services when the right to the amount of consideration is unconditional. Such amount will be recognised as revenue when the Group performs its obligations under the contracts. At contract inception, performance obligation is expected to be satisfied within two years.

(e) Contract liabilities outstanding at the beginning of the year amounted to HK$33,464,000 (2022: HK$13,183,000) have been recognised as revenue during the year ended 31 December 2023.

36. INSURANCE CONTRACTS LIABILITIES

(a) Life insurance contracts liabilities

	Notes	**2023** **HK$'000**	2022 HK$'000
Life reserve	(i)	**1,026**	1,026
Provision for claims	(ii)	**128**	128
		1,154	1,154

36. INSURANCE CONTRACTS LIABILITIES (Continued)

(a) Life insurance contracts liabilities (Continued)

Notes:

(i) Life reserve is analysed as follows:

	2023 HK$'000	2022 HK$'000
At the beginning of the year	**1,026**	1,046
Decrease in the year	**–**	(20)
At the end of the year	**1,026**	1,026

(ii) During the years ended 31 December 2023 and 2022, there were no movements of the provision for claims of life insurance contracts.

(b) Terms and conditions

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Life insurance contracts offered by the Group are whole life contracts. Whole life contracts are conventional regular premium products when lump sum benefits are payable on death or permanent disability.

The main risk that the Group is exposed to is mortality risk - risk of loss arising due to policy holder death experience being different than expected. This risk does not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or industry.

For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected.

36. INSURANCE CONTRACTS LIABILITIES (Continued)

(c) Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

Discount rates

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

37. OTHER PAYABLES AND ACCRUALS

	2023 HK$'000	2022 HK$'000
Deferred consideration for acquisition of a subsidiary (note (a))	**48,000**	48,000
Accrued expenses and interest payable	**483,044**	190,502
Receipt in advance (note b)	**60,776**	28,827
Other payables	**71,322**	55,576
Deposits received	**12,323**	2,008
Other tax payables	**65,371**	65,892
	740,836	390,805
Classified as:		
– current liabilities	**740,752**	383,685
– non-current liabilities	**84**	7,120
	740,836	390,805

Notes: (a) On 30 April 2019, the Group completed an acquisition of 60% equity interests in Optima Capital Limited ("Optima Capital"), an indirect non-wholly owned subsidiary of the Company. Based on the acquisition agreement, part of the consideration amounting to HK$48,000,000 (the "deferred consideration") will be paid on the third anniversary of the completion date of the acquisition, i.e. 30 April 2022.

As at 31 December 2023 and 2022, the balance was unsecured, non-interest bearing and repayable on demand.

(b) The amounts represent receipt in advance of CBI Programme that the right to the amount of consideration is conditional and rental receipt in advance.

38. BANK BORROWINGS

	2023 HK$'000	2022 HK$'000
Bank borrowings		
– Secured	**9,530,077**	9,910,804
– Unsecured	**29,840**	–
	9,559,917	9,910,804

38. BANK BORROWINGS (Continued)

The contractual maturity dates of the bank borrowings are as follows:

	2023 HK$'000	2022 HK$'000
Carrying amount of bank borrowings are repayable (note (d)):		
– Within one year	**141,353**	4,846,640
– More than one year but not more than two years	**7,443,948**	2,749,012
– More than two years but not more than five years	**524,774**	557,469
– Over five years	**1,136,228**	1,237,404
	9,246,303	9,390,525
Carrying amount of bank borrowings that contains a repayment on demand clause and shown under current liabilities:		
– Within one year	**313,614**	520,279
	9,559,917	9,910,804
Less: amounts due within one year shown under current liabilities	**(454,967)**	(5,366,919)
Amounts shown under non-current liabilities	**9,104,950**	4,543,885

Notes:

(a) As at 31 December 2023, the Group's bank borrowings of HK$313,614,000 (2022: HK$520,279,000) bear interest rates ranged from 1.50% to 2.60% (2022: 1.50% to 2.60%) over Hong Kong Interbank Offered Rate ("HIBOR") per annum.

(b) As at 31 December 2023, the Group's bank borrowing of HK$217,707,000 (2022: HK$223,045,000) bears interest rate of 2.85% (2022: 2.85%) below Prime Rate per annum.

(c) As at 31 December 2023, the Group's bank borrowings of HK$9,028,596,000 (2022: HK$9,167,480,000) bear interest rates from 4.15% to 6.55% (2022: 4.46% to 6.85%) per annum.

(d) The amounts due are based on scheduled repayment dates set out in the loan agreements.

(e) The Group's available banking facilities amounted to HK$10,716,198,000 (2022: HK$10,958,908,000), of which HK$9,559,917,000 (2022: HK$9,910,804,000) had been utilised as at 31 December 2023.

(f) Certain bank borrowings of the Group were guaranteed by the Company up to HK$8,753,017,000 (2022: HK$9,106,954,000) and the subsidiaries of the Group up to HK$8,618,844,000 (2022: HK$8,756,918,000).

38. BANK BORROWINGS (Continued)

Notes: (Continued)

(g) Certain bank borrowings of the Group were secured by certain of the Group's investment properties, leasehold land and buildings, properties under development and proposed development project with a carrying amount of HK$9,468,378,000 (2022: HK$8,511,979,000), HK$535,418,000 (2022: HK$556,738,000), HK$3,331,175,000 (2022: HK$3,328,164,000) and HK$2,101,934,000 (2022: HK$2,016,712,000) respectively as at 31 December 2023.

(h) Certain bank borrowings of the Group were secured by securities collateral pledged to the Group by margin clients with market value of Nil (2022: HK$400,674,000), the Group's marketable securities with an aggregate fair value of HK$2,616,000 (2022: HK$2,181,000) and shares of certain subsidiaries.

(i) Certain bank borrowings of the Group were secured by the Group's restricted bank balances and deposits of HK$11,277,000 (2022: HK$84,276,000).

(j) Certain bank borrowings of the Group were guaranteed by the directors and controlling shareholders of the Company up to HK$9,445,764,000 (2022: HK$9,592,413,000) and the related parties of the Group up to HK$308,419,000 (2022: HK$230,526,000).

(k) The Group's bank borrowings of HK$29,840,000 (2022: Nil) were unsecured as at 31 December 2023.

(l) Except for bank borrowings of HK$9,028,596,000 (2022: HK$9,167,480,000) which are denominated in RMB, all other bank borrowings are denominated in HK$.

39. OTHER BORROWINGS

	2023	2022
	HK$'000	HK$'000
Borrowings from financial institutions (note (a)):		
– Secured	**56,140**	57,890
Other borrowings (note (b)):		
– Secured	**56,500**	73,000
– Unsecured	**90,882**	2,795
Notes payable (note (c)):		
– Unsecured	**68,546**	105,754
	272,068	239,439

39. OTHER BORROWINGS (Continued)

The contractual maturity dates of the other borrowings are as follows:

	2023 HK$'000	2022 HK$'000
Carrying amount of other borrowings are repayable:		
– Within one year	**166,838**	108,001
– More than one year but not more than two years	**22,590**	548
	189,428	108,549
Carrying amount of other borrowings that contains a repayment on demand clause and shown under current liabilities		
– Within one year	**82,640**	130,890
	272,068	239,439
Less: amounts due within one year shown under current liabilities	**(249,478)**	(238,891)
Amounts shown under non-current liabilities	**22,590**	548

Notes:

(a) The borrowings from financial institutions bear interest rate of 2.5% over Best Lending Rate (2022: 2.5%) per annum. The borrowings contain a repayment on demand clause and were guaranteed by the Company up to HK$56,140,000 (2022: HK$57,890,000) and were secured by the Group's investment properties with a carrying amount of HK$73,700,000 (2022: HK$79,380,000) as at 31 December 2023.

(b) Included in other borrowings are

(i) unsecured borrowings of HK$68,851,000 (2022: HK$2,795,000), which bear interest from 2% to 12% (2022: 2%) per annum and repayable on demand, except for an amount of HK$559,000 (2022: HK$548,000) which is not repayable in the next 12 months after the end of the reporting period;

(ii) unsecured borrowings of HK$22,031,000 (2022: Nil) were guaranteed by the subsidiary of the Group, which bear fixed interest rate of 6% (2022: Nil) per annum and is not repayable in the next 12 months after the end of the reporting period;

(iii) secured borrowings of HK$26,500,000 (2022: HK$73,000,000) under repurchase agreement, which the Group is required to repurchase the pledged securities at pre-determined date and interest rates within 12 months from the end of the reporting period. Such borrowings are pledged with the securities from the margin clients with market value of HK$77,595,000 (2022: HK$149,560,000); and

(iv) secured borrowing of HK$30,000,000 (2022: Nil) which bear fixed interest rate of 12% (2022: Nil) per annum. The borrowings were secured by securities collateral pledged to the Group by margin clients with market value of HK$155,362,000 (2022: Nil) and guaranteed by the director and controlling shareholder of the Company, which is repayable in the next 12 months after the end of reporting period.

(c) The notes payable is unsecured, bears interest rate of 5.5% (2022: from 4.6% to 5.5%) per annum and repayable in the next 12 months after the end of the reporting period.

