百德國際有限公司
Pak Tak International Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 2668

2023
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu *(Chief Executive Officer)*
Mr. Wang Jian
Mr. Ning Jie *(Resigned 1 February 2024)*
Mr. Zhou Yijie *(Appointed 1 February 2024)*

Non-executive Director

Mr. Liu Xiaowei

Independent Non-executive Directors

Ms. Chan Ching Yi
Mr. Chan Kin Sang
Mr. Zheng Suijun

AUDIT COMMITTEE

Ms. Chan Ching Yi *(Chairman)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

NOMINATION COMMITTEE

Mr. Liao Nangang *(Chairman)*
Mr. Chan Kin Sang
Ms. Qian Pu
Mr. Zheng Suijun
Ms. Chan Ching Yi

REMUNERATION COMMITTEE

Mr. Chan Kin Sang *(Chairman)*
Mr. Zheng Suijun
Ms. Qian Pu
Ms. Chan Ching Yi

STRATEGIC COMMITTEE

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu

INVESTMENT AND FUND RAISING COMMITTEE

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu

COMPANY SECRETARY

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Ms. Qian Pu
Mr. Sze Kat Man

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

20/F, One Continental
No. 232 Wan Chai Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

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

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Level 8, K11 ATELIER King's Road
728 King's Road
Quarry Bay
Hong Kong

HONG KONG LEGAL ADVISER

Chiu & Partners
40/F, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Sang Bank Limited

STOCK CODE

2668

WEBSITE

www.paktakintl.com

DEAR SHAREHOLDERS

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Pak Tak International Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023.

Looking back to 2023, the momentum of such rebound was still insufficient, even the Chinese government continuously increased investment and introduced policies to expand domestic demand after the COVID-19 pandemic. External demand hardly plays a significant role in the economy in the People's Republic of China (the "**PRC**"), while domestic demand has yet to prove its sustainability. As such, the investment provides more direct and appropriate support in stabilising the economy, of which infrastructure investment remains an important tool for achieving stable growth. In the face of the slower-than-expected economic recovery and the weak consumption sentiment, the real estate market and supply chain industry of the PRC, was seriously affected.

For the year ended 31 December 2023, the Supply Chain Business generated HKD298.3 million in revenue, which represents a significant decrease compared to the same period in 2022. This downturn can be primarily attributed to the stringent implementation of credit risk control measures, which led to a reduction in recorded sales orders. Additionally, facing challenges from delay payments for several customers, the Group took prompt decisive actions, such as imposing penalty charges and suspending order acceptance.

In response to these challenges and to rejuvenate business sustainability, the Group cooperated with a strategic partner which aims to those traditional non-ferrous metal trading and sizable companies in the PRC. This strategic move aligns well with the PRC government's emphasis on bolstering economic prosperity through domestic consumption and production, underlining the importance of self-reliance, self-sufficiency, and dual circulation strategies. Focusing on the domestic market, the management of the Group has proactively sought out new potential customers for the Supply Chain Business, anticipating an increase in demand. This proactive approach reflects the Group's commitment to adapting to market dynamics and seizing emerging opportunities.

While cautiously optimistic about the prospects of the Supply Chain Business, the Group remains vigilant regarding the development and positions it well to navigate uncertainties and drive sustainable growth in the ever-evolving business landscape.

For the Hotel Management & Catering Services, it demonstrated growth, contributing HKD121.5 million in revenue for the year ended 31 December 2023. To maintain and enhance the competitive power of the hotel and catering services market, the Group continues to improve the quality of our products and services to enhance the overall satisfaction level of our valued customers. In the meantime, focusing on operational efficiency, customer-centricity, and adaptation to market conditions will be key drivers of sustained growth and further consolidation of the Group's position in the hotel management and catering services sector.

For the year ended 31 December 2023, the Group recorded a net loss of approximately HKD202.2 million as compared to a net loss of approximately HKD14.3 million for the year ended 31 December 2022.

LOOKING FORWARD

In 2024, the Group is rationally and carefully formulating strategy, deepen the creation of customer value, forge its core market competitiveness, continuously improve its operation and management level through goods and services orientation. Through the acquisition, the Group would be able to incorporate the proposed acquired business into its existing supply chain business and thereby achieve business and market diversification. Simultaneously, the Group will also focus on the continuous advancement of the hotel management and catering services business. The management of the Group will continue to exercise prudence to operate our other core businesses and to seize more investment opportunities for generating stable income and sustaining its growth under the unstable economic environment.

Meanwhile, the management of the Group and I shall continue to lead the Group to move forward while taking the initiative to provide great support to all employees to overcome the difficult times in order to further create value for our shareholders, customers, and employees, and strive to bring better returns for all shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude and appreciation toward all our shareholders, our customer, suppliers and business partners for their supports, trust and confidence, and to the management and staff for their outstanding efforts and dedication.

Liao Nangang
Chairman
Hong Kong, 28 March 2024

BUSINESS REVIEW

For the year ended 31 December 2023, the principal activities of the Group are: (i) supply chain business (the "**Supply Chain Business**"), (ii) hotel management and catering services (the "**Hotel Management & Catering Services**"), (iii) property investment (the "**Property Investment**") and (iv) other business included the leasing business, money lending business and securities investment.

Supply Chain Business

For the year ended 31 December 2023, the Supply Chain Business generated HKD298.3 million in revenue, which represents a significant decrease compared to the same period in 2022. This downturn can be primarily attributed to the stringent implementation of credit risk control measures, which led to a reduction in recorded sales orders. Additionally, facing challenges from delay payments for several customers, the Group took prompt decisive actions, such as imposing penalty charges and suspending order acceptance.

In response to these challenges and to rejuvenate business sustainability, the Group cooperated with a strategic partner which aims to those traditional non-ferrous metal trading and sizable companies in the People's Republic of China ("**PRC**"). This strategic move aligns well with the PRC government's emphasis on bolstering economic prosperity through domestic consumption and production, underlining the importance of self-reliance, self-sufficiency, and dual circulation strategies. Focusing on the domestic market, the management of the Group has proactively sought out new potential customers for the Supply Chain Business, anticipating an increase in demand. This proactive approach reflects the Group's commitment to adapting to market dynamics and seizing emerging opportunities.

While cautiously optimistic about the prospects of the Supply Chain Business, the Group remains vigilant regarding the development and positions it well to navigate uncertainties and drive sustainable growth in the ever-evolving business landscape.

Hotel Management & Catering Services

The Group has made remarkable progress in expanding into the hotel management and catering services sector, which has become a key growth driver and an integral part of our overall operations. For the year ended 31 December 2023, the Hotel Management & Catering Services segment demonstrated promising growth, contributing HKD121.5 million in revenue.

To address the challenges posed by the slower-than-expected post-COVID economic recovery, the Group took proactive measures and made necessary arrangements for the management team to refocus the hotel and catering operations towards performance-oriented strategies. While the segment experienced a rebound in performance during the first half of the year, momentum was lost towards the year's end. In order to mitigate losses, the Group has kept strengthening control over procurement costs and initiated sub-leasing arrangements and close for certain underperforming restaurants and coffee shops.

To maintain and enhance the competitive power of the hotel and catering services market, the Group continues to improve the quality of our products and services to enhance the overall satisfaction level of our valued customers. In the meantime, focusing on operational efficiency, customer-centricity, and adaptation to market conditions will be key drivers of sustained growth and further consolidation of the Group's position in the hotel management and catering services sector.

Property Investment

The Group has the investment properties located in Yunfu, PRC which generated HKD2.7 million in rental income and recorded the revaluation loss of HKD46.6 million for the year ended 31 December 2023. The Group will continue leasing out these investment properties to generate rental income, and may consider divesting them to improve working capital if and when it is deemed appropriate.

FINANCIAL REVIEW

Below is an analysis of the Group's key financial information including but not limited to revenue, expenses and loss for the year, which reflects the financial position of the Group's business.

Revenue

For the year ended 31 December 2023, the Group recorded a total revenue of HKD422.5 million, representing a decrease of 41.8% as compared with that for the year ended 31 December 2022 of HKD726.5 million. Such decrease was mainly due to the decline in revenue generated in the Supply Chain Business of HKD298.3 million as compared with HKD632.2 million for the year ended 31 December 2022.

Despite of such decrease in revenue in the Supply Chain Business, the Hotel Management & Catering Services recorded an increase in revenue from HKD87.5 million for the year ended 31 December 2022 to HKD121.5 million for the year ended 31 December 2023.

The total revenue from Property Investment and other business amounted to approximately HKD2.7 million as compared with that for the year ended 31 December 2022 of HKD6.8 million.

Other net (losses)/gains

For the year ended 31 December 2023, the Group recorded a other net losses of HKD25.0 million (2022: other net gains of HKD1.5 million) which mainly came from the loss on disposal of a property holding subsidiary of HKD24.0 million. Details of the disposal were set out in the announcement of the Company dated 10 October 2023.

Expenses

The Group's direct costs and operating expenses significantly decreased by HKD300.6 million from HKD689.8 million for the year ended 31 December 2022 to HKD389.2 million for the year ended 31 December 2023. The decrease in direct costs and operating expenses was mainly due to the significant decline in revenue of the Supply Chain Business, which accounted for over 70% of the Group's total revenue.

The Group's impairment losses under expected credit loss model increased by HKD69.5 million from HKD19.5 million for the year ended 31 December 2022 to provision for HKD89.0 million for the year ended 31 December 2023. Such increase was mainly caused by the continuing delayed payment of outstanding invoices by several customers in the Supply Chain Business and the occurrence of unfavourable event for finance lease receivables balance.

Attributable to our stringent implementation of cost control, the Group's administrative expenses remained stable at HKD43.6 million for the year ended 31 December 2023.

The Group's finance cost decreased by HKD6.8 million from HKD31.9 million for the year ended 31 December 2022 to HKD25.1 million for the year ended 31 December 2023, mainly due to the repayment of loans during the year.

Loss for the year

For the year ended 31 December 2023, the Group recorded a net loss of approximately HKD202.2 million as compared to a net loss of approximately HKD14.3 million for the year ended 31 December 2022. Such net loss was mainly due to (i) the significant increase in expected credit losses on trade and other receivables and finance lease receivables in HKD69.5 million; (ii) the significant increase in fair value loss on investment properties in HKD55.0 million; (iii) the significant decrease in dividend income from equity investments of which HK$35.8 million was recorded in the year ended 31 December 2022; (iv) a loss on disposal of property holding subsidiary in HKD24.0 million; and (v) the revenue contribution from Supply Chain Business has significantly decreased for the year ended 31 December 2023.

Investment properties

The investment properties represent the leased out shops of HKD173.1 million (2022: HKD225.7 million) located in Yunfu, the PRC and leased out commercial building of HKD106.3 million (2022: HKD118.5 million) located in Beihai City, Guangxi Province, the PRC. The Group recognised fair value loss on investment properties of HKD55.4 million (2022: HKD0.4 million) due to the downturn of real estate market in the PRC and significant impact for physical stores under the e-commerce era.

Trade and other receivables

The trade and other receivables mainly represents the trade receivables (net of ECL allowances) from the Supply Chain Business of HKD402.1 million (2022: HKD625.0 million) and other receivables of HKD78.5 million (2022: HKD94.9 million) which mainly from supply chain financing arrangements. As at 31 December 2023, trade receivables (net of ECL allowances) from Supply Chain Business past due within 12 months and over 12 months are HKD377.8 million (2022: HKD39.6 million) and HKD20.4 million (2022: HKD 17.4 million) respectively. Up to the date of issuance of this report, one of the substantial trade receivables successfully recovered RMB76.6 million (approximately equivalent to HKD83.2 million).

The decrease in trade and other receivables of HKD224.0 million was primarily due to the decrease in the trade receivables (net of ECL allowances) from the Supply Chain Business amounting to HKD222.9 million, which in line with the slowdown of the Supply Chain Business for the year ended 31 December 2023.

The Group seeks to maintain strict control over its outstanding receivables and the management actively monitor the status of its outstanding receivables and the rapid change of the market condition in order to minimise credit risk. The management of the Group regularly reviews the overdue balances, which performs assessment of recoverability on a case-by-case basis.

Trade and bills payables

As at 31 December 2023, the Group's trade and bills payable significantly decreased by HKD81.5 million from HKD152.4 million as at 31 December 2022 to HKD70.9 million. Such decrease was in line with the slowdown of the Supply Chain Business in the current year.

LIQUIDITY, GEARING AND CAPITAL RESOURCES

As at 31 December 2023, the cash and cash equivalents of the Group were HKD85.4 million (2022: HKD37.7 million) and interest-bearing borrowings, including the borrowings and the lease liabilities were HKD381.6 million (2022: HKD470.9 million). The following table details the cash and cash equivalents, the borrowings and the lease liabilities of the Group as at 31 December 2023 denominated in original currencies:

	As 31 December 2023	
	HKD'000	**RMB'000**
Cash and cash equivalents	**52,656**	**29,836**
Borrowings	**—**	**335,074**
Lease liabilities	**—**	**13,012**

	As 31 December 2022	
	HKD'000	RMB'000
Cash and cash equivalents	5,465	28,560
Borrowings	—	397,527
Lease liabilities	—	19,925

The Group principally satisfies its demand for operating capital with cash inflow from its operations and borrowings. As at 31 December 2023, the gearing ratio, which is calculated on the basis of total debts (including interest-bearing borrowings and lease liabilities) over total shareholders' fund of the Group, was 103.9% (2022: 82.8%). The gearing ratio increased in comparison to previous year mainly due to the significant loss for the year, which have reduced the amount of shareholder's fund of the Group. The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.25 (2022: 1.29). The liquidity ratio is stable in comparison to that as at 31 December 2022.

DISCLAIMER OF OPINION

As disclosed in the "Disclaimer of Opinion" section of the Independent Auditor's Report as set out on pages 39 to 40 of the Annual Report, Baker Tilly Hong Kong Limited ("**BTHK**"), the Auditor of the Company (the "**Auditor**"), does not express an opinion on the consolidated financial statements of the Group, because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of the Independent Auditor's Report, the Auditor is unable to form an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate.

Basis for Disclaimer of Opinion

As disclosed in note 2(b) to the consolidated financial statements, during the year ended 31 December 2023, the Group recorded a net loss of approximately HKD202,150,000 and defaulted on repayment of two interest-bearing bank borrowings with aggregate principal amount of approximately RMB301,567,000 (equivalent to approximately HKD330,578,000) and related aggregate interest amount of approximately RMB15,271,000 (equivalent to approximately HKD16,740,000) which these bank borrowings became immediately repayable on demand. One of the banks has commenced litigation against the Group to recover the principal amount and related interest amount of the borrowing amounted to approximately RMB294,300,000 (equivalent to approximately HKD322,612,000). These bank borrowings exceed the Group's cash and cash equivalents of approximately HKD85,362,000 as at 31 December 2023.

In view of these circumstances, the Directors have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2023. The directors of the Company are of the opinion that, taking into account of the plans and measures mentioned in note 2(b), the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Details of the Disclaimer of Opinion and the relevant plans and measures proposed by the Directors are disclosed in the Independent Auditor's Report set out on pages 39 to 40 of the Annual Report.

Additional Information in relation to the Disclaimer of Opinion

1. Management's Position and View

In respect of the going concern assumption, the management of the Company are of the opinion that the Company is able to continue as a going concern based on the plans and measures taken by the Group to mitigate its liquidity pressure and improve its financial position, including the following:

(i) The Group has been actively negotiating with the relevant banks for revising the repayment terms by instalment up to over the years and not demanding immediate repayment of existing bank borrowings due to the breach of loan covenants;

(ii) The Group has developed a plan to obtain additional fundings from the substantial shareholders of the Company by way of shareholders' loan. Such funding will be used to finance the repayment of principal and interest of the defaulted bank borrowings; and

(iii) The Group has been actively implementing measures to speed up the collection of substantial payments from customers.

The management of the Company therefore believe that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the management of the Company have prepared the consolidated financial statements of the Group for the year ended 31 December 2023 (the "**Financial Statements**") on a going concern basis.

The management of the Company understand that the Auditor has disclaimed its opinion on the Financial Statements because it was unable to form an opinion as to whether the going concern basis adopted in preparation of the Financial Statements was appropriate. Under the applicable accounting standards, the validity of the going concern assumptions on which the Financial Statements have been prepared depends on the outcome of the plans and measures as mentioned above, which were subject to multiple uncertainties given that the execution of the plans and measures by the Group were in progress and no written contractual agreements were available to the Group as at the date of approval for issuance of the Annual Report (i.e. 28 March 2024).

It follows that the Disclaimer of Opinion was primarily attributable to the evidentiary deficiency, and there existed no material disagreement or fundamental difference in views between the management of the Company and the Auditor. Although no written contractual agreements had been entered into as at the date of approval for issuance of the Annual Report, considering the positive response from the relevant banks, substantial shareholders and major customers as more particularly described in section (3) below, the management of the Company believe that negotiations with the relevant banks can be concluded in the coming months with favourable outcomes reached for extension and/or settlement of the loans, and that the Group will be able to secure the necessary financing and enhance its cash flow position to support its operations.

2. Audit Committee's View

The Audit Committee had reviewed the facts and circumstances leading to the Disclaimer of Opinion relating to going concern assumption, discussed with the auditors and the management of the Company regarding the Disclaimer of Opinion and considered the Board's response to the Disclaimer of Opinion. The Audit Committee noted that the Disclaimer of Opinion was principally caused by insufficiency of audit evidence as to the going concern assumption and did not involve conflicting views of the management of the Company and the Auditor in relation to accounting treatments in any material respect. Based on:

(i) the management's plans and measures to address the Disclaimer of Opinion, which the Audit Committee considers to be effective means to settle the issues arising from default on loan repayment, secure necessary financing for the Group's operation and enhance the Group's cash flow position, and the implementation of the management's action plan; and

(ii) its review of the cash flow projections of the Group prepared by the Board which cover a period of not less than 12 months from 31 December 2023, the Audit Committee agreed with the management's position and basis including matters involving the management's substantial judgments.

3. The Company's action plan to address the unresolved going concern issue

The Group's plans and measures to resolve the going concern issue are as follows:

(i) The Group has been actively negotiating with the relevant banks for revising the repayment terms by instalment up to over the years and not demanding immediate repayment of existing bank borrowings due to the breach of loan covenants;

Up to the date of this annual report, one of the relevant banks had yet to make any demand for immediate repayment of the existing bank loan. The other bank had received the Group's application for loan renewal with an extension period of not less than two years, which is being considered by the bank in accordance with its internal review procedures.

(ii) The Group has developed a plan to obtain additional fundings from the substantial shareholders of the Company by way of shareholders' loan. Such funding will be used to finance the repayment of principal and interest of the defaulted bank borrowings; and

In respect of the additional fundings from the substantial shareholders of the Company, Tengyue Holding Limited, one of the substantial shareholder of the Company, has verbally agreed to make the available fundings to the Group by way of shareholder's loan, as and when necessary.

(iii) The Group has been actively implementing measures to speed up the collection of substantial payments from customers. The Group has established a dedicated accounts receivable team tasked with closely monitoring outstanding invoices, following up with customers on overdue payments, and resolving any billing discrepancies or disputes promptly.

Subsequent to the end of the reporting period and up to the date of this report, the Group's had successfully recovered trade receivables amounting to over RMB76 million, which helps ensure that the Group will have sufficient working capital through generation of cash inflows.

Provided that the plans and measures set out above can be executed successfully in the year ending 31 December 2024 to mitigate the Group's liquidity pressure and improve its financial position, the management of the Company understands that the material uncertainties casting doubt on the Group's ability to continue as a going concern can be eliminated, and accordingly expects that the Disclaimer of Opinion will be removed in the auditors' report for the year ending 31 December 2024.

4. View of the Board on the effectiveness of the Company's action plan

The Board noted that the Group is in the progress of implementing plans and measures to settle the issues arising from default on loan repayment, secure the necessary financing and enhance its cash flow position. The Board is of the view that such plans and measures, if implemented successfully, will effectively mitigate the Group's liquidity pressure and improve its financial position and thereby resolve the audit issues underlying the Disclaimer of Opinion.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities (2022: nil).

FOREIGN CURRENCY AND INTEREST RATE RISKS MANAGEMENT

The Group adopts strict and cautious policies in managing its foreign currency risk and interest rate risk. The Group is not exposed to significant foreign currency risk as most sales, other income, purchases and expenses are denominated in the functional currency of the operations to which they relate. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from borrowings, which, being obtained at variable rates and at fixed rates, expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through a variety of means.

PLEDGES OF GROUP ASSETS

As at 31 December 2023, certain investment properties of the Group with an aggregate carrying amount of approximately HKD194.9 million (2022: HKD243.7 million) were pledged to banks for loans granted to the Group.

As at 31 December 2022, pledged bank deposits of the Group with carrying amount of HKD38.9 million were pledged to bank as guarantee deposits for bills payable made available to the Group. The pledges were released during the year ended 31 December 2023 upon the full settlement of the bill payables.

FINANCIAL GUARANTEES PROVIDED

As at 31 December 2023, the Company had provided corporate guarantees amounting to HKD305.8 million (2022: HKD314.7 million) in favour of certain banks in connection with facilities granted to certain subsidiaries of the Group.

As at 31 December 2023, there is a claim made against the Company and its certain subsidiaries due to the breach of loan agreements which was secured by corporate guarantee executed by the Company. The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by subsidiaries of HKD305.8 million (2022: HKD314.7 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the year ended 31 December 2023, the Group invested HKD1.3 million (2022: HKD2.2 million) on property, plant and equipment, which included leasehold improvements, furniture, fixtures and equipment and motor vehicles. As at 31 December 2023 and 2022, the Group had no capital commitments.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Group at 31 December 2023 and 2022.

INVESTMENT PROPERTIES HELD

Location	Usage	Tenure	Attributable interest of the Group
City Plaza No. 1 Yunxiang Avenue, Xijang New District, Yunfu, Guangdong Province, the PRC	The investment property comprises 141 retailing shops for rental and/or capital appreciation	Granted the land use rights of the property until 29 October 2053	100%
Lizhu Building No. 11 Changqing Road, Haicheng District, Beihai City, Guangxi Province, the PRC	The investment property comprises 14-storey (with a basement) commercial building for rental and/or capital appreciation	Granted the land use rights of the property until 25 September 2042	100%

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 9 November 2023, the Company entered into a placing agreement pursuant to which the Company agreed to allot and issue a maximum 780,000,000 new shares of the Company at a placing price of HK$0.019 per placing share in accordance with the terms and conditions of the placing agreement (the "**Placing**"). The completion of the Placing took place on 1 December 2023. The net proceeds received by the Company from the Placing after deducting related fees and expenses were approximately HKD14,700,000 for the expansion of the Group's existing businesses including the Supply Chain Business, Hotel Management and Catering Services, and other business; and has been fully utilized as at the date of this report.

Details of the Placing were set out in the announcements of the Company dated 9 November 2023 and 1 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Discloseable Transaction – Disposal of Property Holding Subsidiary and Leaseback of Property

On 10 October 2023, Golden Flourish Property Limited, a direct wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party (the "**Purchaser**") in relation to the sale of the entire share capital of Confield Worldwide Limited ("**Confield Worldwide**"), a cash consideration of HKD38,000,000.00 (the "**Disposal**"). The principal asset of the Confield Worldwide is the entire legal and beneficial interests in the property which is located at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong (the "**Property**"). The Property is a commercial property and has been used as the office premises of the Group before the Disposal.

On 13 December 2023, the Group completed the Disposal, and proceeds from the Disposal of HKD38,000,000 was received. Upon the completion the Disposal, the Company will cease to hold any interest in Confield Worldwide. The Group shall enter into a tenancy agreement with the Purchaser pursuant to which the Group shall lease back the Property for the Group's use for a term of 1 year commencing immediately from the date of completion of the Disposal, at a monthly rent of HKD76,000 (inclusive of rates, government rent and management fee). The Property continue to be used as the office premises of the Group.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries or associated companies by the Group during the year ended 31 December 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total of approximately 300 employees (2022: approximately 330 employees). The total staff cost of the Group amounted to approximately HKD58.2 million for the year ended 31 December 2023, representing 13.8% of the Group's turnover. Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of difference positions.

DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

Major Transaction Acquisition of Target Company Involving Issue of Consideration Shares Under Specific Mandate

On 29 February 2024, the Company, Zhongchuan Investment Holding Co., Limited (宗傳投資控股有限公司) (the "**Vendor**") and Zhongchuan Investment Group Co., Limited (宗傳投資集團有限公司) (the "**Target Company**") entered into an agreement, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the sale interest (representing the entire issued share capital of the Target Company) in accordance with the terms and conditions of the agreement (the "**Acquisition**"). The Acquisition and transactions contemplated thereunder are subject to the approval by the shareholders on the Company approving the Acquisition at a special general meeting of the Company.

Details of the Acquisition were set out in the announcement of the Company dated 29 February 2024 and 21 March 2024, respectively.

FUTURE PROSPECTS

Looking ahead to 2024, in anticipation of the evolving economic landscape, the Group is proactively addressing challenges faced by its Supply Chain Business while exploring growth opportunities. Despite recent setbacks, the Group is dedicated to resolving issues and revitalizing the segment's performance. The Group is cautiously optimistic about the prospects of the Supply Chain Business and will closely monitor the market situation, enabling agile decision-making and proactive risk management.

In addition, the Group is in the course of acquiring a business principally engaged in iron ore and iron concentrate powder production and sales business. The Group aims to expand its supply chain business to cover ferrous metals for increase in diversity of its product portfolio and mitigation of market risks. Through the acquisition, the Group would be able to incorporate the proposed acquired business into its existing supply chain business and thereby achieve business and market diversification. Simultaneously, the Group will also focus on the continuous advancement of the hotel management and catering services business.

Besides, the Group is actively negotiating with the banks for renewal and extension of deadline for repayments of the overdue bank borrowings and is currently expects that negotiations with the banks can be concluded in the coming months for extension of the loan agreements. Going forward, the Group will seek business continuity, adjust the operating strategies in a timely manner and safeguard the Group's resources to ensure that the Group is well-positioned to capitalise on future opportunities.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

The Directors and senior management at the date of this annual report are as follows:

EXECUTIVE DIRECTORS

Mr. Liao Nangang, aged 54, was appointed as Chairman and Executive Director of the Company on 1 April 2021, and the Chairman of each of the Nomination Committee, the Strategic Committee, and the Investment and Fund Raising Committee of the Company.

Mr. Liao graduated from East China University of Political Science and Law with a bachelor degree in international economic law in 1992. Mr. Liao is qualified as a lawyer in the People's Republic of China in 2001 and he has over 20 years of experience in the legal and investment sector.

Currently, he is also the sole shareholder and director of 深圳前海衡同資產管理有限公司 (Shenzhen Qianhai Hengtong Asset Management Co., Ltd.). He is also the ultimate beneficial owner of Tengyue Holding Limited ("**Tengyue Holding**") and Beyond Glory Holdings Limited ("**Beyond Glory**"), respectively.

Mr. Liao was the independent director of Maoye Commercial Co., Ltd. (stock code: 600828), which is listed on the Shanghai Stock Exchange, from 1 September 2016 to 12 December 2022. In addition, he was the independent director of each of Shenzhen Nanshan Power Co., Ltd. (stock code: 000037) and ZJBC Information Technology Co., Ltd (formerly known Maoye Communication and Network Co., Ltd.) (stock code: 000889), which are respectively listed on the Shenzhen Stock Exchange. He also was served as a partner of the law firms.

Pursuant to Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**"), as at the date of this report, 980,000,000 shares of the Company are held by Tengyue Holding, which is wholly-owned by Beyond Glory. As Beyond Glory is wholly-owned by Mr. Liao, he is deemed to be interested in these shares by virtue of SFO, representing 20.94% of the issued share capital of the Company, and is a substantial shareholder of the Company.

Ms. Qian Pu, aged 34, was appointed as Executive Director of the Company on 8 September 2016 and subsequently appointed as Chief Executive Officer of the Company on 1 April 2021. She is a member of each of the Nomination Committee, the Remuneration Committee, the Strategic Committee, and the Investment and Fund Raising Committee; and one of the authorised representatives of the Company. She also holds directorships in certain subsidiaries of the Company.

Ms. Qian graduated from Huazhong University of Science and Technology, the PRC with a bachelor's degree in Arts and Wuhan University of Science and Technology, PRC with a bachelor's degree in Engineering respectively in 2012. She also obtained a master's degree course in financial management from University of Alberta, Canada in 2020. She has over 10 years of managerial experience in finance investment.

Mr. Wang Jian, aged 53, was appointed as Executive Director of the Company on 23 August 2016. And subsequently to March 2021, he acted as Chairman and Chief Executive Officer of the Company, and the Chairman of each of the Strategic Committee and the Investment and Fund Raising Committee of the Company.

Mr. Wang has about 18 years of managerial experience in the construction and engineering industry. He was a legal representative for over 10 years of a company incorporated in the PRC that specialize in the construction engineering industry. Currently, Mr. Wang is also the director of Massive Thriving Limited ("**Massive Thriving**").

Pursuant to Part XV of the SFO, as at the date of this report, 596,253,000 shares of the Company are held by Massive Thriving, which is wholly-owned by Mr. Wang. Accordingly, he is deemed to be interested in these shares, representing 12.74% of the issued share capital of the Company, and is a substantial shareholder of the Company.

Mr. Zhou Yijie, aged 28, was appointed as Executive Director of the Company on 1 February 2024.

Mr. Zhou obtained a bachelor's degree in law from University of International Business and Economics in the PRC in 2017 and also a master's degree in corporate and financial law from The University of Hong Kong in 2021. Mr. Zhou has 6 years of experience in the finance and legal sectors in the PRC. He was employed in CITIC Securities Company Limited in 2017 and King & Wood Mallesons in 2022, respectively.

NON-EXECUTIVE DIRECTOR

Mr. Liu Xiaowei, aged 46, was appointed as Non-executive Director of the Company on 2 July 2021.

Mr. Liu obtained a self-study undergraduate certificate (Adult Higher Education) in Chinese Language and Literature from South China Normal University in 2005 and he also obtained a self-study undergraduate certificate (Adult Higher Education) in Law from Sun Yat-sen University in 2014. Mr. Liu is qualified as a lawyer in the PRC in 2011 and he also has more than 16 years of experience in the legal sector.

Currently, Mr. Liu is the director of Wonder Legal Services Limited; and a shareholder and the supervisor of 深圳柏楹商业管理有限公司 (Shenzhen Baiying Commercial Management Co., Ltd.). He was a partner of 廣東冠諾律師事務所 (G.D. Grannor Partners). Prior to joining the Group, Mr. Liu served as legal counsel to a number of listed companies in PRC, involving initial public offerings (IPO) and mergers and acquisitions projects.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chan Ching Yi, aged 49, was appointed as Independent Non-executive Director of the Company on 16 December 2022. She is the chairman of the Audit Committee; and the member of the Nomination Committee and Remuneration Committee.

Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Ms. Chan has obtained a bachelor degree in accountancy from City University of Hong Kong and has accumulated more than 20 years of financial and auditing experience.

Currently, Ms. Chan is the company secretary of Xinjiang Tianye Water Saving Irrigation System Company Limited (stock code: 840), which is listed on the Main Board of the Stock Exchange.

Mr. Chan Kin Sang, aged 72, was appointed as Independent Non-executive Director of the Company on 3 April 2018. He is a member of the Audit Committee and the Nomination Committee and the chairman of the Remuneration Committee of the Company.

Mr. Chan is currently a partner of Kwan & Chow, Solicitors and Notaries (a law firm which provides various services including corporate matters and litigations). He obtained a bachelor's degree in Laws from the University of Hong Kong in 1979 and a postgraduate certificate in Laws from the University of Hong Kong in 1980. He has been a practising solicitor in Hong Kong since April 1982 and has been admitted as a Notary Public since April 1997 and a China-appointed Attesting Officer since January 2000. Mr. Chan has also been a Fellow of The Hong Kong Institute of Directors since August 2004.

Currently, Mr. Chan is a non-executive director of Sino Harbour Holdings Group Limited (stock code: 1663) since April 2020; the chairman, authorised representative and an independent non-executive director of GoFintech Innovation Limited (formerly known as China Fortune Financial Group Limited) (stock code: 290) since July 2014; which is listed on the Main Board of the Stock Exchange.

Mr. Chan had previously held directorships in a number of Hong Kong, Singapore and PRC listed companies. He resigned as an independent non-executive director of Huakang Biomedical Holdings Company Limited (stock code: 8622), a company listed on GEM of the Stock Exchange, with effect from 2 April 2024. In addition, he was a non-executive director of Pan Hong Holdings Group Limited (stock code: P36) from August 2006 to March 2020 which is listed on the main board of Singapore Exchange Limited. He also acted as a director of Guanghe Landscape Culture Communication Co., Ltd, Shanxi (stock code: 600234) which is listed on the Shanghai Stock Exchange from October 2017 to October 2020.

Mr. Zheng Suijun, aged 61, was appointed as Independent Non-executive Director of the Company on 31 August 2016. He is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Zheng has more than 18 years of managerial experience in taxation advisory business. Currently, Mr. Zheng is a chairman of the board of directors of Shenzhen Jinnuo Tax Agency Co., Ltd. since 2004.

SENIOR MANAGEMENT

Mr. Sze Kat Man, aged 37, joined the Group in October 2014 as the Financial Controller of the Group and was appointed as company secretary (the "**Company Secretary**") and authorised representative of the Company on 16 April 2017. He also holds directorships in certain subsidiaries of the Company. He is currently responsible for the overall financial management and company secretarial matters of the Group. Mr. Sze graduated from City University of Hong Kong with an Associate of Business Administration in Accountancy and is a member of the HKICPA. He has over 15 years of experience in professional audit and accounting fields.

The Directors are pleased to present their report and the audited financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the Supply Chain Business, Hotel Management & Catering Services, and Other Business. The principal activities and other particulars of the Company's subsidiaries are set out in note 37 to the consolidated financial statements.

SEGMENT INFORMATION

Details of the segment information of the Group for the year ended 31 December 2023 by segments are set out in note 10 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 116 of this annual report.

BUSINESS REVIEW

Details of the Group's business review and business prospect during the year are set out in the section headed "Management Discussion and Analysis" of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidate statements of profit or loss and other comprehensive income on pages 42 and 43 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2023 (31 December 2022: Nil).

RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2023 are set out in the consolidated statement of change in equity on page 46 of this annual report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2023, calculated under the Companies Act 1981 of Bermuda (the "**Companies Act**"), amounted to HKD404,129,000 (2022: HKD414,779,000).

SHARE CAPITAL

As at 31 December 2023, the issued share capital of the Company was 4,680,000,000 ordinary shares of HKD0.02 each (the "**Share(s)**").

Movements in the share capital of the Company during the year are set out in note 28(c) to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

CHARITABLE DONATIONS

During the year, the Group has not made any charitable donations (2022: Nil).

BORROWINGS

As at 31 December 2023, the Group had borrowings of approximately HKD367.3 million (2022: HKD448.5 million).

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2023, the Group acquired property, plant and equipment at a cost of approximately HKD1.3 million for the purpose of expanding the Group's business (2022: HKD2.2 million).

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 11 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, the five largest customers of the Group together accounted for 59% of the Group's total revenue, with the largest customer accounting for 27.1% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers was 66.1% of the total purchase of the Group for the year ended 31 December 2023, and the largest supplier accounted for 27.4% of the Group's total purchases.