40. AMOUNTS DUE FROM/(TO) RELATED PARTIES AND LOAN FROM A RELATED COMPANY

	2023	2022
	HK$'000	HK$'000
Amounts due from related parties (note (a))	**1,592**	1,703
Amount due to a related party (note (a))	**(55,310)**	(48,502)
Amounts due to related parties (note (b))	**(265,307)**	(217,994)
Loan from a related company (note (c))	**(211,000)**	(187,000)
	(531,617)	(453,496)
	(530,025)	(451,793)
Classified as:		
– current assets	**1,592**	1,703
– current liabilities	**(320,617)**	(453,496)
– non-current liabilities	**(211,000)**	–
	(530,025)	(451,793)

Notes:

(a) Amounts due are unsecured, interest-free and repayable on demand.

(b) Amounts due are unsecured, interest-bearing at 8% per annum (2022: 8%) and repayable on demand.

(c) On 21 March 2022, a related company, in which Dr. Lin and Madam Su own 70% and 30% equity interests respectively, entered into a loan facility agreement with the Group, pursuant to which the related company had agreed to provide a loan facility up to HK$200,000,000 for 36 months in order to support the operation of the Department Store Segment. During the year ended 31 December 2023, the term of the loan was revised with a facility limit of HK$260,000,000.

The loan is unsecured, bears interest at HIBOR plus 5% (2022: HIBOR plus 5%) per annum and is repayable on 20 March 2025 (2022: repayable 6 months after drawdown).

41. LEASE LIABILITIES

	2023	2022
	HK$'000	HK$'000
Total minimum lease payments:		
– Due within one year	**48,408**	72,936
– Due in the second to the fifth years	**6,534**	47,260
	54,942	120,196
Less: future finance charges on lease liabilities	**(1,493)**	(4,280)
Carrying amount of lease liabilities	**53,449**	115,916
Present value of minimum lease payments:		
– Due within one year	**47,206**	69,466
– Due in the second to the fifth years	**6,243**	46,450
	53,449	115,916
Less: portion due within one year included under current liabilities	**(47,206)**	(69,466)
Portion due after one year included under non-current liabilities	**6,243**	46,450

Note: During the year ended 31 December 2023, the total cash outflows for the leases are HK$92,256,000 (2022: HK$120,792,000).

41. LEASE LIABILITIES (Continued)

Details of the lease activities

As at 31 December 2023 and 2022, the Group has entered into leases for office equipment, plant and machinery, warehouse and department stores.

Type of right-of-use asset	Consolidated financial statements item of right-of-use asset included in	Number of lease	Range of Remaining lease term	Number of lease with extension option	Number of lease with option to purchase	Number of lease with termination option
As at 31 December 2023						
Land and buildings carried at cost	Property, plant and equipment	**11**	**0.3 to 2.2 years**	**5**	**1**	**6**
Plant and machinery	Property, plant and equipment	**10**	**2 to 5 years**	**–**	**10**	**–**
Office equipment	Property, plant and equipment	**1**	**4 years**	**–**	**–**	**–**
As at 31 December 2022						
Land and buildings carried at cost	Property, plant and equipment	11	0.2 to 3 years	3	1	6
Plant and machinery	Property, plant and equipment	8	1 to 4 years	–	8	–
Office equipment	Property, plant and equipment	1	1 year	–	–	–

The Group considered that no extension option or termination option would be exercised at the lease commencement date.

42. DEFERRED TAX LIABILITIES

The following are the major deferred tax (assets)/liabilities recognised and movements thereon during the current and prior years:

	Depreciation allowance in excess of related depreciation	Revaluation of properties	Tax losses	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2022	853	1,255,468	(288)	289	1,256,322
Credited to profit or loss (note 11)	(2)	(233,795)	–	(9,026)	(242,823)
Charged to other comprehensive income	–	785	–	–	785
Acquisition of subsidiaries (note 46)	–	–	–	2,397	2,397
Exchange realignment	–	(103,939)	–	57	(103,882)
As at 31 December 2022 and 1 January 2023	**851**	**918,519**	**(288)**	**(6,283)**	**912,799**
(Credited)/Charged to profit or loss (note 11)	**(1,144)**	**286,165**	**288**	**(10,314)**	**274,995**
Charged to other comprehensive income	**–**	**1,005**	**–**	**–**	**1,005**
Exchange realignment	**–**	**(16,483)**	**–**	**12**	**(16,471)**
As at 31 December 2023	**(293)**	**1,189,206**	**–**	**(16,585)**	**1,172,328**

At the end of the reporting period, the Group has estimated unused tax losses arising in Hong Kong of HK$215,693,000 (2022: HK$184,181,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has estimated unused tax losses arising in the PRC of HK$1,620,783,000 (2022: HK$1,303,964,000) that will expire in one to five years for offsetting against future taxable profits. A deferred tax asset has been recognised in respect of tax losses of Nil (2022: HK$1,745,000) arising in Hong Kong as at 31 December 2023. Deferred tax assets have not been recognised in respect of the remaining unused tax losses as they have arisen in subsidiaries that have been loss-making and, in the opinion of the directors of the Company, it is not considered probable that taxable profits will be available against which the tax losses can be utilised due to the unpredictability of future profit streams.

42. DEFERRED TAX LIABILITIES (Continued)

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided in the consolidated financial statements in respect of the temporary difference attributable to the accumulated profits of the Group's subsidiaries in the PRC as the Group is able to control the timing of the reversal of the temporary difference and it is probable that these temporary difference will not reverse in the foreseeable future.

43. LOANS FROM ULTIMATE HOLDING COMPANY

	2023 HK$'000	2022 HK$'000
Loans from ultimate holding company	**2,797,516**	2,394,760

The loans are unsecured, interest-bearing at 8.2% (2022: 8.2%) per annum and will be repayable in June 2025 (2022: June 2024).

44. SHARE CAPITAL

	2023 HK$'000	2022 HK$'000
Authorised:		
20,000,000,000 (2022: 20,000,000,000) ordinary shares of HK$0.10 each	**2,000,000**	2,000,000
Issued and fully paid:		
1,440,709,880 (2022: 1,440,709,880) ordinary shares of HK$0.10 each	**144,071**	144,071

44. SHARE CAPITAL (Continued)

A summary of movements in the Company's share capital is as follows:

	Number of ordinary shares in issue	Share capital
		HK$'000
As at 1 January 2022	1,439,709,880	143,971
Exercise of share options (note)	1,000,000	100
As at 31 December 2022, 1 January 2023 and 31 December 2023	1,440,709,880	144,071

Note: On 25 April 2022, the Company issued 1,000,000 ordinary shares due to the exercise of share options under the 2012 Scheme (as defined in note 45) by the option holders. The new shares rank pari passu with existing shares in all respects.

45. SHARE OPTION SCHEME

The Company operates a share option scheme (the "2012 Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2012 Scheme include the Company's directors and full-time employees of the Group. The 2012 Scheme became effective on 10 August 2012 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

By an ordinary resolution passed at annual general meeting of the Company on 10 June 2022, a new share option scheme (the "2022 Scheme") has been adopted which effective from 10 June 2022 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

45. SHARE OPTION SCHEME (Continued)

The maximum number of share options currently permitted to be granted under the 2022 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the 2022 Scheme on 10 June 2022, which is 143,970,988 shares (63,535,311 shares under the 2012 Scheme). The maximum number of shares issuable under share options to each eligible participant in the 2022 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted under 2012 Scheme and 2022 Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted under 2012 Scheme and 2022 Scheme to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, (i) in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant); and (ii) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options under 2012 Scheme and 2022 Scheme may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted under 2012 Scheme and 2022 Scheme is determinable by the directors of the Company, and commences after a vesting period of 2 years and ends on a date which is not later than 10 years from the date of the grant of the option but subject to the provisions for early termination of the 2012 Scheme and 2022 Scheme. Unless otherwise determined by the directors of the Company at their sole discretion, there is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of share options under 2012 Scheme and 2022 Scheme is determinable by the directors of the Company, but may not be less than the higher of (i) the closing price of the Company's shares on the Stock Exchange on the date of offer of the share options; (ii) the average closing prices of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the share at the offer date.

Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

45. SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the 2012 Scheme during the year:

	Weighted average exercise price per share HK$	Number of options '000
As at 1 January 2022	4.11	4,600
Exercised during the year	4.11	(1,000)
As at 31 December 2022 and 1 January 2023 and 31 December 2023	4.11	3,600
Exercisable as at 31 December 2022 and 2023		**3,600**

At the end of the reporting period and the date of approval of these consolidated financial statements, the Company had 3,600,000 (2022: 3,600,000) share options outstanding under the 2012 Scheme, which represented 0.2% (2022: 0.2%) of the Company's shares in issue as at that date.

During the years ended 31 December 2023 and 2022, there was no share option granted, exercised, lapsed or cancelled under the 2022 Scheme.