During the year under review, none of the Directors or any of their close associates or any shareholder of the Company, which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any beneficial interests in the Group's five largest customers and suppliers mentioned above.

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

RELATED PARTY TRANSACTION

The Group entered into certain related party transactions as disclosed in note 35 to the consolidated financial statements during the year. During the year ended 31 December 2023, none of the related party transactions constitute a connected transaction or continuing connected transaction under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and the Group was not subject to any disclosure requirement under Chapter 14A of the Listing Rules.

DIRECTORS

The Directors during the year ended 31 December 2023 and up to the date of this report were:

Executive Directors

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu *(Chief Executive Officer)*
Mr. Wang Jian
Mr. Ning Jie *(Resigned on 1 February 2024)*
Mr. Zhou Yijie *(Appointed on 1 February 2024)*

Non-Executive Directors

Mr. Liu Xiaowei

Independent Non-Executive Directors

Ms. Chan Ching Yi
Mr. Chan Kin Sang
Mr. Zheng Suijun

DIRECTORS' SERVICE CONTRACTS

Each executive Director and a non-executive Director have entered into continuous service contract with the Company. All independent non-executive Directors are appointed for an initial term of one year. All the Directors are subject to retirement in accordance with the Listing Rules and the Bye-laws.

In accordance with the Bye-laws, Mr. Liao Nangang, Mr. Liu Xiaowei and Mr. Zhou Yijie will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company 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).

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors as independent.

The biographical details of Directors are set out in the section headed "Directors and Senior Management Profile" of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors nor a connected entity of Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which any of the Company, its controlling shareholder or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2023.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during this period.

COMPETING INTERESTS

None of the Directors is interested in any business (apart from the business of the Company or its subsidiaries) which compete, either directly or indirectly, with the principal business of the Company or its subsidiaries during year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules were as follow:

Name of Director	Number of Shares Held *(Note 1)*	Capacity	Approximate % Shareholding *(Note 2)*
Mr. Liao Nangang *(Note 3)*	980,000,000	Interest of controlled corporation	20.94%
Mr. Wang Jian *(Note 4)*	596,253,000	Interest of controlled corporation	12.74%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.

2. The percentage was calculated based on the total number of Shares of the Company as at 31 December 2023, which was 4,680,000,000.

3. These 980,000,000 Shares are owned by Tengyue Holding which is wholly-owned by Beyond Glory. In addition, Beyond Glory is wholly-owned by Mr. Liao. Accordingly, Beyond Glory and Mr. Liao are deemed to be interested in all the Shares held by Tengyue Holding by virtue of SFO.

4. These 596,253,000 Shares are owned by Massive Thriving which is wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the Shares held by Massive Thriving by virtue of SFO.

Save as disclosed above, as at 31 December 2023, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures" above, at no time during the year ended 31 December 2023 was the Company, or any of its holding companies or fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors or their connected entities to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2023, so far as is known to the Directors and chief executive of the Company, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follow:

Name of Shareholders	**Number of Shares Held** *(Note 1)*	**Capacity**	**Approximate % of Shareholding** *(Note 2)*
Tengyue Holding *(Note 3)*	980,000,000	Beneficial owner	20.94%
Beyond Glory *(Note 3)*	980,000,000	Interest of controlled corporation	20.94%
Orient Truth Limited ("**Orient Truth**") *(Note 4)*	720,000,000	Beneficial owner	15.38%
Mr. Shi Andong ("**Mr. Shi**") *(Note 4)*	720,000,000	Interest of controlled corporation	15.38%
Massive Thriving *(Note 5)*	596,253,000	Beneficial owner	12.74%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.

2. The percentage was calculated based on the total number of Shares of the Company as at 31 December 2023, which was 4,680,000,000.

3. These 980,000,000 Shares are owned by Tengyue Holding which is wholly-owned by Beyond Glory. In addition, Beyond Glory is wholly-owned by Mr. Liao. Accordingly, Beyond Glory and Mr. Liao are deemed to be interested in all the Shares held by Tengyue Holding by virtue of the SFO.

4. These 720,000,000 Shares are owned by Orient Truth (formerly known as Youngheng Holdings Limited) which is wholly-owned by Mr. Shi. Accordingly, Mr. Shi is deemed to be interested in all the Shares held by Youngheng Holdings by virtue of the SFO.

5. These 596,253,000 Shares are owned by Massive Thriving which is wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the Shares held by Massive Thriving by virtue of the SFO.

Save as disclosed above, as at 31 December 2023, the Company had not been notified by any other person or corporation (other Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Part XV of the SFO.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Director(s) of the Company since the date of the 2023 interim report of the Company and up to the date of this annual report are set out below:

Name of Directors		Details of Changes
Mr. Ning Jie	–	Resigned as an executive Director on 1 February 2024.
Mr. Zhou Yijie	–	Appointed as an executive Director on 1 February 2024.
Mr. Chan Kin Sang	–	Appointed the chairman and authorized representative of GoFintech Innovation Limited (stock code: 290) on 28 February 2024.

Save as disclosed, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DISCLOSURE REQUIREMENTS UNDER RULES 13.19 AND 13.21 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 19 December 2023.

On 15 August 2022, 華夏銀行股份有限公司深圳分行 (Shenzhen Branch of Hua Xia Bank Co., Limited)* (the "**Bank**") as lender and 深圳金勝供應鏈有限公司 (Shenzhen Jinsheng Supply Chain Company Limited) * ("**Shenzhen Jinsheng**"), an indirect wholly-owned subsidiary of the Company, as borrower entered into a facility agreement, under which the Bank made available to Shenzhen Jinsheng a loan facility of an aggregate maximum amount of RMB279.0 million (the "**Facility**"). Pursuant to the working capital loan agreements entered into between the Bank and Shenzhen Jinsheng on the same date (the "**Loan Agreements**"), the Facility was fully utilised and loans of an aggregate principal amount of RMB279.0 million were made by the Bank to Shenzhen Jinsheng under the Facility (the "**Loans**"). The Loans were secured by guarantees given by the Company, certain of its subsidiaries and an independent third party and properties owned by an independent third party.

Shenzhen Jinsheng has been in default of interest payments under the Loan Agreements, which constitutes an event of default under the Loan Agreements (the "**Default**"). The Default resulted in the Bank to declare the Loans immediate due and repayment. The total amount of principal, interests and compound interests outstanding under the Loan Agreements is approximately RMB294.3 million. The Bank has not granted any waiver in respect of the Default and has demanded immediate repayment of the outstanding amounts under the Loan Agreements.

As at 31 December 2023, the management of the Group is in the course of negotiating with the Bank for a solution to the issues resulting from the Default and shall endeavour to reach an amicable settlement.

Details of the Loan Agreements are set out in notes 25 to the consolidated financial statements of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The 2024 Annual General Meeting of the Company is scheduled to be held on Friday, 21 June 2024 (the "**AGM**"). The register of members of the Company will be closed from Monday, 17 June 2024 to Friday, 21 June 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer of share(s) accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 14 June 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with at least 25% of the issued Shares of the Company as required under the Listing Rules throughout the year ended 31 December 2023 and up to the date of this report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties in their offices.

Such permitted indemnity provision has been in force throughout the year and is still in force. In addition, the Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2023, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

CORPORATE GOVERNANCE

The Board and management of the Company are committed to maintaining high standards of corporate governance. The Company has complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**CG Code**") throughout the year under review, with the exception of a few deviations. The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

Detailed information on the Company's corporate governance principles and practices are set out in the section headed "Corporate Governance Report" of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Company will be published at the same time as the publication of this annual report.

AUDITOR

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

On Behalf of the Board

Liao Nangang
Chairman
Hong Kong, 28 March 2024

The Company's corporate governance structure mirrors the provisions of the CG Code as set out in Appendix C1 of the Listing Rules. The Company ascribes to good governance and transparency with a view that through these business ethics, shareholders and other stakeholders are assured of a solid and credible business framework. The Company recognises the need to adapt and improve business practices in the light of the evolving business environment, investor expectations and regulatory requirements. The Board is tasked to review the corporate governance structure of the Company and effect changes whenever necessary. It views the need for transparency in practices and policies and making informed decisions as fundamental.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2023, the Company has applied the principles of, and complied with, the applicable code provisions of the CG Code, except for the following deviations:

Under code provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Liao Nangang, being the chairman of the Board was unable to attend the annual general meeting on 23 June 2023 (the "**2023 AGM**") due to other business arrangement. Mr. Liao will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so. Mr. Liao had entrusted Ms. Qian Pu, being the executive Director, to respond to shareholders' concerns (if any) on his behalf at the 2023 AGM.

The Board will continuously review the effectiveness of the corporate governance structure of the Company and effect changes whenever necessary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Model Code on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the year ended 31 December 2023.

BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2023, the Board comprised eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. During the year and up to the date of this report, the composition of the Board is as follows:

Executive Directors
Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu *(Chief Executive Officer)*
Mr. Wang Jian
Mr. Ning Jie *(Resigned on 1 February 2024)*
Mr. Zhou Yijie *(Appointed on 1 February 2024)*

Non-executive Director
Mr. Liu Xiaowei

Independent Non-executive Directors
Ms. Chan Ching Yi
Mr. Chan Kin Sang
Mr. Zheng Suijun

The biographical details of the Directors are set out in the section headed "Directors and Senior Management Profile".

There was no relationship (including financial, business, family or other material or relevant relationships) among members of the Board.

Responsibilities of the Board

Apart from its statutory and fiduciary responsibilities, the Board is primarily responsible for reviewing and overseeing the financial and business performance of the Group. It is accountable for the overall strategic development of the Group with the objective to maximise shareholders' value. Material matters are reserved for the Board's considerations or decisions which include, among other things, overall strategy of the Group, business plans, annual budgets, significant capital expenditure, financial reports, dividend policy and payments, material acquisitions, disposals or investment proposals, Directors' appointments, reappointments or removal, and other material transactions. The Bye-laws provide that all Director must declare their respective interests, if any, with regards to the resolutions of the Board. In case, a Director has a conflict of interest in a material matter, such Director shall abstain from voting and not be counted in quorum.

The Board has also delegated its duties of managing and implementing the daily operations and business strategies of the Group to the Chief Executive Officer, Executive Directors and senior management of the Company. Moreover, the Board has delegated certain of its responsibilities to the Audit Committee, Remuneration Committee, Nomination Committee, Strategic Committee and Investment and Fund Raising Committee.

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are segregated and held by Mr. Liao Nangang and Ms. Qian Pu, respectively, to ensure their respective independence, accountability and responsibility. The Chairman provides leadership and is responsible for the Group's strategic planning and the management of the operations of the Board, while the Chief Executive Officer is responsible for carrying out the policies of the Board, takes the lead in the Group's operations and business development, and focuses on the daily management and operations generally. There is a clear division of responsibilities between the Chairman and Chief Executive Officer which provides a balance of power and authority.

The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes, including the appointment of a chief executive officer, are necessary.

Independent Non-executive Directors

The Company has appointed three independent non-executive Directors, at least one of whom has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his independence.

Continuous Professional Development

Under code provision C.1.4 of CG Code regarding continuous professional development ("**CPD**"), Directors should participate in CPD to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. For the year ended 31 December 2023 all Directors have participated in appropriate CPD activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

The participation by individual Directors in 2023 is recorded as follows:

Name of Directors	**Attending seminars/conference or reading material relating to the business, accounting law, rules and regulations.**
Executive Directors	
Mr. Laio Nangang	Yes
Ms. Qian Pu	Yes
Mr. Wang Jian	Yes
Mr. Ning Jie *(Resigned on 1 February 2024)*	Yes
Mr. Zhou Yijie *(Appointed on 1 February 2024)*	N/A
Non-executive Director	
Mr. Liu Xiaowei	Yes
Independent Non-executive Directors	
Ms. Chan Ching Yi	Yes
Mr. Chan Kin Sang	Yes
Mr. Zheng Suijun	Yes

Director's Attendance of the Meetings

The Board meets regularly to review the financial and operating performance of the Group, to make important decisions and to approve future strategies. In addition, the Board would also hold the other Board meetings with a short notice given to discuss the material transactions as and when required. During the year ended 31 December 2023, four Board meetings, two Audit Committee meetings, one Remuneration Committee meeting, one Nomination Committee meeting, and one annual general meeting were held. Attendances of these meetings by Directors are set out below:

	Number of Meetings Attended/Eligible to Attend				
Name of Directors	**Board**	**Audit Committee**	**Renumeration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Directors					
Mr. Liao Nangang	4/4	N/A	N/A	0/1	No
Ms. Qian Pu	4/4	N/A	1/1	1/1	Yes
Mr. Wang Jian	4/4	N/A	N/A	N/A	No
Mr. Ning Jie *(Note 1)*	4/4	N/A	N/A	N/A	Yes
Mr. Zhou Yijie *(Note 2)*	N/A	N/A	N/A	N/A	N/A
Non-executive Director					
Mr. Liu Xiaowei	4/4	N/A	N/A	N/A	No
Independent Non-executive Directors					
Ms. Chan Ching Yi	4/4	2/2	1/1	1/1	Yes
Mr. Chan Kin Sang	4/4	2/2	1/1	1/1	Yes
Mr. Zheng Suijun	4/4	2/2	1/1	1/1	Yes

Notes:

1. Resigned as an executive Director on 1 February 2024.
2. Appointed as an executive Director on 1 February 2024.

BOARD COMMITTEES

The Board has maintained five board committees (the "**Board Committee(s)**"). Each of the Board Committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Investment and Fund Raising Committee and the Strategic Committee, is to assist in the execution of the Board's responsibilities and to oversee particular aspect of the Group's affairs. Each Board Committee is provided with sufficient resources to discharge its duties properly, and holds meetings in accordance with the Bye-laws, its specific written terms of reference and, where applicable, the proceedings of Board meeting.

Audit Committee

The Audit Committee was established on 9 November 2001. The Audit Committee comprises three members of all whom are Independent Non-executive Directors, namely:

Mr. Chan Ching Yi *(Chairman)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

The major duties of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Group, and to provide recommendation and advices to the Board on the appointment, reappointment and removal of external auditor as well as their terms of appointment. The authority and duties of the Audit Committee are set out in its specific written terms of reference. The Audit Committee has explicit authority to investigate any activity within its duties and responsibilities and the authority to obtain outside legal or other independent professional advice if it considers necessary. Full text of the terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

The Audit Committee meets at least twice a year. During the year ended 31 December 2023, two committee metings were held. Attendances of the meetings have been disclosed on page 30 of this annual report.

During the year ended 31 December 2023. A summary of the work of the Audit Committee is as follows:

1. reviewing the audited annual results for the year ended 31 December 2022 and the unaudited interim results for the six months ended 30 June 2023, with a recommendation to the Board for approval;

2. reviewing the external auditor's statutory audit plan and the letters of representation;

3. reviewing the findings and recommendations of the internal auditor;

4. reviewing the Group's financial and accounting policies and practices;

5. reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, with a recommendation to the Board for the re-appointment of the external auditor at the 2023 AGM;

6. considering and approving the remuneration and terms of engagement letters for the purpose of appointing the external auditor, BTHK, in connection with the statutory audit and review of the results announcements by BTHK; and

7. overseeing and reviewing the effectiveness of the internal control and risk management systems, and the adequacy of the accounting, internal audit and financial reporting function of the Group.

The chairman of the Audit Committee will report the findings and recommendations, if any, to the Board after each meeting.

The consolidated financial statements for the year ended 31 December 2023 was reviewed and recommended by the Audit Committee for the Board's approval for public release.

Nomination Committee

The Nomination Committee was established on 23 March 2005. The Nomination Committee comprises four members, a majority of them being Independent Non-executive Directors, namely:

Mr. Liao Nangang *(Chairman)*
Ms. Chan Ching Yi
Mr. Chan Kin Sang
Ms. Qian Pu
Mr. Zheng Suijun

The major duties of the Nomination Committee are to formulate a formal and transparent process for the Company in the appointment of new Directors; to identify and nominate candidates for directorship; to assess the independence of each Independent Non-executive Director; and to make recommendations to the Board on such appointments. The Nomination Committee also reviews the Board structure and composition by considering the benefits of all aspects of diversity, including but not limited to differences in the background, experience, knowledge, expertise and perspectives of members of the Board. The authority and duties of the Nomination Committee are set out in its specific written terms of reference. Full text of the terms of reference of the Nomination Committee is available on the websites of the Company and the Stock Exchange.

The Nomination Committee shall meet at least once a year. During the year ended 31 December 2023, one committee meeting were held. Attendances of the meetings have been disclosed on page 30 of this annual report.

During the year ended 31 December 2023, a summary of the work of the Nomination Committee is as follows:

1. reviewing and considered that the structure, size, diversity and composition of the Board are appropriate;

2. assessing the independence of independent non-executive Directors; and

3. considering and making recommendation to the Board relating to the re-election of the retiring Directors at the 2023 AGM.

Board Diversity Policy

The Company adopted a board diversity policy on 24 January 2019 to achieve diversity on the Board composition ("**Board Diversity Policy**"). Pursuant to the Board Diversity Policy, the Board shall consider the benefits of diversity when it reviews the Board composition. In designing the Board composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience and qualifications, skills, knowledge, length of service and industry and regional experience.

The Nomination Committee is responsible for the review of the measurable objectives, such as the length of services and professional knowledge of the Directors, adopted for implementing the board diversity policy in terms of nomination of a potential candidate and re-appointment of existing Director and the progress on achieving the objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness.

During the year ended 31 December 2023, our Board consists of six male members and two female members with two Directors of age 34 to 45 years old, five Directors of age 46 to 61 years old and one Director of over 70 years old. The Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation. The total gender diversity of the Group is balanced, at approximately 43%, representing 129 female out of 302 employees (including senior management) as at 31 December 2023. To support diversity across all facets, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours.

Nomination Policy

The Company had adopted a nomination policy on 16 December 2022 (the "**Nomination Policy**") which aims at assisting the Nomination Committee in identifying and nominating suitable candidates for directorship based on the Board Diversity Policy and sets out the nomination criteria and the nomination procedures for (i) nominating new Director to fill a casual vacancy on the Board; (ii) making recommendation to Shareholders regarding any Director proposed for election or re-election of Director at general meeting; and (iii) nomination by Shareholders on election of new Director.

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its continued effectiveness.

Remuneration Committee

The Remuneration Committee was established on 23 March 2001. The Remuneration Committee comprises four members, a majority of them being Independent on-executive Directors, namely:

Mr. Chan Kin Sang *(Chairman)*
Mr. Chan Ching Yi
Ms. Qian Pu
Mr. Zheng Suijun

The major duties of the Remuneration Committee are to assist the Board to develop and administer fair and transparent procedures for setting remuneration policies of the Directors (including non-executive Directors) and senior management of the Company, and to make recommendations to the Board on the specific remuneration packages of all Directors and senior management of the Company, including benefits-in-kind, pension rights, and compensation payments. The Directors' remuneration is determined by reference to each Director's duties and responsibilities and accountability in the Group as well as the overall performance of the respective company and the Group and the prevailing market situation and competitiveness in the industry. The remuneration packages of the Directors are recommended by the Remuneration Committee and determined by the Board except that no Director or any of his/her associates and senior management can determine his/her own remuneration. The authority and duties of the Remuneration Committee are set out in its specific written terms of reference. Full text of the terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

The Remuneration Committee meets at least once a year. During the year ended 31 December 2023, one committee meeting was held. Attendances of the meetings have been disclosed on page 30 of this annual report.

During the year ended 31 December 2023, a summary of the work of the Remuneration Committee is as follows:

1. reviewing the existing remuneration packages and emolument of the Board and senior management; and

2. considering and making recommendation to the Board relating to the remuneration of newly appointed Director(s) (including executive Director(s) and independent non-executive Director(s)) and senior management, when necessary.

Remuneration of Members of the Senior Management by Band

Pursuant to code provision E.1.5 of the CG Code, the remuneration of members of the senior management by band for the year ended 31 December 2023 is set out below:

Within the band of	Number of individuals
Nil to HKD1,000,000	4
HKD1,500,001 to HKD2,000,000	1
	5

Details of the remuneration of each Directors for the year ended 31 December 2023 are set out in note 7 to the consolidated financial statements of this annual report.

Investment and Fund Raising Committee

The Investment and Fund Raising Committee was established on 28 March 2017. The Investment and Fund Raising Committee comprises two members, all of them being Executive Directors, namely:

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu

The Board has established the Investment and Fund Raising Committee for the purpose of, among others, reviewing and providing recommendations to the Board for appropriate investment and treasury strategies; and considering, reviewing, evaluating and making recommendations to the Board on different investment opportunities from time to time proposed by the management team of the Company and its subsidiaries.

During the year ended 31 December 2023, one Investment and Fund Raising Committee meeting was held. Attendance of the members at the meeting is set out as follows:–

Committee members	Meeting attended/held
Mr. Liao Nangang	1/1
Ms. Qian Pu	1/1

The Investment and Fund Raising Committee provided recommendation to the Board for the fund-raising activities and investment opportunities for the Company; and reviewed annual performances of property and securities investments during the year.

Strategic Committee

The Strategic Committee was established on 28 March 2017. The Strategic Committee comprises two members, all of them being Executive Directors, namely:

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu

The Board established the Strategic Committee for the purpose of, among others, reviewing and providing recommendations to the Board for appropriate long-term development strategy of the Company and its subsidiaries.

During the year ended 31 December 2023, one Strategic Committee meeting was held. Attendance of the members at the meeting is set out as follows:

Committee members	Meeting attended/held
Mr. Laio Nangang	1/1
Ms. Qian Pu	1/1

The Strategic Committee provided recommendation to the Board for the medium-term and long-term strategic development planning for the Company; and reviewed overall performances of the Group during the year.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility to prepare the financial statements for each financial period which give a true and fair view of the financial affairs of the Group. The Directors also ensure that the financial statements of the Group are prepared in accordance with statutory requirements and applicable accounting standards on a going concern basis. The Board ensures that the publication of the financial statements of the Group is in a timely manner.

The Directors have also made judgments and estimates that are prudent and reasonable in the preparation of the consolidated financial statements. The independent auditor's report, which contains the statement of the external auditor about its reporting responsibilities on the Group consolidated financial statements, is set out in the section headed "Independent Auditor's Report" of this annual report.

Going Concern

As the Auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements for the Year, the Auditor issued the Disclaimer of Opinion, the details of which are described in the "Basis for Disclaimer of Opinion" section of the Independent Auditor's Report as set out on pages 39 to 40 of the Annual Report.

The detailed discussion in relation to the Disclaimer of Opinion are disclosed under the "Management Discussion and Analysis" section as set out on pages 8 to 11 of the Annual Report.

Risk Management and Internal Control

During the year, the Group appointed BT Corporate Governance Limited ("**BTCG**") as an external independent professional to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and

- independently perform internal control reviews and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by BTCG to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of BTCG as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information, in order to comply with Chapter 13 of the Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures, staff training arrangements, etc.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management and further enhance the Group's internal control and risk management systems as appropriate.

Services	HKD'000
BTHK:	
– Audit service	970
– Non-audit service (Interim review service)	308
	1,278
BTCG:	
– Internal control review services	158
Total	1,436

COMPANY SECRETARY

Mr. Sze Kat Man joined the Company as the financial controller of the Company since October 2014, and was appointed as Company Secretary in April 2017. The biographical details of Ms. Sze are set out the section headed "Directors and Senior Management Profile". During the year ended 31 December 2023, Mr. Sze has complied with Rule 3.29 of the Listing Rules on taking no less than 15 hours of relevant professional training.

DIVIDEND POLICY

The Board has formulated a dividend policy with the aim of enhancing transparency of the Company and facilitating the shareholders and investors to make informed investment decision relating to the Company's shares. The Board shall also take into account the following factors of the Group before considering the declaration and payment of dividends:

- earnings and financial condition;
- operating requirements;
- capital requirements and expenditure plans;
- financial results;
- cash flow situation;
- business conditions and strategies;
- interests of the shareholders of the Company;

- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The policy will continue to be reviewed from time to time by the Board and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period.

SHAREHOLDERS' RIGHT

1. Procedures for Convening a Special General Meeting

Pursuant to the Bye-laws of the Company, the 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 have rights to require a special general meeting to be called by the Board for the transaction of any business specified in written requisition, which must be signed by the requisitionist(s). The requisition must be deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the "**Registered Office**") for the attention of the Company Secretary. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the Company's principal place of business in Hong Kong at 20/F, One Continental, No. 232 Wan Chai Road, Wan Chai, Hong Kong (the "**Head Office**") for the attention of the Company Secretary.

2. Procedures for Putting Forward Proposals at General Meetings

Pursuant to the Companies Act, the Shareholders holding at the date of deposit of the requisition not less than one-twentieth of the total voting right at general meetings of the Company or not less than one hundred Shareholders may provide a written requisition to the Company stating the resolution intended to be proceeded at the general meeting. The requisition must be deposited at the Registered Office for the attention of the Company Secretary. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the Head Office for the attention of the Company Secretary.

Shareholders can also refer to the detailed requirements and procedures as set forth in the relevant sections of the Companies Act and the Bye-laws when making any requisitions or proposals for transaction at the general meetings of the Company. For the details of requirement and procedures for convening a general meeting, putting forward the proposals and/or proposing a person for election at a general meeting are available on the Company's website.

SHAREHOLDERS' ENQUIRIES

Shareholders should direct their questions about their shareholdings to the Company's share registrars. The addresses of the Company's share registrars are set out in the section headed "Corporate Information" of this annual report. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also send written enquiries or requests to the Head Office or by fax to (852) 2115 1912 or by email to info@paktakintl.com for the attention of the Company Secretary.

INVESTOR RELATIONS

As always, the Company provides updated information of the Group to all Shareholders when it becomes available and appropriate, through the publication of interim and annual reports, circular, notices, the Bye-laws or other means in compliance with the legal and regulatory requirements. Such information has been made available on the Company's website at www.paktakintl.com.

The Company acknowledges that general meetings are good communication channel with Shareholders and encourages the Directors and the members of the Board Committees to attend and answer questions raised by Shareholders at the general meetings.

CONSTITUTIONAL DOCUMENT

For the purpose of (i) conforming with the latest Listing Rules and the applicable laws of Bermuda; (ii) providing the flexibility to the Company in relation to the conduct of general meetings (including allowing the general meetings to be held as a hybrid meeting or an electronic meeting in addition to a physical meeting); and (iii) making other consequential and housekeeping amendments, the Company adopted a new bye-laws ("**New Bye-laws**") during the year. The adoption of the New Bye-laws was approved by the Shareholders at 2023 AGM. The New Bye-laws is available on the websites of the Stock Exchange and the Company.

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Independent auditor's report to the members of
Pak Tak International Limited
(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Pak Tak International Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 42 to 115, 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to form an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in Note 2(b) to the consolidated financial statements, during the year ended 31 December 2023, the Group recorded a net loss of approximately HKD202,150,000 and defaulted on repayment of two interest-bearing bank borrowings with aggregate principal amount of approximately RMB301,567,000 (equivalent to approximately HKD330,578,000) and related aggregate interest amount of approximately RMB15,271,000 (equivalent to approximately HKD16,740,000) which these bank borrowings became immediately repayable on demand. One of the banks has commenced litigation against the Group to recover the principal amount and related interest amount of the borrowing amounted to approximately RMB294,300,000 (equivalent to approximately HKD322,612,000). These bank borrowings exceed the Group's cash and cash equivalents of approximately HKD85,362,000 as at 31 December 2023.

These events or conditions, together with other matters disclosed in Note 2(b) to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

Multiple uncertainties relating to going concern *(Continued)*

The Group has taken plans and measures to mitigate its liquidity pressure and improve its financial position, which are set out in Note 2(b) to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including: (i) successful negotiation with the relevant banks for revising the repayment terms by instalment up to over the years and not demanding immediate repayment of existing bank borrowings due to the breach of loan covenants; (ii) successfully obtaining additional funds from the substantial shareholders by way of shareholders' loan; and (iii) successfully collecting substantial payments from customers.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements.

Given the execution of the above plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issuance of the consolidated financial statements with details as set out in Note 2(b) to the consolidated financial statements, and in view of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, we are unable to form an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate and we disclaim our opinion on the consolidated financial statements of the Group in respect of year ended 31 December 2023.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine are 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process on behalf of the Board of Directors.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. Our report is made 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. However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to form an audit opinion on these consolidated financial statements.

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.

The engagement director on the audit resulting in this independent auditor's report is Leung Yun Wa.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 28 March 2024

Leung Yun Wa
Practising Certificate number P08096

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Note	2023 HKD'000	2022 HKD'000
Revenue	3	**422,492**	726,536
Other revenue	4	**5,274**	39,934
Other net (losses)/gains	4	**(24,962)**	1,457
Fair value loss on investment properties	13	**(55,414)**	(406)
Impairment losses under expected credit loss model, net of reversal	18	**(88,984)**	(19,510)
Direct costs and operating expenses		**(389,177)**	(689,812)
Administrative expenses		**(43,612)**	(43,174)
(Loss)/profit from operations		**(174,383)**	15,025
Finance costs	5(a)	**(25,068)**	(31,863)
Loss before taxation	5	**(199,451)**	(16,838)
Income tax (expense)/credit	6	**(2,699)**	2,577
Loss for the year		**(202,150)**	(14,261)
Attributable to:			
— Equity shareholders of the Company		**(201,747)**	(14,259)
— Non-controlling interests		**(403)**	(2)
Loss for the year		**(202,150)**	(14,261)
		HK cents	HK cents
Loss per share	9		
— Basic and diluted		**(5.09)**	(0.37)

The notes on pages 49 to 115 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 HKD'000	2022 HKD'000
Loss for the year	**(202,150)**	(14,261)
Other comprehensive loss for the year:		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**(11,595)**	(43,799)
Items that will not be reclassified subsequently to profit or loss:		
— Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	**(2,994)**	(19,433)
Total comprehensive loss for the year	**(216,739)**	(77,493)
Attributable to:		
Equity shareholders of the Company	**(216,340)**	(77,491)
Non-controlling interests	**(399)**	(2)
	(216,739)	(77,493)

The notes on pages 49 to 115 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	2023 HKD'000	2022 HKD'000
Non-current assets			
Property, plant and equipment	11	**15,711**	87,932
Right-of-use assets	12	**20,381**	17,440
Investment properties	13	**279,418**	344,108
Intangible assets	14	**889**	1,660
Deferred tax assets	27(a)	**8,080**	6,509
Financial assets at fair value through other comprehensive income	15	**1,478**	4,472
		325,957	462,121
Current assets			
Inventories	20	**1,769**	1,892
Trade and other receivables	17	**535,095**	759,107
Finance lease receivables	16	**—**	27,650
Financial assets at fair value through profit or loss	19	**57**	434
Pledged bank deposits	21(a)	**—**	38,919
Cash and cash equivalents	21(a)	**85,362**	37,684
		622,283	865,686
Current liabilities			
Trade and bills payables	22	**70,856**	152,386
Other payables and accrued charges	23	**76,442**	82,937
Contract liabilities	24	**11,422**	14,847
Borrowings	25	**337,901**	415,474
Lease liabilities	26	**2,023**	2,603
Tax payable		**26**	657
		498,670	668,904
Net current assets		**123,613**	196,782
Total assets less current liabilities		**449,570**	658,903
Non-current liabilities			
Borrowings	25	**29,407**	32,976
Lease liabilities	26	**12,241**	19,874
Deferred tax liabilities	27(a)	**40,668**	37,130
		82,316	89,980
NET ASSETS		**367,254**	568,923

	Note	2023 HKD'000	2022 HKD'000
CAPITAL AND RESERVES			
Share capital	28(c)	**93,600**	78,000
Reserves		**273,654**	490,923
TOTAL EQUITY		**367,254**	568,923

Approved and authorised for issue by the board of directors on 28 March 2024.

Liao Nangang
DIRECTOR

Qian Pu
DIRECTOR

The notes on pages 49 to 115 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity shareholders of the Company							
	Share capital HKD'000	Share premium HKD'000	Fair value reserve HKD'000	Exchange reserve HKD'000	Retained profits/ (accumulated losses) HKD'000	Sub-total HKD'000	Non-controlling interests HKD'000	Total equity HKD'000
At 1 January 2022	78,000	540,359	(114,143)	32,136	110,062	646,414	2	646,416
Changes in equity for the year ended 31 December 2022:								
Loss for the year	—	—	—	—	(14,259)	(14,259)	(2)	(14,261)
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	—	—	—	(43,799)	—	(43,799)	—	(43,799)
Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	—	—	(19,433)	—	—	(19,433)	—	(19,433)
Total comprehensive loss for the year	—	—	(19,433)	(43,799)	(14,259)	(77,491)	(2)	(77,493)
Transfer of loss on disposal of equity instruments at fair value through other comprehensive income to retained profits	—	—	60,682	—	(60,682)	—	—	—
At 31 December 2022	78,000	540,359	(72,894)	(11,663)	35,121	568,923	—	568,923
At 1 January 2023	**78,000**	**540,359**	**(72,894)**	**(11,663)**	**35,121**	**568,923**	**—**	**568,923**
Changes in equity for the year ended 31 December 2023:								
Loss for the year	**—**	**—**	**—**	**—**	**(201,747)**	**(201,747)**	**(403)**	**(202,150)**
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**—**	**—**	**—**	**(11,599)**	**—**	**(11,599)**	**4**	**(11,595)**
Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	**—**	**—**	**(2,994)**	**—**	**—**	**(2,994)**	**—**	**(2,994)**
Total comprehensive loss for the year	**—**	**—**	**(2,994)**	**(11,599)**	**(201,747)**	**(216,340)**	**(399)**	**(216,739)**
Capital contribution from a non-controlling shareholder	**—**	**—**	**—**	**—**	**—**	**—**	**3,617**	**3,617**
Issue of ordinary shares, net of direct transaction cost (Note 28(c))	**15,600**	**(929)**	**—**	**—**	**—**	**14,671**	**—**	**14,671**
Acquisition of non-controlling interests (Note 31)	**—**	**—**	**—**	**—**	**—**	**—**	**(3,218)**	**(3,218)**
At 31 December 2023	**93,600**	**539,430**	**(75,888)**	**(23,262)**	**(166,626)**	**367,254**	**—**	**367,254**

The notes on pages 49 to 115 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 HKD'000	2022 HKD'000
Operating activities			
Loss before taxation		**(199,451)**	(16,838)
Adjustments for:			
— Interest income	4	**(3,207)**	(3,188)
— Dividend income	4	**—**	(35,803)
— Fair value loss/(gain) of financial assets at fair value through profit or loss	4	**396**	(814)
— Fair value loss on investment properties	13	**55,414**	406
— Loss on disposal of property, plant and equipment	4	**533**	4
— Loss on disposal of subsidiaries	4	**24,017**	—
— Gain on early termination of leases	4	**—**	(647)
— Write-back of trade payables	4	**(805)**	—
— Depreciation on property, plant and equipment	5(c)	**10,360**	11,605
— Depreciation on right-of-use assets	5(c)	**3,012**	4,594
— Derecognition of goodwill	5(c)	**—**	3,526
— Amortisation on intangible assets	5(c)	**731**	362
— Finance costs	5(a)	**25,068**	31,863
— Loss allowance for expected credit loss allowance on finance lease receivables	5(c)	**29,824**	954
— Loss allowance for expected credit loss on trade receivables	5(c)	**60,090**	18,259
— (Reversal of)/loss allowance for expected credit loss on other receivables	5(c)	**(930)**	297
— Exchange realignment		**1,126**	4,545
Operating profit before changes in working capital		**6,178**	19,125
Decrease in inventories		**70**	1,207
Decrease in trade and other receivables		**137,402**	108,896
Increase in finance lease receivables		**—**	(4,401)
Decrease in trade and bills payables		**(77,354)**	(156,286)
Decrease in other payables and accrued charges		**(18,520)**	(24,030)
Decrease in contract liabilities		**(3,030)**	(628)
Cash generated from/(used in) operations		**44,746**	(56,117)
Tax (paid)/refund:			
— Hong Kong tax refund		**—**	108
— People's Republic of China ("**PRC**") tax paid		**(387)**	(312)
Interest received		**474**	2,618
Net cash generated from/(used in) operating activities		**44,833**	(53,703)

	Note	2023 HKD'000	2022 HKD'000
Investing activities			
Purchase of property, plant and equipment		**(1,286)**	(2,230)
Purchase of intangible assets		**—**	(797)
Purchase of financial assets at fair value through profit or loss		**(62,984)**	(12,607)
Proceeds from disposal of structured deposits		**—**	70,139
Proceeds from disposal of wealth management products		**—**	10,276
Proceeds from disposal of listed equity securities included in financial assets at fair value through profit or loss		**63,310**	12,960
Proceeds from disposal of financial assets at fair value through other comprehensive income		**—**	91,000
Acquisition of subsidiaries, net of cash acquired	29	**—**	(85,466)
Withdrawal of pledged bank deposits		**38,132**	52,981
Net cash inflow on disposal of subsidiaries	30	**38,385**	—
Dividend received from equity investments		**—**	35,060
Net cash generated from investing activities		**75,557**	171,316
Financing activities			
Proceeds from issue of ordinary shares	28(c)	**14,671**	—
Capital element of lease rental paid	21(b)	**(14,116)**	(513)
Interest element of lease rental paid	21(b)	**(863)**	(107)
Proceeds from new loans	21(b)	**1,105**	448,344
Repayment of loans	21(b)	**(70,134)**	(506,412)
Interest paid	21(b)	**(5,522)**	(34,712)
Capital contribution from a non-controlling shareholder		**3,617**	—
Net cash used in financing activities		**(71,242)**	(93,400)
Net increase in cash and cash equivalents		**49,148**	24,213
Cash and cash equivalents at beginning of the year		**37,684**	15,442
Effect of foreign exchange rate changes		**(1,470)**	(1,971)
Cash and cash equivalents at end of the year	21(a)	**85,362**	37,684

SIGNIFICANT NON-CASH TRANSACTIONS

During the year ended 31 December 2023, interest payables of approximately HKD5,690,000 was settled by off-setting trade receivables due from a customer of the Group.