46. BUSINESS COMBINATIONS

For the year ended 31 December 2022

On 18 February 2022, non-wholly owned subsidiaries of the Group entered into a share purchase agreement and share transfer agreement with independent third parties to acquire the entire issued share capital of Realord Century Service Company Limited (formerly known as "Hartman Education Service Limited") and its subsidiary, Hartman Culture Development (Shanghai) Co., Ltd.* (哈特曼文化發展(上海)有限公司) (collectively referred to the "Realord Century Group") and Realord Century Business Service (Shenzhen) Co., Ltd.* (偉祿世紀商務服務(深圳)有限公司) (formerly known as Hartman Immigration Consultancy Service (Shenzhen) Co., Ltd.* (哈特曼移民諮詢服務(深圳)有限公司)) (together with the Realord Century Group as the "Hartman Education Group") at a total cash consideration of HK$1,876,000. The principal activities of the Hartman Education Group are the provision of consultancy services on CBI Programme as a marketing agent. The acquisition was made as to obtain the marketing resources of the CBI Programme under the LAC Segment. The transactions were completed on 28 February 2022. Such series of acquisitions have been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of the Hartman Education Group at the acquisition date were as follows:

	HK$'000
Plant and equipment (note 18)	231
Other intangible assets (note 22)	14,524
Prepayments, deposits and other receivables	485
Bank balances and cash	470
Other payables and accruals	(11,437)
Deferred tax liabilities (note 42)	(2,397)
Total identifiable net assets at fair value	1,876

* *for identification purpose only*

46. BUSINESS COMBINATIONS (Continued)

For the year ended 31 December 2022 (Continued)

Goodwill arising on acquisition

	HK$'000
Consideration transferred	1,876
Less: fair value of net identifiable assets acquired	(1,876)
	–

Net cash outflows on acquisition

	HK$'000
Bank balances and cash acquired	470
Less: cash consideration paid	(1,876)
	(1,406)

Acquisition-related costs have been excluded from the consideration transferred and have been recognised as administrative expenses in the consolidated statement of profit or loss. In the opinion of the Directors, the acquisition-relation cost is insignificant to be disclosed.

Impact of the acquisition on the results of the Hartman Education Group

Included in the profit for the year ended 31 December 2022 is profit of HK$4,040,000 attributable to the Hartman Education Group. Revenue for the year ended 31 December 2022 includes HK$5,936,000 generated from the Hartman Education Group.

Had the acquisition of the Hartman Education Group completed on 1 January 2022, the revenue and the profit of the Group for the year ended 31 December 2022 would have been HK$1,198,810,000 and HK$605,107,000 respectively. The pro forma information is illustrative purposes only and is not necessarily an indication of revenue and profit for the year of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

47. LITIGATION

Deed and purported cancellation

On 15 May 2020, the Company and Sincere jointly announced a voluntary conditional cash offer (subject to the satisfaction or waiver (as the case may be) of certain pre-conditions) to acquire all of the issued shares of Sincere (the "Offer").

On 29 October 2020, Win Dynamic, the then controlling shareholder of Sincere, executed a deed in favour of Sincere at no consideration (the "Deed"). Pursuant to the Deed, Win Dynamic has irrevocably undertaken to Sincere to gift to Sincere the sum falling to be paid by the Company to Win Dynamic upon its acceptance of the Offer relating to all the 662,525,276 shares of Sincere held by it, which was expected to amount to approximately HK$260,443,000 (after deducting Win Dynamic's ad valorem stamp duty). As disclosed in the announcement of Sincere dated 29 October 2020, Sincere at that time intended that this gift from Win Dynamic, when received, would be applied as working capital of Sincere Group.

On 4 February 2021, Sincere announced that the board of directors of Sincere (the "Sincere Board") had received a letter from Win Dynamic dated 3 February 2021 stating Win Dynamic's declaration that the Deed was null and void and cancelled with immediate effect, for the reason that it was executed by Win Dynamic under undue influence and duress, given without separate legal representation or proper advice, and was an undervalue transaction pursuant to section 265D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Purported Cancellation").

As stated in the Sincere's announcement dated 4 February 2021, the Sincere Board (with Mr. Philip Ma and Mr. Charles M W Chan (collectively the "Dissenting Directors") disagreeing) did not admit that the Deed was null or void or had been cancelled. For the interest of Sincere and its shareholders as a whole, the Sincere Board had resolved to include the review of the implication of the Purported Cancellation to the term of reference of the independent committee of the Sincere Board comprising independent non-executive directors, namely Mr. King Wing Ma, Mr. Eric K Lo, Mr. Peter Tan and Mr. Anders W L Lau (collectively the "Sincere IBC"). The Sincere IBC had thereafter sought separate legal advice in respect of the Purported Cancellation.

47. LITIGATION (Continued)

Deed and purported cancellation (Continued)

The Company was informed, amongst other things, that the Sincere Board (except for the Dissenting Directors) (i.e. the Sincere IBC) did not admit that the Purported Cancellation was valid or effective. In response to an email from the legal adviser of the Sincere IBC to the legal adviser of the Company requiring the proceeds received by Win Dynamic from its sale of shares of Sincere to the Company to be paid to Sincere and not Win Dynamic, the legal adviser of the Company responded, amongst other things, that the Company would conduct the Offer, including but not limited to the settlement of the cash consideration for the valid acceptances of the Offer, in accordance with the terms and conditions of the Offer and in compliance with the Code on Takeovers and Mergers.

On 12 May 2021, Sincere was informed by the legal adviser of the Company that the Company had issued a writ of summons (the "Writ") in the High Court of the Hong Kong Special Administrative Region (the "High Court") against Win Dynamic on 10 May 2021 in relation to the Purported Cancellation (the "Action"). The Company claimed against Win Dynamic, among others, for an order of specific performance requiring Win Dynamic to forthwith pay Sincere the net proceeds in respect of Sincere's shares tendered by Win Dynamic for acceptance of the Offer, after deducting the seller's ad valorem stamp duty payable by it, amounted to approximately HK$260,435,000 (the "WD Proceeds").

The Company also applied to the High Court for an interlocutory injunction against Win Dynamic (the "Injunction Application") on 11 May 2021 which was heard by the High Court on 14 May 2021. Upon hearing submissions from the parties, the High Court has adjourned the hearing of the Injunction Application to a date to be fixed for substantive argument, and the High Court has granted an interim-interim injunction, which shall remain in force pending the substantive determination of the Injunction Application, restraining Win Dynamic from, among others, (a) removing from Hong Kong any of its assets which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, up to the value of the WD Proceeds; or (b) in any way disposing of or dealing with or diminishing the value of any of its assets, which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, and whether or not Win Dynamic assets a beneficial interest in them up to the value of the WD Proceeds.

47. LITIGATION (Continued)

Deed and purported cancellation (Continued)

Sincere on 16 July 2021 resolved that it was in the interest of Sincere and its shareholders to commence legal proceedings against Win Dynamic in relation to the Purported Cancellation. At the initiation of the Company, Sincere had agreed to be joined as a party to the Action. By the consent of the Company and Win Dynamic on 9 November 2021, the High Court ordered, amongst other things, the Company be given leave to, (i) join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant in the Action; and (ii) amend the Writ and the statement of claim in relation to the Purported Cancellation.

On 15 November 2021, the Company and Sincere amended the statement of claim against Win Dynamic and Mr. Philip Ma. Sincere claimed against Win Dynamic and Mr. Philip Ma for, among others, (i) an order of specific performance of the Deed requiring Win Dynamic to forthwith pay Sincere the WD Proceeds, or such other sum as the High Court may determine; and (ii) a declaration that the Deed is valid and binding, and Mr. Philip Ma had breached his contractual and/or fiduciary duties to Sincere.

Win Dynamic and Mr. Philip Ma had filed and served their Defence and Counterclaim in the Action on 18 January 2022 and 14 March 2022 respectively. Win Dynamic and Mr. Philip Ma averred, among others, that the Company and Sincere were not entitled to any remedy against them. They further counterclaimed against the Company and Sincere for, among others, a declaration that the Deed is null and void and/or unenforceable, or alternatively, that the Deed was lawfully rescinded, cancelled or revoked by Win Dynamic and is of no legal effect.

Further details were disclosed in the announcements of Sincere dated 29 October 2020 and 4 February 2021, the offer document of the Company dated 5 May 2021 (the "Offer Document") and the response document of Sincere dated 20 May 2021 (the "Response Document").

The Company and Sincere had filed and served their Reply and Defence to Win Dynamic's Counterclaim on 10 May 2022, and their Reply and Defence to Mr. Philip Ma's Counterclaim on 8 June 2022 respectively. The Company and Sincere averred that the Deed is enforceable and cannot be legally revoked.

The Company and Sincere had filed and served their Re-Amended Statement of Claim on 14 November 2022. The Company and Sincere averred that Sincere is a joint promisee under the 2nd agreement together with the Company. The 2nd agreement of which the Deed is an integral part was intended to benefit Sincere and consisted of an undertaking or promise on the part of Win Dynamic to benefit Sincere, namely to vest the benefit of the WD Proceeds or an equivalent sum in Sincere, which shall be used as its working capital after the Company becomes the controlling shareholder of Sincere.

47. LITIGATION (Continued)

Deed and purported cancellation (Continued)

Win Dynamic filed and served its Amended Defence and Counterclaim and Mr. Philip Ma had filed and served his Amended Defence and Counterclaim on 9 December 2022. Win Dynamic and Mr. Philip Ma averred that the alleged 2nd Agreement (even if existed) and the Deed are null and void or unenforceable. They further averred that neither Dr. Lin, who had no authority to act on behalf of Sincere at the material time whether as alleged or at all, nor Mr. Philip Ma had agreed on behalf of Sincere that Sincere would apply the WD Proceeds as working capital after the Company becomes the controlling shareholders of Sincere.

The Company and Sincere filed and served their Amended Reply and Defence to the Counterclaim of Win Dynamic, and their Amended Reply and Defence to the Counterclaim of Mr. Philip Ma on 9 February 2023. The Company and Sincere averred that that Dr. Lin was acting on behalf of Sincere in respect of a promise which would take effect after the Company becomes the controlling shareholder of Sincere.