The notes on pages 49 to 115 form part of the consolidated financial statements.

1. GENERAL

Pak Tak International Limited ("**the Company**") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal office in Hong Kong was Unit 1902, 19th Floor, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the supply chain business, property investment, and hotel management and catering service.

The consolidated financial statements of the Company and its subsidiaries (the "**Group**") are presented in Hong Kong dollars ("**HKD**") which is same as the functional currency of the Company. The consolidated financial statements are presented in the nearest thousand (HKD'000) unless otherwise stated.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

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

A summary of material accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

— investment properties (see Note 2(g)); and

— investments in equity securities (see Note 2(f)).

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 36.

Going concern assumption

During the year ended 31 December 2023, the Group recorded a net loss of approximately HKD202,150,000 and defaulted on repayment of two interest-bearing bank borrowings with aggregate principal amount of approximately RMB301,567,000 (equivalent to approximately HKD330,578,000) and related aggregate interest amount of approximately RMB15,271,000 (equivalent to approximately HKD16,740,000) which these bank borrowings became immediately repayable on demand. One of the banks has commenced litigation against the Group to recover the principal amount and related interest amount of the borrowing amounted to approximately RMB294,300,000 (equivalent to approximately HKD322,612,000). These bank borrowings exceed the Group's cash and cash equivalents of approximately HKD85,362,000 as at 31 December 2023.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure, to improve the financial position of the Group, and to remediate the overdue repayments to the lenders:

(i) The Group has been actively negotiating with the relevant banks for revising the repayment terms by instalment up to over the years and not demanding immediate repayment of existing bank borrowings due to the breach of loan covenants;

(ii) The Group has developed a plan to obtain additional fundings from the substantial shareholders of the Company by way of shareholders' loan. Such funding will be used to finance the repayment of principal and interest of the defaulted bank borrowings; and

(iii) The Group has been actively implemented measures to speed up the collection of substantial payments from customers.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

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

Going concern assumption (Continued)

The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2023. The directors of the Company are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, since the execution of the above plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issuance of the consolidated financial statements, material uncertainties exist as to whether the management of the Group will be able to achieve its plans and measures as mentioned above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the following:

(i) Successful negotiation with the relevant banks for revising the repayment terms by instalment up to over the years and not demanding immediate repayment of existing bank borrowings due to the breach of loan covenants;

(ii) Successfully obtaining additional funds from the substantial shareholders by way of shareholders' loan; and

(iii) Successfully collecting substantial payments from customers.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that might have become onerous, where appropriate. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies

In the current year, the Group has applied the amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

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

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 41).

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

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Impact on application of Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Impact on application of Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings/accumulated losses or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The application of the amendments has no material impact on the Group's financial position and performance.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see Note 2(j)(ii)).

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(e) Intangible assets (other than goodwill)

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

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

— Computer software	5 to 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries are as follows:

Investment in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 32(g). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(t)(ii)).

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

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(f) Investments in securities *(Continued)*

(i) Non-equity investments (Continued)

— FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other revenue in accordance with the policy set out in Note 2(t)(ii).

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

Investment properties are stated at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(t)(ii).

(h) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)).

Construction in progress represents property, plant and equipment under construction and is stated at cost less impairment losses (see Note 2(j)(ii)). Cost comprises direct costs of construction. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use was completed.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Property, plant and equipment *(Continued)*

Depreciation is calculated to write off the cost of items of property, plant and equipment (except for construction in progress), less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvements	20% or over the remaining term of the relevant leases, whichever is shorter
Property	Over the remaining estimated useful life
Furniture, fixtures and equipment	10% to 33%
Motor vehicles	20% to 25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Leased assets

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

(a) Where the Group is the lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(t)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(i)(b), then the Group classifies the sub-lease as an operating lease.

(b) Where the Group is the lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Leased assets *(Continued)*

(b) Where the Group is the lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

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

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value. Depreciation is calculated to write off the cost of right-of-use assets using straight-line method over the lease term or life of the assets, where it was likely the Group would obtain ownership of the assets, as set out in Note 2(h), whichever is shorter.

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are 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 *Leases*.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and finance lease receivables

The Group recognised a loss allowance for expected credit losses ("**ECLs**") on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits and trade and other receivables); and

— finance lease receivables.

Financial assets measured at fair value, including equity securities measured at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls. (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

— finance lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group always recognises lifetime ECL for trade receivables and finance lease receivables. The ECL on these assets are assessed individually and/or collectively using a provision matrix with appropriate groupings.

Where ECL is measured on a collective basis, the debtors are grouped on the basis of sharing similar loss patterns, after considering the historical loss rates experience, ageing of overdue debtors, customers' repayment history, customer's financial position and forward-looking information that is reasonable and supportable available without undue costs or effort. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and finance lease receivables (Continued)

Measurement of ECLs *(Continued)*

For all other financial instruments, the Group recognised a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increase in credit risk

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

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;

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

Definition of default

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.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and finance lease receivables (Continued)

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:

— significant financial difficulty of the issuer of the borrower;

— a breach of contract, such as a default or past due event;

— the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider;

— it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGUs**").

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets (Continued)

— Calculation of recoverable amount

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use based on the estimated future cash flows, 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out method and comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(j)(i)).

(m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings and bond are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(v)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(l)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(j)(i).

(q) Employee benefits

(i) Short term employee Employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(q) Employee benefits *(Continued)*

(ii) Defined benefit plan obligations

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For long service payment obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other revenue recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including sales of goods from supply chain business that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Revenue and other revenue recognition *(Continued)*

(i) Revenue from contracts with customers (Continued)

(a) Sales of goods

Revenue from sales of goods is recognised when the control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Hotel management and catering services

Revenue from food and beverage sales is recognised at the point in time when the services are rendered. Hotel room service income from room rental is recognised over time during the period of stay for the hotel guests. Revenue in respect of hotel management services is recognised over time during the period when management services are delivered to the hotels.

(c) Handling fee income

Handling fee income is recognised when services are provided.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(j)(i)).

(b) Finance lease income

The income under finance lease is recognised in the consolidated statement of profit or loss using the effective interest rate implicit in the lease over the terms of the lease. Contingent rent is recognised as income in the period in which it is earned.

(c) Rental income from operating leases

Rental income is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(d) Dividends

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Revenue and other revenue recognition *(Continued)*

(ii) Revenue from other sources and other income (Continued)

(e) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

— an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into HKD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the non-controlling interests shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(w) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the 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 Group's parent.

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

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

3. REVENUE

Revenue represents net sale value of goods supplied to customers, service income from different segments, interest income and rental income, net of discounts and related value added tax or other taxes, and is analysed as follows:

	2023 HKD'000	2022 HKD'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines (Note)		
— Sales of goods from supply chain business	294,706	626,693
— Sales of food and beverage products from hotel management and catering services	100,403	69,256
— Hotel room service income	—	5,121
— Management fee income from hotel management services	15,030	12,469
— Handling fee income from supply chain financing arrangements	120	719
	410,259	714,258
Revenue from other sources		
Interest income from supply chain financing arrangements	3,458	4,804
Finance lease income	—	2,254
Gross rentals from investment properties		
— Lease payment that are fixed	6,356	5,220
Rental income from sublease	2,419	—
	12,233	12,278
	422,492	726,536

Note:

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for products or services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for products or services that had an original expected duration of one year or less.

4. OTHER REVENUE AND OTHER NET (LOSSES)/GAINS

	2023 HKD'000	2022 HKD'000
Other revenue		
Dividend income from equity investments	—	35,803
Interest income	3,207	3,188
Write-back of trade payables	805	—
Government grants (Note)	—	168
Sundry income	1,262	775
	5,274	39,934
Other net (losses)/gains		
Loss on disposal of property, plant and equipment	(533)	(4)
Loss on disposal of subsidiaries (Note 30)	(24,017)	—
Fair value (loss)/gain of financial assets at fair value through profit or loss	(396)	814
Gain on early termination of leases (Note 12)	—	647
Others	(16)	—
	(24,962)	1,457

Note:

During the year ended 31 December 2022, an indirect wholly-owned subsidiary of the Company successfully applied for funding support from the Employment Support Scheme under the COVID-19 Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region. 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 grant, it is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the submitted and approved list of employees.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging/(crediting):

		2023 HKD'000	2022 HKD'000
(a)	**Finance costs:**		
	Interest on bills payables	297	—
	Interest on borrowings	23,908	30,388
	Interest on lease liabilities	863	1,475
		25,068	31,863
(b)	**Staff costs (including directors' emoluments in Note 7):**		
	Salaries, wages, bonus and allowances	46,336	45,518
	Contributions to defined contribution retirement plans (Note)	5,848	5,391
	Staff welfare and benefits	5,992	4,313
		58,176	55,222

Note:

Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

		2023 HKD'000	2022 HKD'000
(c)	**Other items:**		
	Amortisation on intangible assets	731	362
	Auditor's remuneration		
	— audit services	970	940
	— other services	308	569
	Cost of inventories sold from supply chain business	293,191	594,619
	Cost of inventories consumed from hotel management and catering services	41,822	33,007
	Depreciation on property, plant and equipment	10,360	11,605
	Depreciation on right-of-use assets	3,012	4,594
	Derecognition of goodwill	—	3,526
	Expenses relating to short-term leases	1,173	5,487
	Provision for ECL allowance on finance lease receivables	29,824	954
	Provision for ECL allowance on trade receivables	60,090	18,259
	(Reversal of)/provision for ECL allowance on other receivables	(930)	297

6. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2023 HKD'000	2022 HKD'000
Current tax — the PRC Enterprise Income Tax		
— Current income tax	**23**	781
— Over-provision in respect of prior years, net	**(652)**	(1,584)
	(629)	(803)
Deferred tax (Note 27(a))		
— the PRC	**3,328**	(1,774)
Income tax expense/(credit)	**2,699**	(2,577)

Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated or domiciled in Hong Kong have no assessable profits or sustained tax losses for taxation purpose for both years.

Under the Law of the People's Republic of China (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% for both years.

(b) Reconciliation between the income tax expense/(credit) and accounting loss at the applicable tax rates:

	2023 HKD'000	2022 HKD'000
Loss before taxation	**(199,451)**	(16,838)
Notional tax on results before taxation, calculated at the rates applicable to profit in jurisdictions concerned	**(45,406)**	(6,220)
Tax effect of expenses not deductible for tax purposes	**11,868**	1,391
Tax effect of income not taxable	**(10,445)**	(6,184)
Tax effect of tax losses not recognised	**11,858**	3,338
Tax effect of utilisation of tax losses previously not recognised	**(47)**	(103)
Over-provision in respect of prior years, net	**(652)**	(1,584)
Tax effect of temporary differences not recognised	**35,523**	6,785
Income tax expense/(credit)	**2,699**	(2,577)

7. DIRECTORS' EMOLUMENTS

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

	Directors' fees		Salaries, allowances and benefits in kind		Discretionary bonus		Retirement scheme contributions		Total	
	2023 HKD'000	2022 HKD'000	2023 HKD'000	2022 HKD'000	2023 HKD'000	2022 HKD'000	2023 HKD'000	2022 HKD'000	2023 HKD'000	2022 HKD'000
Executive directors										
Liao Nangang *(chairman)*	–	–	–	–	–	–	–	–	–	–
Qian Pu *(chief executive officer)*	–	–	1,584	1,553	–	116	81	128	1,665	1,797
Wang Jian	–	–	260	260	–	–	13	13	273	273
Ning Jie (resigned on 1 February 2024)	–	–	390	390	–	–	18	18	408	408
Zhou Yijie (appointed on 1 February 2024)	–	–	–	–	–	–	–	–	–	–
Non-executive directors										
Shin Yick Fabian (resigned on 3 February 2023)	–	–	33	390	–	–	2	18	35	408
Liu Xiaowei	–	–	390	390	–	–	18	18	408	408
Independent non-executive directors										
Zheng Suijun	120	240	–	–	–	–	–	–	120	240
Chan Kin Sang	120	240	–	–	–	–	–	–	120	240
Chan Ngai Sang, Kenny (resigned on 16 December 2022)	–	235	–	–	–	–	–	–	–	235
Chan Ching Yi, Yvonne (appointed on 16 December 2022)	120	5	–	–	–	–	–	–	120	5
	360	720	2,657	2,983	–	116	132	195	3,149	4,014

During the years ended 31 December 2023 and 2022, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived any emoluments during the years ended 31 December 2023 and 2022.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2022: one director), details of whose remuneration are set out in Note 7. Details of the remuneration of the five highest paid employees of the Company are as follows:

	2023 HKD'000	2022 HKD'000
Salaries and other emoluments	4,460	4,210
Discretionary bonus	—	116
Retirement scheme contributions	268	340
	4,728	4,666

The number of the five highest paid employees where remuneration fell within the following bands is as follows:

	No. of individuals 2023	2022
Nil — HKD1,000,000	4	4
HKD1,500,001 — HKD2,000,000	1	1
	5	5

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the year.

	2023 HKD'000	2022 HKD'000
Loss		
Loss attributable to equity shareholders of the Company	(201,747)	(14,259)
Number of shares	'000	'000
Weighted average number of ordinary shares in issue	3,966,247	3,900,000

Basic loss per share is the same as diluted loss per share as the Company has no dilutive potential shares.

10. SEGMENT REPORTING

The chief operating decision-maker ("**CODM**") has been identified as the executive directors of the Company. The CODM reviews the Group's internal reporting for purpose of allocating resources to, and assessing the performance of, the Group's various businesses.

The Group is organised into business units based on their products and services and has three reportable operating segments under HKFRS 8, "Operating Segments" which were as follows:

(i) Supply chain business;
(ii) Property investment; and
(iii) Hotel management and catering services.

In addition to the above reportable segments, other operating segments include leasing business, money lending business and securities investment which were being reported as separate segments in prior periods. None of these segments met the quantitative thresholds for the reportable segments in both current and prior period. Accordingly, these were grouped in "Others". Prior period segment disclosures have been represented to conform with current period's presentation.

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

The Group's operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the consolidated financial statements.

The CODM assesses the performance of the operating segments based on a measure of reportable segment results. This measurement basis excludes certain other net (losses)/gains, finance costs, other revenue and unallocated expenses.

Segment assets mainly exclude deferred tax assets and certain other assets that are managed on a central basis. Segment liabilities mainly exclude deferred tax liabilities and certain other liabilities that are managed on a central basis.

10. SEGMENT REPORTING *(Continued)*

(a) Operating segment

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

Year ended 31 December 2023	Supply chain business HKD'000	Property investment HKD'000	Hotel management and catering services HKD'000	Others HKD'000	Total HKD'000
Disaggregated by timing of revenue recognition					
Point in time	294,826	—	100,403	—	395,229
Over time	3,458	2,672	21,133	—	27,263
Revenue from external customers	298,284	2,672	121,536	—	422,492
Segment loss	(65,746)	(50,384)	(7,741)	(32,220)	(156,091)
Reconciliation:					
Interest income					3,207
Corporate and other unallocated expenses					(23,566)
Finance costs					(25,068)
Other revenue					2,067
Loss before taxation					(199,451)
Income tax expense					(2,699)
Loss for the year					(202,150)

10. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

The following is an analysis of the Group's revenue and results by reportable segments: *(Continued)*

Year ended 31 December 2022	Supply chain business HKD'000	Property investment HKD'000	Hotel management and catering services HKD'000	Others HKD'000	Total HKD'000
Disaggregated by timing of revenue recognition					
Point in time	627,412	—	69,256	—	696,668
Over time	4,804	4,562	18,248	2,254	29,868
Revenue from external customers	632,216	4,562	87,504	2,254	726,536
Segment profit/(loss)	8,784	3,274	(23,079)	(6,622)	(17,643)
Reconciliation:					
Interest income					3,188
Corporate and other unallocated expenses					(7,266)
Finance costs					(31,863)
Other revenue					36,746
Loss before taxation					(16,838)
Income tax credit					2,577
Loss for the year					(14,261)

10. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

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

At 31 December 2023	Supply chain business HKD'000	Property investment HKD'000	Hotel management and catering services HKD'000	Others HKD'000	Total HKD'000
Segment assets	493,033	177,217	170,631	1,783	842,664
Reconciliation:					
Deferred tax assets					8,080
Corporate and other unallocated assets					97,496
Total assets					948,240
Segment liabilities	423,850	28,047	79,541	7,810	539,248
Reconciliation:					
Deferred tax liabilities					40,668
Corporate and other unallocated liabilities					1,070
Total liabilities					580,986

At 31 December 2022	Supply chain business HKD'000	Property investment HKD'000	Hotel management and catering services HKD'000	Others HKD'000	Total HKD'000
Segment assets	746,028	232,609	221,763	36,560	1,236,960
Reconciliation:					
Deferred tax assets					6,509
Corporate and other unallocated assets					84,338
Total assets					1,327,807
Segment liabilities	558,673	32,917	120,878	8,323	720,791
Reconciliation:					
Deferred tax liabilities					37,130
Corporate and other unallocated liabilities					963
Total liabilities					758,884

10. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

The following is an analysis of the Group's other segment information by reportable segments:

Year ended 31 December 2023	**Supply chain business HKD'000**	**Property investment HKD'000**	**Hotel management and catering service HKD'000**	**Others HKD'000**	**Total HKD'000**
Other information					
Additions to non-current segment assets	—	9	1,277	—	1,286
Depreciation and amortisation	61	3	12,248	23	12,335
Unallocated depreciation					1,768
					14,103
Provision for ECL allowances, net	56,199	60	3,120	29,605	88,984

Year ended 31 December 2022	Supply chain business HKD'000	Property investment HKD'000	Hotel management and catering service HKD'000	Others HKD'000	Total HKD'000
Other information					
Additions to non-current segment assets	195	—	8,063	36	8,294
Non-current segment assets acquired on acquisition of subsidiaries	—	—	219,926	—	219,926
Depreciation and amortisation	513	—	13,991	181	14,685
Unallocated depreciation					1,876
					16,561
Derecognition of goodwill	—	—	3,526	—	3,526
Provision for ECL allowances, net	15,725	—	2,831	954	19,510

10. SEGMENT REPORTING *(Continued)*

(b) Geographical information

The Group's revenue from external customers is wholly derived from the PRC.

The Group's information about its non-current assets (excluding financial assets at fair value through other comprehensive income, finance lease receivables and deferred tax assets) by geographic location is as follows:

	2023 HKD'000	2022 HKD'000
The PRC	316,399	387,369
Hong Kong	—	63,771
	316,399	451,140

(c) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the group's revenue, is set out below:

	2023 HKD'000	2022 HKD'000
Supply chain business		
Customer A	N/A*	389,752
Customer B	N/A*	94,719
Customer C	114,464	—

* The corresponding revenue did not contribute 10% or more of the Group's revenue.

11. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress HKD'000	Leasehold improvements HKD'000	Property held for own-use HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Total HKD'000
Cost						
At 1 January 2022	—	140	71,332	653	571	72,696
Exchange realignment	(100)	(1,961)	(8,507)	(603)	(26)	(11,197)
Additions	—	1,789	—	441	—	2,230
Acquired on acquisition of subsidiaries (Note 29)	1,771	22,123	99,740	6,652	220	130,506
Disposals/written-offs	—	—	—	(80)	—	(80)
Transfer to leasehold improvements	(1,671)	1,671	—	—	—	—
Transfer to investment properties (Note 13)	—	—	(91,233)	—	—	(91,233)
At 31 December 2022 and 1 January 2023	—	23,762	71,332	7,063	765	102,922
Exchange realignment	—	(673)	—	(186)	(5)	(864)
Additions	—	1,228	—	56	2	1,286
Disposals/written-offs	—	(820)	—	(669)	(565)	(2,054)
Derecognition on disposal of subsidiaries (Note 30)	—	(140)	(71,332)	—	—	(71,472)
At 31 December 2023	—	23,357	—	6,264	197	29,818
Accumulated depreciation						
At 1 January 2022	—	77	5,768	559	548	6,952
Exchange realignment	—	(69)	(44)	(37)	(3)	(153)
Depreciation provided for the year	—	5,408	5,211	846	140	11,605
Disposals/written-offs	—	—	—	(76)	—	(76)
Elimination on transfer to investment properties (Note 13)	—	—	(3,338)	—	—	(3,338)
At 31 December 2022 and 1 January 2023	—	5,416	7,597	1,292	685	14,990
Exchange realignment	—	(214)	—	(36)	(3)	(253)
Depreciation provided for the year	—	7,186	1,741	1,397	36	10,360
Disposals/written-offs	—	(336)	—	(620)	(565)	(1,521)
Derecognition on disposal of subsidiaries (Note 30)	—	(131)	(9,338)	—	—	(9,469)
At 31 December 2023	—	11,921	—	2,033	153	14,107
Net carrying amount						
At 31 December 2023	—	11,436	—	4,231	44	15,711
At 31 December 2022	—	18,346	63,735	5,771	80	87,932

As at 31 December 2022, the property held for own-use was located in Hong Kong on a long-term lease. The relevant property was disposed to an independent third party during the year ended 31 December 2023 through disposal of a wholly-owned subsidiary. Details refer to Note 30.

12. RIGHT-OF-USE ASSETS

	Leased properties HKD'000
Cost	
At 1 January 2022	4,702
Acquired on acquisition of subsidiaries (Note 29)	53,435
Additions (Note (a))	5,267
Modifications of lease payments	(31,383)
Derecognition (Note (c))	(6,403)
Exchange realignment	(4,398)
At 31 December 2022 and 1 January 2023	21,220
Modifications of lease payments	6,411
Exchange realignment	(590)
At 31 December 2023	27,041
Accumulated depreciation	
At 1 January 2022	479
Charge for the year	4,594
Elimination on derecognition (Note (c))	(1,212)
Exchange realignment	(81)
At 31 December 2022 and 1 January 2023	3,780
Charge for the year	3,012
Exchange realignment	(132)
At 31 December 2023	6,660
Net carrying amount	
At 31 December 2023	20,381
At 31 December 2022	17,440

12. RIGHT-OF-USE ASSETS *(Continued)*

The analysis of net carrying amount of right-of-use assets by class of underlying asset is as follows:

	2023 HKD'000	2022 HKD'000
Offices	**2,547**	3,077
Restaurants	**17,558**	13,398
Plant	**276**	965
	20,381	17,440

The analysis of items in relation to leases is as follows:

	2023 HKD'000	2022 HKD'000
Depreciation on right-of-use assets (Note 5(c))	**3,012**	4,594
Interest on lease liabilities (Note 5(a))	**863**	1,475
Total cash outflow for leases		
— Within operating cash flows (Note 5(c))	**1,173**	5,487
— Within financing cash flows	**14,979**	620
Gain on early termination of leases (Note 4)	**—**	(647)

Note:

(a) During the year ended 31 December 2022, the amount included right-of-use assets resulting from new leases entered for its PRC restaurants.

(b) The leases of offices and restaurants contain minimum annual lease payment terms that are fixed. These payment terms are common in the PRC where the Group operates.

(c) For the year ended 31 December 2022, certain leases for offices occupied by the Group in the PRC for which the expiry is originally in 2024 and a lease for restaurant occupied by the Group in the PRC for which the expiry is originally in 2031 were agreed to be early terminated by the Group and the relevant landlords. Accordingly, the recognised right-of-use assets and lease liabilities with carrying amounts at the termination date of HKD5,191,000 and HKD5,838,000 respectively were derecognised, and the net amount of HKD647,000 was recognised in profit or loss as "other net (loss)/ gains" (see Note 4).

(d) For the year ended 31 December 2023, the Group has obtained the right to use properties as its offices, restaurants and a plant through tenancy agreements, the leases typically run for a period of 1 to 10 years (2022: 1 to 10 years).

13. INVESTMENT PROPERTIES

	2023 HKD'000	2022 HKD'000
At the beginning of the year	**344,108**	244,181
Acquired on acquisition of subsidiaries (Note 29)	**—**	34,639
Transfer from property, plant and equipment (Note 11)	**—**	87,895
Exchange realignment	**(9,276)**	(22,201)
Fair value loss	**(55,414)**	(406)
At the end of the year	**279,418**	344,108

The investment properties are situated in the PRC and are held under medium-term leases. The Group leases out shops and a commercial building, which mainly comprises shops and hotel rooms, situated at two different locations in the PRC under operating leases.

As at 31 December 2023 and 2022, certain investment properties were pledged to bank for loans granted to the Group (see Notes 25(a) and 34).

(a) Fair value measurement of the Group's investment properties

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

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

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

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair values of the shops and the commercial building at the end of the reporting period have been arrived at on the basis of valuation performed by 深圳市國正信資產評估土地房地產估價有限公司 and International Valuation Limited respectively, independent qualified professional property valuers ("**Property Valuers**") not connected with the Group, with recent experience in the location and category of property being valued. The management has discussion with the Property Valuers on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

The fair value of the shops is determined using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a discount specific to the quality and location of the properties compared to the recent sales, and are therefore grouped into Level 3 of fair value measurement.

13. INVESTMENT PROPERTIES *(Continued)*

(a) Fair value measurement of the Group's investment properties *(Continued)*

The commercial building was acquired through acquisition of subsidiaries on 1 April 2022 (see Note 29). At the acquisition date, a portion of the building was classified as an investment property for it being leased out to earn rentals, while the rest of the building was classified as property held for own-use for it being used to run a hotel business. As at 31 December 2022, the Group leased the entire commercial building to an independent third party with an initial term of 8 years and therefore the entire commercial building was transferred to and classified as an investment property.

The income capitalisation approach estimates the fair value of the building on an open market basis by capitalising rental income having regard to the current net passing rental income from existing tenancy and potential future reversionary income at the market level. The term value involves the capitalisation of the current net passing rental income over the existing lease term on a fully leased basis. The reversionary value is taken to be current market rental income upon the expiry of the lease and is capitalised by adopting appropriate occupancy rates. In this approach, the independent qualified professional valuer has considered the term yield and reversionary yield. The term yield is used for capitalisation of the current net passing rental income as at the date of valuation whilst the reversionary yield is used to convert reversionary rental income. The fair value of the commercial building therefore grouped into Level 3 of fair value measurement.

There were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 for both reporting periods. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2023 HKD'000	2022 HKD'000
Shops		
At the beginning of the year	**225,658**	244,181
Exchange realignment	**(5,999)**	(19,246)
Fair value (loss)/gain	**(46,572)**	723
At the end of the year	**173,087**	225,658

	2023 HKD'000	2022 HKD'000
A commercial building		
At the beginning of the year	**118,450**	—
Acquired on acquisition of subsidiaries (Note 29)	**—**	34,639
Transfer from property, plant and equipment (Note 11)	**—**	87,895
Exchange realignment	**(3,277)**	(2,955)
Fair value loss	**(8,842)**	(1,129)
At the end of the year	**106,331**	118,450

13. INVESTMENT PROPERTIES *(Continued)*

(a) Fair value measurement of the Group's investment properties *(Continued)*

Information about Level 3 fair value measurements

Description of investment properties	Valuation technique	Significant unobservable inputs	Range	Sensitivity
Shops	Direct comparison approach	Selling price of similar properties in the nearest locality	RMB6,700/m^2 to RMB9,500/m^2 (2022: RMB11,500/m^2 to RMB13,500/m^2)	The higher the selling price of similar properties in the nearest locality used, the higher the fair value
		Adjustment to price per square meter in relation to quality of properties (e.g. location, size, level and condition with reference to comparables)	-6% to 10% (2022:-5% to 5%)	The higher the quality of properties with reference to the comparables, the higher the fair value
A commercial building	Income capitalisation approach	i) Term yield	5% (2022: 5%)	The higher the term yield, the lower the fair value
		ii) Net passing rental income	RMB3.5M to RMB4.1M per annum (2022: RMB2.8M to RMB4.1M per annum)	The higher the net passing rental income, the higher the fair value
		iii) Reversionary yield	6% (2022: 6% to 9%)	The higher the reversionary yield, the lower the fair value
		iv) Reversionary market rental income (for shops)	RMB47/month/m^2 to RMB94/month/m^2 (2022: RMB60/month/m^2 to RMB120/month/m^2)	The higher the reversionary market rental income, the higher the fair value
		v) Reversionary average daily rates (for hotel rooms)	RMB452 to RMB590 per room (2022: RMB453 to RMB591 per room)	The higher the reversionary average daily rate, the higher the fair value

13. INVESTMENT PROPERTIES *(Continued)*

(b) Assets leased out under operating leases

The leases typically run for an initial period of 1 to 8 years (2022: 1 to 8 years), with an option to renew the lease after that date at which all terms are renegotiated. None of the leases includes variable lease payments.

Total future minimum lease payments receivable under operating leases is as follows:

	2023 **HKD'000**	2022 HKD'000
Within 1 year	**8,370**	6,212
After 1 year but within 2 years	**6,955**	7,143
After 2 years but within 3 years	**4,845**	6,266
After 3 years but within 4 years	**4,642**	4,738
After 4 years but within 5 years	**4,874**	4,738
After 5 years	**9,992**	15,174
	39,678	44,271

14. INTANGIBLE ASSETS

	Computer software HKD'000
Cost	
At 1 January 2022	—
Acquired on acquisition of subsidiaries (Note 29)	1,346
Additions	797
Disposals/written-offs	(35)
Exchange alignment	(125)
At 31 December 2022 and 1 January 2023	1,983
Disposals/written-offs	(336)
Exchange alignment	(53)
At 31 December 2023	1,594
Accumulated amortisation	
At 1 January 2022	—
Amortisation provided for the year	362
Disposals/written-offs	(35)
Exchange alignment	(4)
At 31 December 2022 and 1 January 2023	323
Amortisation provided for the year	731
Disposals/written-offs	(336)
Exchange alignment	(13)
At 31 December 2023	705
Net carrying amount	
At 31 December 2023	889
At 31 December 2022	1,660

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HKD'000	2022 HKD'000
Financial assets at fair value through other comprehensive income — Listed equity securities in Hong Kong	**1,478**	4,472

The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Information regarding the methods and assumptions used in determining the fair value of the financial assets is stated in Note 32(g)(i).

16. FINANCE LEASE RECEIVABLES

	2023 HKD'000	2022 HKD'000
Finance lease receivables	**30,888**	28,998
Less: Expected credit loss allowance	**(30,888)**	(1,348)
	—	27,650

At 31 December 2023 and 2022, the finance lease receivables are receivable within one year or on demand.

Note:

(a) Certain machineries are leased out to one lessee under finance initial leases with lease terms of 24 to 48 months. Prior to the revision of lease contract as stated in Note 16(b), the interest rate inherent in the leases was fixed for the entire lease term and was ranging from 6.2% to 12% per annum.

Finance lease receivables are secured over the machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

(b) During the year ended 31 December 2022, the Group entered into a finance lease receivable transfer arrangement (the "**Arrangement**") with the lessee. Under the Arrangement, the amount due from the lessee (representing all past due and future lease payments) of RMB25,122,000 (equivalent to HKD28,341,000) was transferred to an independent third party which the new repayment terms were revised as repayable on demand on a full recourse basis and the balance bears interest at the PRC Loan Prime Rate plus certain agreed premium rates until settlement. As the lessee has not transferred the significant obligations relating to these finance lease receivables, the full carrying amount of the receivables continues to be recognised as "finance lease receivables" in the Group's consolidated statement of financial position.

During the year ended 31 December 2023, the original carrying value of the finance lease receivables and interest in full under the Arrangement have not been settled. Based on the management's best estimate, the entire balance of finance lease receivables is fully impaired due to the occurrence of unfavourable event.

Details of the Group's credit policy are set out in Note 32(a).

17. TRADE AND OTHER RECEIVABLES

	2023 HKD'000	2022 HKD'000
Trade receivables, net of ECL allowance	**413,035**	634,037
Other receivables, net of ECL allowance	**78,476**	94,913
	491,511	728,950
Deposits and prepayments	**43,584**	30,157
	535,095	759,107

Ageing analysis

The ageing analysis of trade receivables (net of ECL allowances) as at the end of the reporting period, based on invoice date, is as follows:

	2023 HKD'000	2022 HKD'000
Within 1 month	**4,110**	3,493
1 to 3 months	**5,411**	4,716
3 to 12 months	**8,192**	557,033
Over 12 months	**395,322**	68,795
	413,035	634,037

Details of the Group's credit policy are set out in Note 32(a).

18. IMPAIRMENT LOSS ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL

	2023 HKD'000	2022 HKD'000
Impairment loss (reversed)/recognised in respect of		
— trade receivables	**60,090**	18,259
— other receivables	**(930)**	297
— finance lease receivables	**29,824**	954
	88,984	19,510

The basis of determining the inputs and assumptions and the estimation techniques used in the consolidated financial statements are the same for both years.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HKD'000	2022 HKD'000
Held for trading investments stated at fair value		
— Listed equity securities in Hong Kong	57	58
— Listed equity securities in the PRC	—	376
	57	434

20. INVENTORIES

	2023 HKD'000	2022 HKD'000
Food and beverages	1,769	1,892

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

(a) Cash and cash equivalents comprise:

	2023 HKD'000	2022 HKD'000
Cash and bank balances	85,362	76,603
Less: pledged bank deposits	—	(38,919)
Cash and cash equivalents	85,362	37,684

As at 31 December 2022, pledged bank deposits carried fixed interest rate of 1.75% and represented deposits pledged to bank as guarantee deposits for certain bills payable made available to the Group (see Notes 22 and 34). The pledges were released during the year ended 31 December 2023 upon the full settlement of the bill payables.