Between 22 June 2023 and 4 July 2023, the parties proceeded to discovery of documents. On 18 March 2024, the parties filed and exchanged their respective witness statements.

The date of hearing has not been fixed.

During the year ended 31 December 2021, Sincere sought legal advice in respect of this litigation and was advised that (i) the Deed is enforceable; and (ii) Sincere has legal and contractual rights over the WD Proceeds. Therefore, the WD Proceeds is initially recognised as "Gift receivable from Win Dynamic" under "Prepayment, deposits and other receivables" with an amount of HK$150,001,000, being the fair value of the WD Proceeds which is determined based on a credit-adjusted effective interest rate of 9.66%.

During the years ended 31 December 2023 and 2022, Sincere sought legal advice in respect of the recoverability of gift receivable from Win Dynamic.

As at 31 December 2023, the carrying amount of gift receivable from Win Dynamic amounted to HK$191,939,000, net of ECL allowance of HK$1,111,000 (2022: HK$174,401,000, net of ECL allowance of HK$1,027,000). During the year ended 31 December 2023, the Group has also recognised imputed interest income on gift receivable from Win Dynamic under "Other income" of HK$17,623,000 (2022: HK$16,113,000).

48. LEASE COMMITMENTS

(a) As lessor

The Group leases certain investment properties (note 20) and subleases certain premises under operating lease arrangements (note 18), with leases negotiated for terms ranging from one to ten years (2022: one to ten years). The terms of the leases generally also require the tenants to pay security deposits.

The Group had total future minimum lease rental receivables under non-cancellable operating leases with its tenants as follows:

	2023	2022
	HK$'000	HK$'000
Within one year	**16,747**	13,224
After one year but within two years	**26,155**	7,154
After two years but within three years	**24,293**	3,549
After three years but within four years	**22,828**	2,427
After four years but within five years	**23,177**	1,312
After five years	**124,692**	1,559
	237,892	29,225

(b) As lessee

As at 31 December 2023 and 2022, the Group had lease commitments for short-term leases as follows:

	2023	2022
	HK$'000	HK$'000
Within one year	**646**	160

As at 31 December 2023 and 2022, the Group leases certain office premises and office equipment with a lease period of 12 months, which are qualified to be accounted for under short-term lease exemption under HKFRS 16.

49. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
Contracted, but not provided for:		
– Capital injection in a joint venture engaged in securities brokerage business	–	392,604
– Investment properties	249,600	249,600
– Properties under development	69,479	121,271
– Leasehold improvements	21,691	22,765
	340,770	786,240

50. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

(a) Related party transactions

	2023 HK$'000	2022 HK$'000
Management fee paid to a related company controlled by a director of the Company in the PRC	2,257	2,228
Securities service fee received from the ultimate holding company	146	29
Construction service fee paid to a related company controlled by a director of the Company in the PRC	2,656	–
Lease payment paid to a related company controlled by a close member of the directors and controlling shareholders	4,787	–

50. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions with related parties

During the year ended 31 December 2023, the Group received loans from and repaid to ultimate holding company of HK$522,637,000 (2022: HK$1,302,964,000) and HK$117,670,000 (2022: HK$42,585,000), respectively.

(c) Compensation of key management personnel of the Group

The remuneration of directors, being the key management personnel of the Group, during the year ended 31 December 2023 was as follows:

	2023	2022
	HK$'000	HK$'000
Short-term employee benefits	**12,624**	12,596
Post-employment benefits	**54**	54
	12,678	12,650

Further details of directors' emoluments are included in note 13.

51. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	Bank borrowings HK$'000	Other borrowings HK$'000	Loans from ultimate holding company HK$'000	Amounts due to related parties and loan from a related company HK$'000	Interest payable HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 January 2022	10,478,924	2,740	1,127,196	109,238	–	105,337	11,823,435
Financing cash flows	252,063	236,547	1,260,379	344,258	(719,178)	(100,719)	1,273,350
Non-cash transactions:							
– Finance costs	–	152	–	–	719,178	7,681	727,011
– Covid-19-related rent concessions	–	–	–	–	–	(720)	(720)
– Lease modification	–	–	–	–	–	935	935
– Entering into new leases	–	–	–	–	–	104,324	104,324
– Exchange loss recognised in profit or loss	–	–	7,185	–	–	–	7,185
– Exchange differences recognised in other comprehensive income	(820,183)	–	–	–	–	(922)	(821,105)
As at 31 December 2022 and 1 January 2023	**9,910,804**	**239,439**	**2,394,760**	**453,496**	**–**	**115,916**	**13,114,415**
Financing cash flows	**(185,677)**	**28,803**	**404,967**	**78,121**	**(336,422)**	**(73,271)**	**(83,479)**
Non-cash transactions:							
– Finance costs	**–**	**3,892**	**–**	**–**	**758,782**	**3,727**	**766,401**
– Lease modification	**–**	**–**	**–**	**–**	**–**	**347**	**347**
– Lease termination	**–**	**–**	**–**	**–**	**–**	**(1,139)**	**(1,139)**
– Entering into new leases	**–**	**–**	**–**	**–**	**–**	**8,447**	**8,447**
– Exchange loss recognised in profit or loss	**–**	**–**	**(2,211)**	**–**	**–**	**–**	**(2,211)**
– Exchange differences recognised in other comprehensive income	**(165,210)**	**(66)**	**–**	**–**	**–**	**(578)**	**(165,854)**
As at 31 December 2023	**9,559,917**	**272,068**	**2,797,516**	**531,617**	**422,360**	**53,449**	**13,636,927**

52. CAPITAL RISK MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is the total of interest-bearing bank borrowings, other borrowings, loans from ultimate holding company, interest-bearing portion of the amounts due to related parties and loan from a related company divided by equity attributable to owners of the Company. The Group's policy is to maintain the gearing ratio at a suitable level. The gearing ratios at the end of each reporting period are as follows:

	2023	2022
	HK$'000	HK$'000
		(Restated)
Bank borrowings	**9,559,917**	9,910,804
Other borrowings	**272,068**	239,439
Loans from ultimate holding company	**2,797,516**	2,394,760
Interest-bearing portion of the amounts due to related parties and loan from a related company	**476,307**	404,994
	13,105,808	12,949,997
Equity attributable to owners of the Company	**3,592,939**	3,610,950
Gearing ratio	**365%**	359%

53. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023	2022
	HK$'000	HK$'000
Financial assets		
Financial assets at amortised cost	**2,138,372**	2,424,201
Financial assets at FVTPL	**68,528**	71,229
Financial assets at FVTOCI	**4,127**	4,041
Financial liabilities		
Financial liabilities at amortised cost	**13,991,630**	13,665,530

(b) Financial risk management objectives and policies

The Group's financial instruments include trade receivables, receivables arising from securities broking, loan receivables, financial assets at FVTPL/FVTOCI, amounts due from related parties, deposits and other receivables, cash held on behalf of clients, restricted bank balances and deposits, bank balances and cash, trade payables, payables arising from securities broking, other payables and accruals, bank borrowings, other borrowings, amounts due to related parties, loan from a related company, lease liabilities and loans from ultimate holding company. The risks associated with these financial instruments include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group is subject to foreign exchange rate risk arising from assets and liabilities which are denominated in currency other than the functional currencies of the relevant group entity. The Group's foreign currency transactions and balances are principally denominated in US$, Japanese Yen ("JPY"), RMB and HK$. The Group is exposed to the foreign exchange rate risk mainly arising from changes in the exchange rate of HK$ against RMB. The Group currently does not have a currency hedging policy. However, management monitors foreign currency exposure and will consider hedging significant currency exposure should the need arise.

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The Group's foreign currency denominated monetary assets and liabilities include trade receivables, other receivables, bank balances and cash, trade payables, other payables and loans from ultimate holding company at the end of each reporting period and the carrying amounts are as follows:

	2023	2022
	HK$'000	HK$'000
Assets		
RMB against HK$	**518,149**	521,235
US$ against HK$	**137,940**	10,769
JPY against HK$	**38,307**	34,508
Liabilities		
RMB against HK$	**589,384**	224,981
US$ against HK$	**2,880**	3,160
JPY against HK$	**24,809**	17,301

Sensitivity analysis

The Group's foreign currency risk is concentrated on the fluctuation of HK$, RMB and JPY against foreign currency. The exposure of US$ against HK$ is considered insignificant as HK$ is pegged to US$, therefore is excluded from the sensitivity analysis below.

The following table details the Group's sensitivity to a 5% (2022: 5%) increase and decrease in HK$ against RMB and JPY. The sensitivity rates used represent management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit for the year where HK$ weakens 5% against RMB and JPY. For a 5% strengthening of HK$ against RMB and JPY, there would be an equal and opposite impact on profit for the year and the balance below would be negative.

	2023	2022
	HK$'000	HK$'000
RMB	**(2,671)**	11,110
JPY	**526**	671

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk **(Continued)**

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, other borrowings, amounts due to related parties, loan from a related company and loans from ultimate holding company. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 33), variable-rate bank borrowings (note 38) and other borrowings (note 39).

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR, Prime Rate and Best Lending Rate arising from the Group's HK$ denominated bank borrowings and other borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2023, if interest rates had been 50 (2022: 50) basis points higher/lower with all other variables held constant, the Group's profit for the year ended 31 December 2023 would have been HK$41,864,000 (2022: HK$43,904,000) lower/higher.

(iii) Other price risk

The Group is exposed to equity price risk arising from equity investments classified as financial assets at FVTPL (note 31) as at 31 December 2023 and 2022. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 10% (2022: 10%) change in the fair value of the equity investments, with all other variables held constant, based on their carrying amounts at the end of the reporting period.

	Increase/Decrease in profit for the year	
	2023	2022
	HK$'000	HK$'000
Equity investments:		
– Financial assets at FVTPL	**4,525**	4,731

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position as at 31 December 2023 and 2022 is the carrying amounts as disclosed in note 53(a). The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except for the credit risks associated with receivables arising from securities broking are mitigated because they are secured by listed securities in Hong Kong.

(i) Trade receivables

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade receivables individually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Accordingly, the Group's concentration of credit risk is considered minimal. As part of the Group's credit risk management, trade debtors are assessed individually by reference to any historical default or delay in payments, historical settlements record and current past due exposure of the debtor. The Group then applies an internal credit rating for each debtor and the average loss rates for the year ended 31 December 2023 ranged from 0.1% to 21.3% (2022: 0.1% to 22.2%).

(ii) Receivables arising from securities broking

In order to manage the credit risk in the receivables from clients arising from securities broking, individual credit evaluation are performed on all clients including cash clients and margin clients. Cash clients accounts receivable are generally settled in two trading days after trade date. Hence, credit risk arising from the cash client accounts receivable is considered minimal. For margin clients, the Group normally obtains liquid securities as collateral based on the margin requirements. The Group has not granted any committed facility amount to each of the margin clients and the margin loan is granted by the Group depending on the assessment of the quality of the collateral and credit risk of the respective client. The margin requirement is closely monitored on a daily basis by the designated team. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced. Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

(ii) Receivables arising from securities broking (Continued)

As part of the Group's credit risk management, management estimates impairment loss on loans to margin clients individually on each debtor by reference to any historical default or delay in payments, historical settlements record and current past due exposure of the debtor. The Group then applies an internal credit rating for each debtor and the average loss rate for not credit-impaired margin clients for the year ended 31 December 2023 is approximately 0.3% (2022: 0.3%).

(iii) Loan receivables

In order to minimise the credit risk, management has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on balances individually.

The Group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customer based on the customer's financial position, past experience and other factors. The Group then applies an internal credit rating for each debtor and the average loss rates for the year ended 31 December 2023 is approximately 0.8% to 36.0% (2022: 1.1% to 22.3%).

(iv) Bank balances, restricted bank balances and deposits and cash held on behalf of clients

The Group mainly transacts with banks with high credit ratings. The credit risk for bank balances, restricted bank balances and deposits and cash held on behalf of clients as at 31 December 2023 and 2022 is considered as not material as such amounts are placed in reputable banks with high credit ratings assigned by international credit-rating agencies.

The Group assessed 12-month ECL on these balances by reference to probability of default and recovery rate by credit rating grades published by international credit-rating agencies and concluded that the ECL are insignificant as at 31 December 2023 and 2022 and thus no impairment loss was recognised.

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

(v) Deposits and other receivables

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due HK$'000	Not past due/ No fixed repayment HK$'000	Total HK$'000
2023	**697**	**185,516**	**186,213**
2022	**9,178**	**201,175**	**210,353**

Management has taken into account the past due information as above and comparable external credit rating assigned by international credit-rating agencies on debtor of similar type to review the recoverable amount of other receivables at the end of the reporting period to ensure that adequate impairment losses was recognised for irrecoverable debts, if applicable.

The Group assessed the ECL on other receivables from a local government authority in the PRC amounting to HK$106,752,000 by reference to the probability of default and recovery rate by credit rating grades published by international credit-rating agencies and concluded that the ECL are insignificant at initial recognition and as at 31 December 2023 and 2022 and thus no impairment loss was recognised.

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

(vi) Purchased or originated credit-impaired loan receivables (credit-impaired)

The Group has undertaken an internal approval process before executing the decision of acquisition of investments including purchased or originated credit-impaired financial assets. The loss rate for the year ended 31 December 2023 is approximately 1.6% (2022: 1.7%).

(vii) Gift receivable from Win Dynamic (credit-impaired)

The Group makes various assumptions when estimating the ECL of gift receivable from Win Dynamic, including forward-looking scenarios and their likelihoods, counterparty's credit rating and probability of defaults and recovery rate. The loss rate for the year ended 31 December 2023 is approximately 0.58% (2022: 0.59%).

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

Internal credit rating	Description	Trade receivables	Receivables arising from securities broking/ Loan receivables/ Other financial assets/Other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL (not credit-impaired)	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL (not credit-impaired)	12-month ECL
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL (not credit-impaired)	Lifetime ECL (not credit-impaired)
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost, which are subject to the ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month/Lifetime ECL	Gross carrying amount HK$'000
As at 31 December 2023					
Cash held on behalf of clients	32	Aaa	N/A	12-month ECL (not credit-impaired)	77,354
Restricted bank balances and deposits		Aaa	N/A	12-month ECL (not credit-impaired)	75,851
Bank balances and cash	33	Ba1 – Aaa	N/A	12-month ECL (not credit-impaired)	153,259
Trade receivables	28	N/A	Low risk	Lifetime ECL (not credit-impaired)	311,143
			Watch list	Lifetime ECL (not credit-impaired)	298,146
			Loss	Lifetime ECL (credit-impaired)	11,561
					620,850
Receivables arising from securities broking	28	N/A	Low risk	12-month ECL (not credit-impaired)	311,463
Loan receivables	28	N/A	Low risk	12-month ECL (not credit-impaired)	357,960
			Watch list	12-month ECL (not credit-impaired)	196,132
					554,092
Other receivables	29	N/A	Low risk	12-month ECL (not credit-impaired)	185,516
		N/A	Doubtful	Lifetime ECL (not credit-impaired)	697
					186,213
Purchased or originated credit-impaired loan receivables	29	N/A	Loss	Lifetime ECL (credit-impaired)	97,827
Gift receivable from Win Dynamic	29	N/A	Loss	Lifetime ECL (credit-impaired)	193,050
Amounts due from related parties	40	N/A	Low risk	12-month ECL (not credit-impaired)	1,592

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

	Notes	External credit rating	Internal credit rating	12-month/Lifetime ECL	Gross carrying amount HK$'000
As at 31 December 2022					
Cash held on behalf of clients	32	Aaa	N/A	12-month ECL (not credit-impaired)	126,742
Restricted bank balances and deposits		Aaa	N/A	12-month ECL (not credit-impaired)	142,143
Bank balances and cash	33	Ba1 – Aaa	N/A	12-month ECL (not credit-impaired)	171,900
Trade receivables	28	N/A	Low risk	Lifetime ECL (not credit-impaired)	494,085
			Watch list	Lifetime ECL (not credit-impaired)	107,902
			Loss	Lifetime ECL (credit-impaired)	1,051
					603,038
Receivables arising from securities broking	28	N/A	Low risk	12-month ECL (not credit-impaired)	519,706
Loan receivables	28	N/A	Low risk	12-month ECL (not credit-impaired)	280,200
			Watch list	12-month ECL (not credit-impaired)	178,727
					458,927
Other receivables	29	N/A	Low risk	12-month ECL (not credit-impaired)	201,175
		N/A	Doubtful	Lifetime ECL (not credit-impaired)	9,178
					210,353
Purchased or originated credit-impaired loan receivables	29	N/A	Loss	Lifetime ECL (credit-impaired)	99,772
Gift receivable from Win Dynamic	29	N/A	Loss	Lifetime ECL (credit-impaired)	175,428
Amounts due from related parties	40	N/A	Low risk	12-month ECL (not credit-impaired)	1,703

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The average loss rates are estimated based on comparable probability of default and recovery rate quoted from international credit-rating agencies; and exposure of default after consideration of underlying collaterals, if any, and adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by management to assess both the current as well as the forecast direction of conditions at the end of the reporting period. The internal credit rating categories are regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables.

	Lifetime ECL (not credit-impaired) HK$'000
As at 1 January 2022	19,443
Impairment losses recognised, net	13,133
Written off during the year	(142)
As at 31 December 2022 and 1 January 2023	32,434
Impairment losses recognised, net	**45,141**
Written off during the year	**(152)**
As at 31 December 2023	**77,423**

During the year ended 31 December 2023, net impairment losses on trade receivables of HK$45,141,000 (2022: HK$13,133,000) was recognised in profit or loss.

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

The following table shows the movement in 12-month ECL that has been recognised for receivables arising from securities broking.

	12-month ECL (not credit-impaired) HK$'000
As at 1 January 2022	88
Impairment losses recognised, net	1,218
As at 31 December 2022 and 1 January 2023	1,306
Impairment losses recognised, net	**327**
Written off during the year	**(655)**
As at 31 December 2023	**978**

During the year ended 31 December 2023, net impairment losses on receivables arising from securities broking of HK$327,000 (2022: HK$1,218,000) was recognised in profit or loss.

The following table shows the movement in 12-month ECL that has been recognised for loan receivables.

	12-month ECL (not credit-impaired) HK$'000
As at 1 January 2022	16,562
Impairment losses recognised, net	32,604
As at 31 December 2022 and 1 January 2023	49,166
Impairment losses recognised, net	**2,923**
As at 31 December 2023	**52,089**

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

During the year ended 31 December 2023, impairment losses on loan receivables of HK$2,923,000 (2022: HK$32,604,000) was recognised in profit or loss.

The following table shows the movement in lifetime ECL that has been recognised for purchased or originated credit-impaired loan receivables.