Cash at banks earns interest of floating rates based on daily bank deposit rates. The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

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

	Borrowings HKD'000 (Note 25)	Lease liabilities HKD'000 (Note 26)	Total HKD'000
At 1 January 2023	448,450	22,477	470,927
Changes from financing cash flows:			
Proceeds from new loans	1,105	—	1,105
Repayment of loans	(70,134)	—	(70,134)
Capital element of lease rental paid	—	(14,116)	(14,116)
Interest element of lease rental paid	—	(863)	(863)
Interest paid	(5,522)	—	(5,522)
Total changes from financing cash flows	(74,551)	(14,979)	(89,530)
Exchange realignment	(12,113)	(508)	(12,621)
Other changes:			
Increase in lease liabilities from lease modification	—	6,411	6,411
Repayment of interest payable set-off by trade receivables during the year	(5,690)	—	(5,690)
Interest expenses (Note 5(a))	23,908	863	24,771
Change in interest payables	(12,696)	—	(12,696)
Total other changes	5,522	7,274	12,796
At 31 December 2023	367,308	14,264	381,572

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Borrowings HKD'000 (Note 25)	Lease liabilities HKD'000 (Note 26)	Total HKD'000
At 1 January 2022	523,089	4,542	527,631
Changes from financing cash flows:			
Proceeds from new loans	448,344	—	448,344
Repayment of loans	(506,412)	—	(506,412)
Capital element of lease rental paid	—	(513)	(513)
Interest element of lease rental paid	—	(107)	(107)
Interest paid	(34,712)	—	(34,712)
Total changes from financing cash flows	(92,780)	(620)	(93,400)
Exchange realignment	(39,357)	(4,401)	(43,758)
Other changes:			
Increase in borrowings from acquisition of subsidiaries	22,786	—	22,786
Increase in lease liabilities from acquisition of subsidiaries	—	53,435	53,435
Increase in lease liabilities from entering into new leases during the year	—	5,267	5,267
Decrease in lease liabilities from lease modification	—	(31,383)	(31,383)
Decrease in lease liabilities from early termination of leases during the year	—	(5,838)	(5,838)
Interest expenses (Note 5(a))	30,388	1,475	31,863
Change in interest payables	4,324	—	4,324
Total other changes	57,498	22,956	80,454
At 31 December 2022	448,450	22,477	470,927

22. TRADE AND BILLS PAYABLES

	2023 HKD'000	2022 HKD'000
Trade payables	**70,856**	74,548
Bills payable	**—**	77,838
	70,856	152,386

The ageing analysis of trade and bills payables as at the end of the reporting period, based on invoice date, is as follows:

	2023 HKD'000	2022 HKD'000
Within 1 month	**18,363**	6,348
1 to 3 months	**7,284**	9,291
3 to 12 months	**10,662**	100,193
Over 12 months	**34,547**	36,554
	70,856	152,386

As at 31 December 2022, the Group had HKD77,838,000 bills payable which were secured by pledged bank deposits.

23. OTHER PAYABLES AND ACCRUED CHARGES

	2023 HKD'000	2022 HKD'000
Accruals		
— Accrued staff costs, welfare and benefits (including accrued directors' remunerations)	**4,691**	5,828
— Other accruals	**6,202**	8,191
Deposits received		
— Deposits for finance lease	**6,327**	6,511
— Rental deposits	**6,077**	6,846
— Sales deposits	**4,497**	5,013
— Other deposits	**3,870**	4,217
Other payables		
— Interest payables	**16,791**	4,095
— Rental expenses payables	**1,168**	6,040
— Other tax payables	**303**	3,008
Payables for leasehold improvements	**9,765**	4,165
Payables for acquisition of non-controlling interest (Note 31)	**3,218**	—
Advances received from a customer	**12,460**	27,354
Others	**1,073**	1,669
	76,442	82,937

24. CONTRACT LIABILITIES

When the Group receives a prepayment or a deposit from customers before supply or delivery of promised goods or services, which depends on the specific term of sales and concern of new customers, this will give rise to contract liabilities at the start of contract.

Movements in contract liabilities during the year are as follows:

	2023 HKD'000	2022 HKD'000
At 1 January	**14,847**	11,144
Revenue recognised during the year that was included in the contract liabilities at the beginning of the year	**(14,847)**	(11,144)
Increase due to cash received in advance before delivery of promised goods, excluding amounts recognised as revenue during the year	**11,517**	15,325
Exchange realignment	**(95)**	(478)
At 31 December	**11,422**	14,847

All of the contract liabilities are expected to be recognised as revenue within one year.

25. BORROWINGS

	2023 HKD'000	2022 HKD'000
Bank loans, secured (Note (a))	**367,308**	435,996
Other borrowings, secured (Note (b))	**—**	12,454
	367,308	448,450

The maturity profile of borrowings, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	2023 HKD'000	2022 HKD'000
Within 1 year	**337,901**	415,474
After 1 year but within 2 years	**17,082**	5,864
After 2 years but within 5 years	**12,325**	27,112
	367,308	448,450
Less: Amount due within one year or repayable on demand classified as current liabilities	**(337,901)**	(415,474)
Amount due for settlement after one year	**29,407**	32,976

25. BORROWINGS *(Continued)*

Notes:

(a) Bank loans comprise Bank Loan 1, Bank Loan 2, Bank Loan 3 and Bank Loan 4.

Bank Loan 1 with principal amount of RMB24,007,000 (equivalent to HKD26,316,000) (2022: RMB24,507,000 (equivalent to HKD27,646,000)) is secured by certain investment properties of the Group (see Note 13) and is repayable by instalments up to 2027. Interest is charged at Prime rate of The People's Bank of China ("**PBOC**") plus 30% of PBOC Prime rate per annum.

Bank Loan 2 with principal amount of RMB279,000,000 (equivalent to HKD305,840,000) (2022: RMB279,000,000 (equivalent to HKD314,740,000)) is secured by corporate guarantee executed by the Company and its certain subsidiaries and certain properties owned by an independent third party. As at 31 December 2023, the loan was defaulted and became immediately repayable on demand. Interest is charged at a fixed rate of 5.4% per annum.

Bank Loan 3 with principal amount of RMB22,567,000 (equivalent to HKD24,738,000) (2022: RMB72,980,000 (equivalent to HKD82,329,000)) is secured by certain properties owned by independent third parties. As at 31 December 2023, the loan was defaulted and became immediately repayable on demand. Interest is charged at a fixed rate of 6.5% per annum.

Bank Loan 4 with principal amount of RMB9,500,000 (equivalent to HKD10,414,000) (2022: RMB10,000,000) (equivalent to HKD11,281,000)) is secured by certain investment properties of the Group (see Note 13) and is repayable by instalments up to 2025. Interest is charged at a fixed rate of 5% per annum.

The Group has been actively negotiating with the lenders of Bank Loan 2 and Bank Loan 3 for renewal and extension for repayments of overdue borrowings.

(b) As at 31 December 2022, other borrowing with principal amount of RMB11,040,000 (equivalent to HKD12,454,000), which was unsecured and interest-bearing at a fixed rate of 6.05% per annum, was obtained from an independent third party. The loan was fully repaid during the year ended 31 December 2023.

26. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2023 HKD'000	2022 HKD'000
Within 1 year	**2,023**	2,603
After 1 year but within 2 years	**1,771**	2,590
After 2 years but within 5 years	**6,346**	8,008
After 5 years	**4,124**	9,276
	14,264	22,477

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax (assets)/liabilities recognised

(i) *Movement of each component of deferred tax assets and liabilities*

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

	Depreciation allowances in excess of the related depreciation HKD'000	Tax losses HKD'000	Fair value changes of investments HKD'000	Investment properties HKD'000	Right-of-use assets HKD'000	Lease liabilities HKD'000	Total HKD'000
At 1 January 2022	—	—	408	31,074	1,056	(1,056)	31,482
Exchange realignment	—	458	(23)	(3,210)	(112)	112	(2,775)
(Credited)/charged to profit or loss (Note 6(a))	316	(1,799)	(442)	151	3,416	(3,416)	(1,774)
Acquisition of subsidiaries (Note 29)	707	(5,111)	—	8,092	—	—	3,688
Transfer	(1,023)	—	—	1,023	—	—	—
At 31 December 2022 and 1 January 2023	—	(6,452)	(57)	37,130	4,360	(4,360)	30,621
Exchange realignment	—	(329)	—	(1,044)	(131)	143	(1,361)
(Credited)/charged to profit or loss (Note 6(a))	—	2,334	(10)	(513)	866	651	3,328
At 31 December 2023	—	(4,447)	(67)	35,573	5,095	(3,566)	32,588

(ii) *Reconciliation to the consolidated statement of financial position*

	2023 HKD'000	2022 HKD'000
Net deferred tax asset recognised in the consolidated statement of financial position	**(8,080)**	(6,509)
Net deferred tax liability recognised in the consolidated statement of financial position	**40,668**	37,130
	32,588	30,621

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax not recognised

As at 31 December 2023, the Group had not recognised deferred tax assets in respect of cumulative tax losses of approximately HKD84,067,000 (2022: HKD34,416,000) and other deductible temporary differences of HKD168,672,000 (2022: HKD36,220,000) as it is not probable that future taxable profits against which the losses and temporary differences can be utilised will be available in the relevant tax jurisdiction and entity. Of the total tax losses, under the current tax legislation of respective tax jurisdiction of the entities within the Group, amount of HKD14,871,000 (2022: HKD5,085,000) will expire within 5 years and the remaining tax losses of HKD69,196,000 (2022: HKD29,331,000) have no expiry date.

As at 31 December 2023, the Group has unrecognised deferred tax liabilities of HKD8,060,000 (2022: HKD9,471,000) in relation to withholding tax on undistributed profits of HKD161,206,000 (2022: HKD189,418,000) of the Group's subsidiaries in the PRC as the Group is in a position to control the dividend policy of these subsidiaries and no distribution of such profits is expected to be declared by them in the foreseeable future.

28. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital HKD'000	Share premium HKD'000	Contributed surplus HKD'000	Accumulated losses HKD'000	Total HKD'000
At 1 January 2022	78,000	540,359	181,059	(302,140)	497,278
Changes in equity for the year ended 31 December 2022:					
Loss and total comprehensive loss for the year	—	—	—	(4,499)	(4,499)
At 31 December 2022	78,000	540,359	181,059	(306,639)	492,779
At 1 January 2023	78,000	540,359	181,059	(306,639)	492,779
Changes in equity for the year ended 31 December 2023:					
Loss and total comprehensive loss for the year	—	—	—	(9,721)	(9,721)
Issue of ordinary shares, net of direct transaction cost (Note 28(c))	15,600	(929)	—	—	14,671
At 31 December 2023	93,600	539,430	181,059	(316,360)	497,729

28. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividend

The directors of the Company do not recommend the payment of any dividend for the years ended 31 December 2023 and 2022.

(c) Share capital

Authorised and issued share capital

	2023 No. of shares '000	2023 HKD'000	2022 No. of shares '000	2022 HKD'000
Authorised:				
At the beginning and end of the year	**10,000,000**	**200,000**	10,000,000	200,000
Ordinary shares, issued and fully paid:				
At the beginning of the year	**3,900,000**	**78,000**	3,900,000	78,000
Issue of shares	**780,000**	**15,600**	—	—
At the end of the year	**4,680,000**	**93,600**	3,900,000	78,000

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

On 1 December 2023, the Company issued 780,000,000 ordinary shares of HKD0.02 each under placing agreement to independent third parties at the placing price of HKD0.019 per share for a total cash consideration of approximately HKD14,820,000. Net proceeds of approximately HKD14,671,000, after deducting direct transaction costs, were received upon the completion of the issue of ordinary shares.

(d) Nature and purpose of reserve

(i) Share premium

The application of the share premium account is governed by Bermuda Companies Act 1981 (as amended).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in Note 2(u).

28. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserve *(Continued)*

(iii) Contributed surplus

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time the reorganisation on 9 November 2001 and has been adjusted for the dividend declared from this reserve after 9 November 2001.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a Company is available for distribution. However, the Company cannot declare or pay dividend, or make a distribution out of the contributed surplus, if:

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

(b) the realisable value of its assets would thereby be less than its liabilities.

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see Note 2(f)).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group regularly reviews its capital structure on the basis of a gearing ratio computed as total debt over shareholders' fund. For this purpose, the Group defines total debts as total borrowings (which include interest-bearing borrowings and lease liabilities). Total shareholders' fund comprises all components of equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION

On 1 April 2022, the Group acquired 100% issued shares of Foresight Industrial Group Limited ("**Foresight Industrial**") from an independent third party at a cash consideration of approximately HKD120,000,000. Upon the completion of the transaction, Foresight Industrial has become a wholly-owned subsidiary of the Company and the consolidated financial statements of the Foresight Industrial and its subsidiaries ("**Foresight Industrial Group**") were therefore consolidated into the consolidated financial statements of the Company. Foresight Industrial Group is principally engaged in hotel operations and management, and provision of food and beverage catering services in the PRC. The primary reason for the above acquisition is to diversify the business risks and to expand the income streams of the Group.

Fair value of identifiable assets and liabilities of Foresight Industrial Group at the date of acquisition

	HKD'000
Assets	
Investment properties	34,639
Property, plant and equipment	130,506
Right-of-use assets	53,435
Intangible assets	1,346
Inventories	3,160
Trade and other receivables	54,404
Cash and cash equivalents	34,534
Liabilities	
Trade and other payables	(109,008)
Contract liabilities	(5,356)
Borrowings	(22,786)
Lease liabilities	(53,435)
Tax payables	(1,606)
Deferred tax liabilities	(3,688)
Fair value of identifiable net assets of Foresight Industrial Group	116,145
Goodwill arising on acquisition	3,855
Total consideration	120,000

Net cash outflow arising on acquisition

	HKD'000
Cash consideration	(120,000)
Less: Cash and cash equivalents acquired	34,534
Net cash outflow	(85,466)

30. DISPOSAL OF SUBSIDIARIES

On 14 November 2023, the Group disposed of its 100% equity interest in Shenzhen Laiyuexuan Catering Services Co., Limited ("**Laiyuexuan**") ("深圳市萊粵軒餐飲服務有限公司") to an independent third party at a cash consideration of approximately HKD389,000.

On 13 December 2023, the Group disposed of its 100% equity interest in Confield Worldwide Limited ("**Confield**") to an independent third party at a cash consideration of approximately HKD38,000,000.

The net assets of Laiyuexuan and Confield at the date of disposal were as follows:

	Laiyuexuan HKD'000	**Confield** HKD'000	**Total** HKD'000
Assets			
Property, plant and equipment (Note 11)	—	62,003	62,003
Trade and other receivables	1,946	30	1,976
Cash and cash equivalents	4	—	4
Liabilities			
Other payables and accruals	(1,561)	(16)	(1,577)
Net identifiable assets	389	62,017	62,406
Loss on disposal	—	(24,017)	(24,017)
	389	38,000	38,389
Satisfied by:			
Cash consideration	389	38,000	38,389
Net cash inflow arising on disposal			
Cash consideration	389	38,000	38,389
Cash and cash equivalents disposed of	(4)	—	(4)
	385	38,000	38,385

31. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

During the year ended 31 December 2023, the Group incorporated a new subsidiary, namely Shenzhen Jinyi Industrial Co., Limited ("**Shenzhen Jinyi**") ("深圳市金翊實業有限公司"), with another shareholder in which the Group held 67% equity interest. In December 2023, the Group acquired additional 33% of equity interest of Shenzhen Jinyi from another shareholder for a cash consideration of HKD3,218,000 which was yet to settle and the balance was included in "other payables and accrued charges". Upon the completion of the transaction, Shenzhen Jinyi became a wholly-own subsidiary of the Group.

The carrying amount of the non-controlling interests in Shenzhen Jinyi at the date of transaction was HKD3,218,000. As a result, the Group recognised a decrease in non-controlling interests of HKD3,218,000.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, pledged bank deposits, finance lease receivables, trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash and cash equivalents and pledged bank deposits are normally placed at financial institutions that have sound credit rating.

Finance lease receivables

The Group applied a simplified approach to provide for expected credit losses prescribed by HKFRS 9 Financial Instruments, which permits the use of the lifetime expected credit loss provision for finance lease receivables. For customers who purchased the motor vehicles or machineries under finance lease arrangement, the Group has policies in place to review their credit worthiness and charged a market interest rate based on their credit worthiness. Management monitors the scheduled instalment pattern and credit worthiness of the customers closely. As at 31 December 2023 and 2022, all of the finance lease receivables were past due. Management, considered among other factors, analysed historical pattern and concluded that the expected credit loss allowance for finance lease receivables to be HKD30,888,000 (2022: HKD1,348,000) as at 31 December 2023.

Movements in the loss allowance account in respect of finance lease receivables during the year are as follows:

	2023 HKD'000	2022 HKD'000
At the beginning of the year	**1,348**	459
Provision for impairment loss	**29,824**	954
Exchange realignment	**(284)**	(65)
At the end of the year	**30,888**	1,348

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2023, the Group had a certain concentration of credit risk as 68% (2022: 60%) and 92% (2022: 93%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables (continued)

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due from 0 to 365 days (2022: from 0 to 365 days) from the date of billing. Overdue balances are monitored tightly and regularly.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. Trade receivables balances are assessed for impairment individually and/or collectively. For trade receivables balances being assessed for impairment individually, the management makes periodic individual assessment on the recoverability of trade receivables based on historical observed default rates over the expected life of the trade receivables and are adjusted for forward-looking information. For trade receivables balances being assessed for impairment collectively, the management calculates the loss allowance using a provision matrix. The Group segments its trade receivables based on shared credit risk characteristics in supply chain business.