	Lifetime ECL (credit-impaired) HK$'000
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**1,578**

The following table shows the movement in lifetime ECL that has been recognised for gift receivable from Win Dynamic.

	Lifetime ECL (credit-impaired) HK$'000
As at 1 January 2022	445
Impairment losses recognised	582
As at 31 December 2022 and 1 January 2023	1,027
Impairment losses recognised	**84**
As at 31 December 2023	**1,111**

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. Management monitors the utilisation of bank borrowings and other borrowings and ensures compliance with loan covenants. Details of the Group's bank borrowings and other borrowings are set out in notes 38 and 39 respectively.

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

	On demand or within 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
As at 31 December 2023					
Trade payables	**84,961**	**–**	**–**	**84,961**	**84,961**
Payables arising from securities broking	**77,285**	**–**	**–**	**77,285**	**77,285**
Provision for claim of life insurance	**128**	**–**	**–**	**128**	**128**
Other payables and accruals	**614,689**	**–**	**–**	**614,689**	**614,689**
Bank borrowings	**1,685,137**	**8,668,838**	**1,200,971**	**11,554,946**	**9,559,917**
Other borrowings	**253,180**	**23,923**	**–**	**277,103**	**272,068**
Amounts due to related parties and loan from a related company	**320,617**	**232,541**	**–**	**553,158**	**531,617**
Lease liabilities	**48,408**	**6,534**	**–**	**54,942**	**53,449**
Loans from ultimate holding company	**–**	**3,141,611**	**–**	**3,141,611**	**2,797,516**
	3,084,405	**12,073,447**	**1,200,971**	**16,358,823**	**13,991,630**
As at 31 December 2022					
Trade payables	97,100	–	–	97,100	97,100
Payables arising from securities broking	129,102	–	–	129,102	129,102
Other payables and accruals	324,913	–	–	324,913	324,913
Bank borrowings	5,732,252	3,721,894	1,449,072	10,903,218	9,910,804
Other borrowings	245,196	559	–	245,755	239,439
Amounts due to related parties	453,496	–	–	453,496	453,496
Lease liabilities	72,936	47,260	–	120,196	115,916
Loans from ultimate holding company	–	2,696,500	–	2,696,500	2,394,760
	7,054,995	6,466,213	1,449,072	14,970,280	13,665,530

53. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Bank borrowings and other borrowings with a repayment on demand clause are included in "On demand or within 1 year" time band in the above maturity analysis.

As at 31 December 2023, the aggregate undiscounted principal and interest of these bank borrowings and other borrowings payable within one year in accordance with the scheduled payment terms were HK$319,298,000 (2022: HK$533,473,000).

As at 31 December 2023, taking into account the Group's consolidated financial position, the directors of the Company do not believe that it is probable that the banks and counterparty will exercise their discretionary rights to demand immediate repayment. Included in the above balances, the directors of the Company believe that such bank borrowings and other borrowings will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

Insurance risk management

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims and benefit payments may exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid which are greater than originally estimated and subsequent development of long tail claims. At the end of the reporting period, no claims and benefit payments of life insurances were unsettled.

53. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Certain financial assets of the Group are measured at fair values at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial asset	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key input
	2023	2022		
	HK$'000	HK$'000		
Financial assets at FVTPL				
– Club and school debentures	**13,268**	13,185	Level 2	Estimated transaction prices
– Listed equity investments	**54,187**	56,662	Level 1	Quoted bid prices in an active market
– Other investments	**1,073**	1,382	Level 2	Quoted prices from the fund managers
Financial assets at FVTOCI				
– Unlisted equity investments (note)	**4,127**	4,041	Level 3	Market approach and discount for lack of marketability of 20.5% (2022: 27.6%)

During the years ended 31 December 2023 and 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

53. FINANCIAL INSTRUMENTS (Continued)

(c) Fair values measurements (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

The fair value of equity investments at FVTOCI is determined using the market approach adjusted for lack of marketability discount. The fair value is negatively correlated to the discount for lack of marketability.

As at 31 December 2023 and 2022, it is estimated that an increase/(decrease) of 3% in the unobservable input, with all other variables held constant, would have (decreased)/increased the Group's other comprehensive income as follows:

	2023		2022	
	Increase/ (Decrease) in unobservable input	**(Decrease)/ Increase in other comprehensive income**	Increase/ (Decrease) in unobservable input	(Decrease)/ Increase in other comprehensive income
	%	**HK$'000**	%	HK$'000
Discount for lack of marketability	**3**	**(124)**	3	(132)
	(3)	**124**	(3)	132

53. FINANCIAL INSTRUMENTS (Continued)

(c) Fair values measurements (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

The movement during the year in the balance of Level 3 fair value hierarchy is as follows:

	2023	2022
	HK$'000	HK$'000
Equity investments at FVTOCI		
At the beginning of the year	**4,041**	3,807
Changes in fair value recognised in other comprehensive income	**86**	234
At the end of the year	**4,127**	4,041
Asset classified as held for sale		
At the beginning of the year	**–**	26,646
Change in fair value recognised in other comprehensive income	**–**	970
Disposed	**–**	(27,616)
At the end of the year	**–**	–

Fair value of the Group's financial assets that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate their fair values.

54. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The disclosures set out in the table below include financial assets and liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the Group's consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC on the same settlement date and are settled simultaneously. In addition, the Group has a legally enforceable right to set off all clients accounts receivable and payable at any time without prior notice to clients and the Group intends to settle these balances on a net basis.

Except for above, amounts due from/to HKSCC that are not to be settled on the same date, accounts receivable and payable from clients not intends to settle on a net basis, financial collateral including cash and securities received by the Group, deposit placed with HKSCC 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.

54. OFFSETTING FINANCIAL ASSETS AND LIABILITIES (Continued)

	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial liabilities/ assets set off in the consolidated statement of financial position	Net amounts of financial assets/ liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments	Collateral received	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (note)	HK$'000
As at 31 December 2023						
Assets						
Receivables arising from securities broking	**312,317**	**(1,832)**	**310,485**	**(1,888)**	**(298,677)**	**9,920**
Liabilities						
Payables arising from securities broking	**79,117**	**(1,832)**	**77,285**	**(74)**	**–**	**77,211**
As at 31 December 2022						
Assets						
Receivables arising from securities broking	542,177	(23,777)	518,400	(43,556)	(457,699)	17,145
Liabilities						
Payables arising from securities broking	152,879	(23,777)	129,102	(3,328)	–	125,774

Note: The item represents the securities pledged in the clients' account which is not recognised in the consolidated statement of financial position. The amount is capped at the lower of the market value of securities and the net receivable amounts on a client by client basis.

55. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HK$'000	2022 HK$'000
Non-current assets		
Plant and equipment	**16,717**	33,272
Investments in subsidiaries	**5,274,723**	5,274,723
Prepayments, deposits and other receivables	**–**	8,555
	5,291,440	5,316,550
Current assets		
Prepayments, deposits and other receivables	**9,189**	641
Amounts due from subsidiaries	**4,784,162**	4,721,373
Financial assets at FVTPL	**51,571**	54,475
Bank balances and cash	**560**	7,328
	4,845,482	4,783,817
Current liabilities		
Other payables and accruals	**83,351**	35,435
Amounts due to subsidiaries	**5,539,408**	5,882,831
Bank borrowing	**209,300**	209,300
Other borrowing	**96,000**	–
Lease liabilities	**17,227**	16,819
	5,945,286	6,144,385
Net current liabilities	**(1,099,804)**	(1,360,568)
Total assets less current liabilities	**4,191,636**	3,955,982
Equity		
Share capital	**144,071**	144,071
Reserves (note)	**1,250,049**	1,399,924
	1,394,120	1,543,995
Non-current liabilities		
Loans from ultimate holding company	**2,797,516**	2,394,760
Lease liabilities	**–**	17,227
	2,797,516	2,411,987
	4,191,636	3,955,982

55. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: The movement of the Company's reserves are as follows:

	Share premium HK$'000	Share options reserve HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2022	1,924,642	8,878	586,594	(1,236,720)	1,283,394
Profit and total comprehensive income for the year	–	–	–	112,520	112,520
Exercise of share options	4,010	(1,930)	–	1,930	4,010
As at 31 December 2022 and 1 January 2023	1,928,652	6,948	586,594	(1,122,270)	1,399,924
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**(149,875)**	**(149,875)**
As at 31 December 2023	**1,928,652**	**6,948**	**586,594**	**(1,272,145)**	**1,250,049**

56. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ establishment registration and business	Issued ordinary share/ registered capital	Effective equity interest attributable to the Group (%) 2023	2022	Place of operation	Principal activity
Realord Asset Management Limited	Hong Kong	HK$10,000 ordinary shares	**100**	100	Hong Kong	Investment holding
Citibest Global Limited	BVI	US$50,000 ordinary shares	**100**	100	Hong Kong	Investment holding
Realord Ventures Limited	BVI	US$1,000 ordinary shares	**100**	100	Hong Kong	Investment holding
Manureen Ventures Limited	BVI	US$1,000 ordinary shares	**100**	100	Hong Kong	Investment holding
Realord Investment Limited	BVI	US$1,000 ordinary shares	**100**	100	Hong Kong	Investment holding
Bright Success Inc.	BVI	US$1 ordinary share	**100**	100	Hong Kong	Investment holding
Capital Conference Services Limited	Hong Kong	HK$10,000 ordinary shares	**100**	100	Hong Kong	Provision of conference services
Capital Financial Press Limited	Hong Kong	HK$800,000 ordinary shares	**100**	100	Hong Kong	Commercial printing
Concept Star Corporation Limited	Hong Kong	HK$2 ordinary shares	**100**	100	Hong Kong	Property investment
Easy Bloom Investment Limited	Hong Kong	HK$1 ordinary share	**100**	100	Hong Kong	Property investment and investment holding

56. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment registration and business	Issued ordinary share/ registered capital	Effective equity interest attributable to the Group (%) 2023	2022	Place of operation	Principal activity
Qualiti Printing and Sourcing Limited	Hong Kong	HK$3,750,000 ordinary shares	**100**	100	Hong Kong	Trading of hangtags, labels and shirt paper boards
Realord Asia Pacific Securities Limited	Hong Kong	HK$266,000,000 ordinary shares	**89.3**	89.3	Hong Kong	Provision of securities broking services and margin financing
Realord Vehicle Parts Limited	Hong Kong	HK$10,000 ordinary shares	**100**	100	Hong Kong	Distribution and sale of motor vehicle parts
Excellent Well (H.K.) Limited	Hong Kong	HK$1 ordinary share	**100**	100	Hong Kong	Property investment
Realord Environmental Protection Industrial Company Limited ("Realord Environmental Protection")	Hong Kong	HK$54,046,110 ordinary shares	**61.3**	61.3	Hong Kong	Investment holding and trading of scrap materials
Realord Asia Pacific Asset Management Limited (Formerly known as Strabens Hall (Hong Kong) Limited)	Hong Kong	HK$14,100,000 (2022: HK$12,500,000) ordinary shares	**100**	100	Hong Kong	Provision of securities advisory and asset management services
Absolute Holdings Limited	Hong Kong	HK$1 ordinary share	**100**	100	Hong Kong	Property investment

56. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment registration and business	Issued ordinary share/ registered capital	Effective equity interest attributable to the Group (%) 2023	2022	Place of operation	Principal activity
Optima Capital Limited ("Optima Capital")	Hong Kong	HK$10,000,000 ordinary shares	**60**	60	Hong Kong	Provision of securities broking, securities advisory and financial advisory services
Realord Finance Limited	Hong Kong	HK$10,000 ordinary shares	**100**	100	Hong Kong	Money lending
偉祿商業(深圳)有限公司	The PRC	Paid-up capital of HK$36,000,000	**100**	100	The PRC	Trading of electronic products and computer components/ property investment
深圳市偉祿商業控股有限公司	The PRC	Paid-up capital of RMB32,000,000	**100**	100	The PRC	Property investment
前海美林融資租賃(深圳)有限公司	The PRC	Paid-up capital of US$6,510,000	**100**	100	The PRC	Provision of financial leasing services
前海偉祿跨境電子商務(深圳)有限公司	The PRC	Paid-up capital of HK$194,400,000	**100**	100	The PRC	Development and sale of e-commerce platform/trading of products
冠彰電器(深圳)有限公司	The PRC	Paid-up capital of HK$30,000,000	**100**	100	The PRC	Property investment

56. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment registration and business	Issued ordinary share/ registered capital	Effective equity interest attributable to the Group (%) 2023	2022	Place of operation	Principal activity
廣西梧州市通寶再生物資有限公司	The PRC	Paid-up capital of HK$3,570,000	**61.3**	61.3	The PRC	Dismantling and trading of scrap materials
廣東偉祿汽車零件有限公司	The PRC	Paid-up capital of RMB40,000,000	**100**	100	The PRC	Distribution and sale of motor vehicle parts
深圳市偉祿科技控股有限公司	The PRC	Paid-up capital of RMB50,000,000	**100**	100	The PRC	Property investment
深圳市夏浦光電技術有限公司	The PRC	Paid-up capital of RMB50,000,000	**100**	100	The PRC	Property investment
Shenzhen Yousheng	The PRC	Paid-up capital of RMB20,000,000	**51**	51	The PRC	Property development
Realord Environmental Protection Japan Co, Ltd.	Japan	JPY90,000,000 ordinary shares	**55.1**	55.1	Japan	Processing and trading of scrap materials
Sincere	Hong Kong	HK$469,977,000 ordinary share	**75**	75	Hong Kong	Operation of the development stores, securities trading and the provision of general and life insurance
The Sincere Life Assurance Company Limited	Hong Kong	HK$10,000,000 ordinary share	**42.7**	42.7	Hong Kong	Life insurance and investment

56. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment registration and business	Issued ordinary share/ registered capital	Effective equity interest attributable to the Group (%) 2023	2022	Place of operation	Principal activity
The Sincere Insurance & Investment Company, Limited	Hong Kong	HK$20,000,000 ordinary share	**43.5**	43.5	Hong Kong	Investment holding
Caribbean Education Industry Group Limited	BVI	US$50,000 ordinary share	**70.5**	70.5	Grenada	Development of the project in Grenada
Hartman Group Ltd	Grenada	US$1,000,000 ordinary share	**70.5**	70.5	Grenada	Property development
Hartman Hotel Development Ltd	Grenada	US$10,000 ordinary share	**70.5**	70.5	Grenada	Property development
Realord Century Service Company Limited	Hong Kong	HK$100 ordinary shares	**70.5**	70.5	Hong Kong	Consultancy services on CBI Programme as a marketing agent
Hartman Culture Development (Shanghai) Co., Ltd. (哈特曼文化發展(上海)有限公司)	The PRC	US$1,000,000 ordinary share	**70.5**	70.5	The PRC	Consultancy services on CBI Programme as a marketing agent
Realord Century Business Service (Shenzhen) Co., Ltd. (偉祿世紀商務服務(深圳)有限公司)	The PRC	Paid-up capital of RMB1,000,000	**70.5**	70.5	The PRC	Consultancy services on CBI Programme as a marketing agent

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

56. PARTICULARS OF SUBSIDIARIES (Continued)

The Group includes five (2022: five) subsidiaries/group of subsidiaries with material non-controlling interests, the details and the summarised financial information, before intragroup eliminations, are as follows:

Realord Environmental Protection and its subsidiaries

	2023 HK$'000	2022 HK$'000
Proportion of ownership interests and voting rights held by non-controlling interests	**38.7%**	38.7%
Current assets	**396,640**	441,398
Non-current assets	**49,361**	53,607
Current liabilities	**(281,138)**	(285,781)
Non-current liabilities	**(6,251)**	(13,005)
Net assets	**158,612**	196,219
Carrying amount to non-controlling interests	**59,199**	73,845
Revenue	**357,814**	704,978
Expenses	**(397,395)**	(739,173)
Loss for the year	**(39,581)**	(34,195)
Other comprehensive income/(expense) for the year	**1,973**	(625)
Total comprehensive expense for the year	**(37,608)**	(34,820)
Loss attributable to non-controlling interests	**(15,367)**	(13,122)
Total comprehensive expense attributable to non-controlling interests	**(14,646)**	(13,476)
Dividend paid to non-controlling interests	**–**	–
Net cash flows (used in)/from operating activities	**4,912**	25,596
Net cash flows from investing activities	**151**	646
Net cash flows used in financing activities	**(6,379)**	(34,041)
Net decrease in cash and cash equivalents	**(1,316)**	(7,799)

56. PARTICULARS OF SUBSIDIARIES (Continued)

Optima Capital

	2023	2022
	HK$'000	HK$'000
Proportion of ownership interests and voting rights held by non-controlling interests	**40%**	40%
Current assets	**9,356**	21,113
Non-current assets	**31,247**	38,029
Current liabilities	**(5,626)**	(5,541)
Non-current liabilities	**(4,765)**	(10,051)
Net assets	**30,212**	43,550
Carrying amount to non-controlling interests	**12,084**	17,420

	2023	2022
	HK$'000	HK$'000
Revenue	**17,534**	19,090
Expenses	**(30,874)**	(33,213)
Loss and total comprehensive expense for the year	**(13,340)**	(14,123)
Loss and total comprehensive expense attributable to non-controlling interests	**(5,336)**	(5,649)
Dividend paid to non-controlling interests	**–**	–
Net cash flows from operating activities	**4,687**	1,306
Net cash flows used in investing activities	**–**	(158)
Net cash flows used in financing activities	**(5,292)**	(5,699)
Net decrease in cash and cash equivalents	**(605)**	(4,551)

56. PARTICULARS OF SUBSIDIARIES (Continued)

Shenzhen Yousheng

	2023 HK$'000	2022 HK$'000
Proportion of ownership interests and voting rights held by non-controlling interests	**49%**	49%
Current assets	**2,149,213**	2,040,301
Non-current assets	**196**	217
Current liabilities	**(426,545)**	(360,374)
Non-current liabilities	**(278,579)**	(203,114)
Net assets	**1,444,285**	1,477,030
Carrying amount to non-controlling interests	**707,700**	723,745

	2023 HK$'000	2022 HK$'000
Revenue	**–**	–
Expenses	**(5,984)**	(6,125)
Loss for the year	**(5,984)**	(6,125)
Other comprehensive expense for the year	**(26,761)**	(86,324)
Total comprehensive expense for the year	**(32,745)**	(92,449)
Loss attributable to non-controlling interests	**(2,932)**	(3,001)
Total comprehensive expense attributable to non-controlling interests	**(16,045)**	(45,300)
Dividend paid to non-controlling interests	**–**	–
Net cash flows used in operating activities	**(63,604)**	(207,560)
Net cash flows (used in)/from investing activities	**(23)**	48
Net cash flows from financing activities	**75,465**	203,114
Net increase/(decrease) in cash and cash equivalents	**11,838**	(4,398)

56. PARTICULARS OF SUBSIDIARIES (Continued)

The Sincere Group

	2023 HK$'000	2022 HK$'000 (Restated)
Proportion of ownership interest and voting rights held by non-controlling interests	**25%**	25%
Current assets	**173,403**	249,171
Non-current assets	**419,213**	433,523
Current liabilities	**(253,134)**	(489,468)
Non-current liabilities	**(213,938)**	(19,586)
Net assets	**125,544**	173,640
Carrying amount to non-controlling interests	**65,813**	79,418

	2023 HK$'000	2022 HK$'000 (Restated)
Revenue	**146,147**	146,516
Expenses	**(197,759)**	(210,485)
Loss for the year	**(51,612)**	(63,969)
Other comprehensive income for the year	**3,516**	382
Total comprehensive expense for the year	**(48,096)**	(63,587)
Loss attributable to non-controlling interests	**(14,199)**	(18,845)
Total comprehensive expense attributable to non-controlling interests	**(13,604)**	18,177
Dividend paid to non-controlling interests	**–**	–
Net cash flows used in operating activities	**(14,862)**	(42,169)
Net cash flows from investing activities	**72,373**	44,055
Net cash flows (used in)/from financing activities	**(63,005)**	42,210
Net (decrease)/increase in cash and cash equivalents	**(5,494)**	44,096

56. PARTICULARS OF SUBSIDIARIES (Continued)

The Caribbean Group

	2023 HK$'000	2022 HK$'000
Proportion of ownership interest and voting rights held by non-controlling interests	**29.5%**	29.5%
Current assets	**2,301,654**	2,240,006
Non-current assets	**6,875**	13,586
Current liabilities	**(189,289)**	(124,775)
Non-current liabilities	**(2,122)**	(1,398)
Net assets	**2,117,118**	2,127,419
Carrying amount to non-controlling interests	**625,338**	625,598

	2023 HK$'000	2022 HK$'000
Revenue	**34,811**	5,936
Gain on fair value changes of investment changes	**–**	1,846,872
Expenses	**(42,412)**	(52,514)
(Loss)/Profit for the year	**(7,601)**	1,800,294
Other comprehensive (expense)/income for the year	**(2,700)**	1,043
Total comprehensive (expense)/income for the year	**(10,301)**	1,801,337
(Loss)/Profit attributable to non-controlling interests	**(354)**	528,102
Total comprehensive (expense)/income attributable to non-controlling interests	**(261)**	528,409
Dividend paid to non-controlling interests	**–**	–
Net cash flows from operating activities	**15,293**	8,811
Net cash flows used in investing activities	**(791)**	(3,116)
Net cash flows (used in)/from financing activities	**(3,274)**	3,514
Net increase in cash and cash equivalents	**11,228**	9,209

57. EVENT AFTER REPORTING PERIOD

Claim from former director of Sincere

As set out in the announcement dated 28 August 2023 of the Group and Sincere, Sincere has been a defendant in the High Court, Hong Kong proceedings brought by Mr. Philip Ma, the former chairman, chief executive officer and director of Sincere. In those High Court proceedings, Mr. Philip Ma claimed (i) unpaid remuneration due for the period from March 2020 to February 2021 from Sincere's 4 subsidiaries (the "Sincere's Subsidiaries"); (ii) unpaid director's fees for the period from 1 March 2021 to 30 June 2021 due from Sincere; (iii) unpaid remuneration due for the period from March 2021 to June 2021 from the Sincere's Subsidiaries; (iv) unpaid wages in lieu of unused annual leave. His claim was in the sum of approximately HK$12,442,000 (which was revised from HK$12,064,000), plus interest and legal costs. Sincere has throughout the High Court proceedings instructed its legal advisers to defend Mr. Philip Ma's claims, also, it has sought a counterclaim with a total sum of approximately HK$71,600,000.

The legal action proceeded to trial. The trial took place on 5, 6, 11 December 2023 and heard by the Deputy High Court Judge Burns SC ("DHCJ Burns SC"). On 1 February 2024, DHCJ Burns SC handed down his judgment (the "Judgment"). The High Court found in Mr. Philip Ma's favour for reasons including (i) according to the confirmation letter signed between Mr. Philip Ma and Sincere (the "Confirmation Letter"), a recommendation of the Sincere's Remuneration Committee ("Sincere's RC") alone entitles Mr. Philip Ma to be paid; (ii) it was an implied term and within the reasonable expectation of the parties that Mr. Philip Ma would receive director's fees after March 2021 unless it was further reviewed or revised which it was not; (iii) Mr. Philip Ma was contractually entitled to be remunerated for his role vis a vis the Sincere's Subsidiaries because it was incidental to his position as a director, and it was agreed by Sincere that a director of a listed company necessarily means he needs to deal with the affairs of the Sincere's Subsidiaries; (iv) it was an implied term of the Confirmation Letter that the director's fee is payable, it follows that the failure of Sincere's RC to meet to consider or confirm recommendations as to remuneration to be paid to Mr. Philip Ma in respect of the period from March 2021 to June 2021 was a breach of the implied terms of the Confirmation Letter. The High Court dismissed the Sincere's counter-claim and ordered judgment in the sum of HK$12,064,000 (the "Judgment Sum") after giving credit to payments made by the Sincere to Mr. Philip Ma in July and August 2021, plus interest on Judgment Sum and legal costs against Sincere. Sincere has effected payment of the Judgment Sum on or around 2 February 2024. With regards to interest on the Judgment Sum, Mr. Philip Ma has quantified his claim at HK$2,949,000 and in response, Sincere has paid Mr. Philip Ma a sum of HK$2,136,000. The matter is to be determined by the High Court. As to his claim for legal costs, Mr. Philip Ma has not yet quantified this claim.

FIVE YEAR FINANCIAL HIGHLIGHTS

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years as extracted from the audited financial statements are summarized below.

Results	Year ended 31 December				
	2023 HK$'000	2022 HK$'000 (Restated)	2021 HK$'000	2020 HK$'000	2019 HK$'000
Revenue	**801,485**	1,198,810	1,195,079	869,341	828,898
Profit/(Loss) before income tax	**320,599**	368,570	428,467	1,449,970	(430,745)
Income tax (expenses)/credit	**(279,349)**	234,058	(312,533)	(557,652)	26,056
Profit/(Loss) for the year	**41,250**	602,628	115,934	892,318	(404,689)
Profit/(loss) for the year attributable to:					
Owners of the Company	**76,689**	112,787	122,197	885,185	(415,529)
Non-controlling interests	**(35,439)**	489,841	(6,263)	7,133	10,840
	41,250	602,628	115,934	892,318	(404,689)

Assets and Liabilities	As at 31 December				
	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000
Non-current assets	**10,710,856**	9,908,685	11,911,136	12,445,778	9,504,662
Current assets	**9,770,073**	9,960,992	6,836,249	4,273,668	3,078,285
Total assets	**20,480,929**	19,869,677	18,747,385	16,719,446	12,582,947
Current liabilities	**2,065,737**	6,799,260	1,082,627	1,213,628	819,864
Non-current liabilities	**13,317,129**	7,907,199	12,399,479	11,094,244	8,543,793
Total liabilities	**15,382,866**	14,706,459	13,482,106	12,307,872	9,363,657
Net assets	**5,098,063**	5,163,218	5,265,279	4,411,574	3,219,290
Equity attributable to owners of the Company	**3,592,939**	3,610,950	4,133,072	3,505,463	2,345,095
Non-controlling interests	**1,505,124**	1,552,268	1,132,207	906,111	874,195
	5,098,063	5,163,218	5,265,279	4,411,574	3,219,290

MAJOR PROPERTIES HELD AS AT 31 DECEMBER 2023

Particulars of the major properties held by the Group at the end of the reporting period are as follows:

Location	Purpose	Tenure	Attributable interest of the Group
Hong Kong			
House No.25, Villa Bel-Air, Bel-Air on the Peak, Island South, No.25 Bel-Air Peak Rise, Hong Kong	Residential	Medium term lease	100%
House No.8, Villa Bel-Air, Bel-Air on the Peak, Island South, No. 8 Bel-Air Peak Rise, Hong Kong	Residential	Medium term lease	100%
Mainland China			
The industrial complex at No. 5 Fuye Road, Zhangkengjing Community, Guanhu Jie Dao, Longhua District, Shenzhen, the PRC	Industrial	Medium term lease	100%
The Properties located in Qiankeng Industrial Zone, Qiankeng Community, Fucheng Jie Dao, Longhua District, Shenzhen, the PRC	Under redevelopment	Medium term lease	100%

MAJOR PROPERTIES HELD AS AT 31 DECEMBER 2023

Location	Purpose	Tenure	Attributable interest of the Group
A block of commercial/ apartment building, all retail shops and car parking spaces of Realord Villas, Lanqing Er Lu, Luhu Community, Huanguan South Road, Guanhu Jie Dao, Longhua District, Shenzhen, the PRC	Mix of residential and commercial	Long term lease	100%
Realord Technology Park, Dongzhou Community, Guangming Jie Dao, Guangming District, Shenzhen, the PRC	Mix of residential, commercial and hotel operation	Medium term lease	100%