Supply chain business and property investment

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables calculated using the provision matrix:

		2023	
	Expected loss rate %	**Gross carrying amount HKD'000**	**Loss allowance HKD'000**
Current (not past due)	**0.30**	**3,949**	**(12)**
Less than 1 month past due	**8.42**	**736**	**(62)**
1 to 3 months past due	**7.95**	**981**	**(78)**
3 to 12 months past due	**14.38**	**439,407**	**(63,193)**
Over 12 months past due	**43.95**	**36,408**	**(16,000)**
		481,481	**(79,345)**

		2022	
	Expected loss rate %	Gross carrying amount HKD'000	Loss allowance HKD'000
Current (not past due)	0.76	572,419	(4,333)
Less than 1 month past due	10.50	25,141	(2,639)
1 to 3 months past due	12.72	849	(108)
3 to 12 months past due	13.83	18,936	(2,619)
Over 12 months past due	44.37	31,194	(13,840)
		648,539	(23,539)

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables (continued)

Hotel management and catering services business

The management makes periodic individual assessment on the recoverability of trade receivables due from hotel management and catering services based on historical observed default rates over the expected life of the trade receivables and are adjusted for forward-looking information. As at 31 December 2023, trade receivables with gross carrying amount of HKD16,568,000 (2022: HKD11,595,000) were assessed individually.

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

	Trade receivables assessed individually HKD'000	Trade receivables assessed collectively HKD'000	Total HKD'000
At 1 January 2022	—	9,125	9,125
Provision for impairment loss	2,641	15,618	18,259
Exchange realignment	(83)	(1,204)	(1,287)
At 31 December 2022 and 1 January 2023	2,558	23,539	26,097
Provision for impairment loss	3,209	56,881	60,090
Exchange realignment	(98)	(1,075)	(1,173)
At 31 December 2023	5,669	79,345	85,014

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical observed default rates over the expected life of the other receivables and deposits and are adjusted for forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECLs. As at 31 December 2023, the Group's cumulative expected credit loss for other receivables mainly originated from loss allowance for supply chain finance arrangements. For supply chain financing arrangements, the Group has developed a series of policies to mitigate credit risk, including obtaining security deposit and guarantee from an enterprise or individual, depending on the customers' credit status and credit risk degree. The management periodically evaluates the capability of the guarantor.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

Other receivables and deposits (continued)

Movements in the loss allowance account in respect of other receivables during the year are as follows:

	2023 HKD'000	2022 HKD'000
At the beginning of the year	**1,930**	1,776
(Reversal of)/provision for impairment loss	**(930)**	297
Exchange realignment	**(102)**	(143)
At the end of the year	**898**	1,930

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2023					At 31 December 2022				
	Within 1 year or on demand HKD'000	**More than 1 year but less than 2 years HKD'000**	**More than 2 years HKD'000**	**Total contractual undiscounted cash flow HKD'000**	**Carrying amount HKD'000**	Within 1 year or on demand HKD'000	More than 1 year but less than 2 years HKD'000	More than 2 years HKD'000	Total contractual undiscounted cash flow HKD'000	Carrying amount HKD'000
Trade and bills payables	**70,856**	**–**	**–**	**70,856**	**70,856**	152,386	–	–	152,386	152,386
Other payables and accrued charges	**76,442**	**–**	**–**	**76,442**	**76,442**	82,937	–	–	82,937	82,937
Borrowings[+]	**339,885**	**18,558**	**12,974**	**371,417**	**367,308**	433,869	7,700	29,216	470,785	448,450
Lease liabilities	**2,629**	**2,297**	**11,689**	**16,615**	**14,264**	3,586	3,442	19,791	26,819	22,477
	489,812	**20,855**	**24,663**	**535,330**	**528,870**	672,778	11,142	49,007	732,927	706,250

\+ Borrowings with repayment on demand clause are classified as on demand in the above analysis although the demand clause has not been exercised.

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits, finance lease receivables and borrowings. Bank deposits and borrowings are issued at variable rates and at fixed rates which would expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk *(Continued)*

(i) Interest rate profile

The Group's interest rate profile as monitored by management is set out below:

	At 31 December 2023 Effective interest rate %	At 31 December 2023 HKD'000	At 31 December 2022 Effective interest rate %	At 31 December 2022 HKD'000
Fixed rate financial instruments				
Pledged bank deposits	**N/A**	**—**	1.98	38,919
Finance lease receivables	**9.13**	**30,888**	10.50	28,998
Borrowings	**5.83**	**(340,992)**	5.93	(420,804)
Lease liabilities	**2.35**	**(14,264)**	5.46	(22,477)
Net exposure		**(324,368)**		(375,364)
Variable rate financial instruments				
Bank deposits	**0.27**	**84,792**	0.65	37,645
Borrowings	**6.28**	**(26,316)**	6.25	(27,646)
Net exposure		**58,476**		9,999

(ii) Sensitivity analysis

As at 31 December 2023, it is estimated that a general increase/decrease of 100 basis points (2022: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax by approximately HKD488,000 (2022: approximately HKD83,000).

At 31 December 2023 and 2022, the Group's financial instruments issued at fixed rate which expose the Group to fair value interest rate risk. Management of the Group considers the fair value exposure of the fixed rate financial instruments is insignificant to the Group.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis as 2022.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk

The Group's business activities and its assets and liabilities were denominated in HKD and RMB. The management considers the Group is not exposed to significant foreign currency risk as most sales, income, purchases and expenses are denominated in the functional currency of the operations to which they relate. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at FVOCI and FVPL (see Notes 15 and 19).

Management of the Group considers the exposure of equity price changes of equity investments classified as financial assets at FVOCI and FVPL is insignificant and accordingly no sensitivity analysis is presented.

(f) Categories of financial instruments

	2023 HKD'000	2022 HKD'000
Financial assets		
Financial assets at amortised cost	**582,556**	837,626
Financial assets at FVOCI	**1,478**	4,472
Financial assets at FVPL	**57**	434
	584,091	842,532
Financial liabilities		
Financial liabilities at amortised cost	**528,870**	704,889

(g) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

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

— Level 3 valuations: Fair value measured using significant unobservable inputs.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(g) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy *(Continued)*

The Group's finance department which led by the Group's financial controller performs the valuations of financial assets required for financial reporting purposes. Discussions of valuation processes and results are held by the board members and Audit Committee at least twice every year, which is in line with the Group's reporting periods.

The following table presents the Group's assets that are measured at fair value at the end of the reporting periods:

	Fair value at 31 December 2023 HKD'000	**Fair value measurements as At 31 December 2023 categorised into Level 1 HKD'000**	Fair value at 31 December 2022 HKD'000	Fair value measurements as at 31 December 2022 categorised into Level 1 HKD'000
Recurring fair value measurements				
Assets:				
Financial assets measured at FVOCI				
— Listed equity securities	**1,478**	**1,478**	4,472	4,472
Financial assets measured at FVPL				
— Listed equity securities	**57**	**57**	434	434

During the year ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 for both reporting periods. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2023 and 2022.

33. FINANCIAL GUARANTEES ISSUED

The Company had issued corporate guarantees amounting to HKD306 million (2022: HKD315 million) to banks in connection with facilities granted to certain subsidiaries within the Group.

During the year ended 31 December 2023, there is a claim made against the Company and its certain subsidiaries due to the breach of loan agreements which was secured by corporate guarantee executed by the Company (see Note 39). The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by subsidiaries of HKD306 million (2022: HKD315 million).

34. PLEDGE OF ASSETS

As at 31 December 2023, certain investment properties of the Group with an aggregate carrying amount of approximately HKD194,921,000 (2022: approximately HKD243,706,000) were pledged to banks for loans granted to the Group which are disclosed in Note 13.

As at 31 December 2022, pledged bank deposit carried fixed interest rate of 1.75% and represented deposits pledged to bank as guarantee deposits for certain bill payable made available to the Group. The pledges were released during the year ended 31 December 2023 upon the full settlement of the bill payables.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 7 and the highest paid employees as disclosed in Note 8, is as follows:

	2023 **HKD'000**	2022 HKD'000
Salaries, allowances and other benefits	**3,843**	4,599
Contributions to defined contributions retirement plan	**149**	212
	3,992	4,811

Total remuneration is included in "Staff costs" (see Note 5(b)).

(b) Other related party transactions

The Group did not enter into other significant related party transactions during both years.

(c) Related party balances

At 31 December 2023, the Group does not have any balance dealt with its related party (2022: nil).

36. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation

The Group management determines the estimated useful lives and related depreciation charge for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of property, plant and equipment and right-of-use assets

In considering the impairment loss that may be required for certain property, plant and equipment and right-of-use assets, recoverable amount of the asset needs to be determined. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. It is difficult to precisely estimate its fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

An increase or decrease in the above impairment loss would affect the operating results in the year and future years.

(c) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules in various jurisdictions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in respective tax legislation.

Deferred tax assets/liabilities are recognised for tax losses not yet utilised, taxable temporary differences arising from revaluation of investment properties and other deductible or taxable temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the unused tax loss can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised only if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

36. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Valuation of investment properties

Investment properties are stated at fair value based on the valuations performed by independent qualified professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions including unobservable inputs. In relying on the valuation report, the directors of the Company have exercised their judgements and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss that would be recognised in profit or loss. Details of these are set out in Note 13.

(e) Provision of ECLs for trade and other receivables and finance lease receivables

Trade receivables and finance lease receivables are assessed for ECL individually and/or collectively. Where ECL is measured on a collective basis, the Group estimates ECL through groupings of various debtors that have similar loss patterns, after considering the historical loss rates experience, ageing of overdue debtors, customers' repayment history, customer's financial position and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Impairment loss on other receivables represent management's best estimate of losses incurred under ECL models. Management assesses whether the credit risk of other receivables have increased significantly since their initial recognition and apply a three-stage impairment model to calculate their ECL. The Group is required to exercise judgement in making assumptions and estimates when calculating impairment loss on other receivables, including historical loss experience on the basis of the relevant observable data that reflects current economic conditions, all of which involves significant management judgements and assumptions.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. The information about the ECLs and the Group's trade and other receivables and finance lease receivables are disclosed in Note 17, Note 16 and Note 32(a). If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(f) Determining the lease term

As explained in policy Note 2(i)(b), where the Group is the lessee, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

37. SUBSIDIARIES

Particulars of the Company's principal subsidiaries at the end of the reporting periods are as follows:

Name of subsidiary	Place of incorporation/ registration	Particular of issued and paid up capital/registered capital	Proportion of ownership interest held by the Company				Principal activities
			2023		2022		
			Directly	Indirectly	Directly	Indirectly	
Grand Mark Worldwide Limited	Hong Kong	1 share of HKD1 each	–	100%	–	100%	Money lending business and securities investment
Hua Tong Group Limited	British Virgin Islands	1 share of USD1 each	100%	–	100%	–	Investment holding
Marvel Innovator Investment Holdings Limited	Hong Kong	10,000 shares of HKD1 each	–	100%	–	100%	Securities investment
深圳金盛融資租賃有限公司#	The PRC	HKD100,000,000	100%	–	100%	–	Provision of leasing services
深圳金勝供應鏈有限公司#	The PRC	HKD100,000,000	–	100%	–	100%	Supply chain business
深圳金盛商業有限公司	The PRC	RMB60,000,000	–	100%	–	100%	Property investment
深圳金盛商業保理有限公司#	The PRC	HKD25,000,000	–	100%	–	100%	Provision of trade financing, accounts receivable management and debt collection services
萊華國際酒店有限公司#	The PRC	HKD65,000,000	–	100%	–	100%	Investment holding and hotel management
深圳萊華食品有限公司	The PRC	RMB10,000,000	–	100%	–	100%	Food manufacturing
北海萊麗酒店有限公司	The PRC	RMB50,000,000	–	100%	–	100%	Hotel management
深圳市粵江春餐飲管理有限公司	The PRC	RMB23,000,000	–	100%	–	100%	Catering services
深圳市萊粵軒餐飲管理有限公司*	The PRC	RMB3,000,000	–	–	–	100%	Catering services
深圳市金翊實業有限公司^	The PRC	RMB10,000,000	–	100%	–	–	Supply chain business

\# Wholly foreign owned enterprise in the PRC.

* The subsidiary was disposed by the Group during the year. Further details are set out in Note 30.

^ The subsidiary was incorporated by the Group during the year. Further details are set out in Note 31.

All subsidiaries operate principally in their respective places of incorporation or registration. None of the subsidiaries had issued any debt securities at the end of the year.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HKD'000	2022 HKD'000
Non-current assets		
Investments in subsidiaries	**100,010**	100,010
Current assets		
Other receivables, prepayments and deposits	**416**	417
Amounts due from subsidiaries	**538,018**	542,710
Cash and cash equivalents	**15,359**	686
	553,793	543,813
Current liabilities		
Accrued charges	**970**	940
Amounts due to subsidiaries	**155,104**	150,104
	156,074	151,044
Net current assets	**397,719**	392,769
NET ASSETS	**497,729**	492,779
CAPITAL AND RESERVES (Note 28(a))		
Share capital	**93,600**	78,000
Reserves	**404,129**	414,779
TOTAL EQUITY	**497,729**	492,779

39. LITIGATION AND CLAIM

During the year ended 31 December 2023, one of the subsidiaries of the Group, Shenzhen Golden Flourish Supply Chain Limited defaulted on repayment of interest-bearing bank borrowing from Shenzhen Branch of Hua Xia Bank Co., Ltd ("**Hua Xia Bank**") with aggregate principal amount and related aggregate interest amount of approximately RMB294,300,000 (equivalent to approximately HKD322,612,000). Afterwards, the Company and its certain subsidiaries (the "**Defendants**") received a legal claim filed by Hua Xia Bank in respect of breach of loan agreements. The Defendants therefore received a court notice from the Shenzhen Intermediate People's Court that Hua Xia Bank requesting the Shenzhen Golden Flourish Supply Chain Limited to:

(1) repay the total amount of principal, interests and compound interests of approximately RMB294,300,000 (equivalent to approximately HKD322,612,000) immediately;

(2) bear the legal costs incurred by Hua Xia Bank; and

(3) bear the other litigation costs in relation to the abovementioned litigation.

In view of the legal claim, the relevant bank borrowings are classified as current liabilities as at 31 December 2023. As at the approval date of these consolidated financial statements, the legal proceedings have not commenced yet.

40. EVENT AFTER THE REPORTING PERIOD

Acquisition of the entire issued share capital of Zhongchuan Investment Group Co., Limited (the "Target Company")

On 29 February 2024, the Company (the "**Purchaser**"), entered into a sale and purchase agreement with Zhongchuan Investment Holding Co., Limited (the "**Vendor**"), a company incorporated in the British Virgin Islands with limited liabilities, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company, a wholly-owned subsidiary of the Vendor at consideration of RMB289,860,000. The consideration will be payable by the Company by way of allotment and issue of 950,000,000 shares at the issue price of HKD0.336 per share (equivalent to the total amount of HKD319,200,000) to the Vendor or its designated third party (the "**Transaction**").

The Group is principally engaged in supply chain business, hotel management and catering services, property investment and other businesses including leasing business, money lending business and securities investment. In respect of the supply chain business, the Group had been focusing on the supply of non-ferrous metals and construction materials. Leveraging the Group's experience in its supply chain business, the Group aims to expand its supply chain business to cover ferrous metals for the increase in diversity of its product portfolio and mitigation of market risks. Through the Transaction, the Group would be able to incorporate the Target Group's iron ore and iron concentrate powder production and sales business into its existing supply chain business and thereby achieve business and market diversification.

41. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them will not have a significant impact on the Group's consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 December 2019 HKD'000	Year ended 31 December 2020 HKD'000	Year ended 31 December 2021 HKD'000	Year ended 31 December 2022 HKD'000	**Year ended 31 December 2023 HKD'000**
Continuing operations					
Revenue	1,466,328	3,003,249	2,125,223	726,536	**422,492**
Profit/(loss) from operations	47,315	70,877	47,703	15,025	**(174,383)**
Finance costs	(13,714)	(36,991)	(47,974)	(31,863)	**(25,068)**
Share of results of an associate	7,939	—	—	—	**—**
Profit/(loss) before taxation	41,540	33,886	(271)	(16,838)	**(199,451)**
Income tax (expense)/credit	(10,059)	(12,602)	(5,377)	2,577	**(2,699)**
Profit/(loss) for the year from continuing operations	31,481	21,284	(5,648)	(14,261)	**(202,150)**
Discontinued operations					
Profit for the year from discontinued operations	23,030	—	—	—	**—**
Profit/(loss) for the year	54,511	21,284	(5,648)	(14,261)	**(202,150)**
Attributable to:					
Equity shareholders of the Company	54,511	21,284	(5,648)	(14,259)	**(201,747)**
Non-controlling interests	—	—	—	(2)	**(403)**
	54,511	21,284	(5,648)	(14,261)	**(202,150)**

ASSETS AND LIABILITIES

	At 31 December				
	2019 HKD'000	2020 HKD'000	2021 HKD'000	2022 HKD'000	**2023 HKD'000**
Total assets	1,072,113	1,859,777	1,551,859	1,327,807	**948,240**
Total liabilities	(577,652)	(1,328,988)	(905,443)	(758,884)	**(580,986)**
Net assets	494,461	530,789	646,416	568,923	**367,254**
Equity attributable to equity shareholders of the Company	494,459	530,787	646,414	568,923	**367,254**
Non-controlling interests	2	2	2	—	**—**
Total equity	494,461	530,789	646,416	568,923	**367,254**