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website: <http://www.irasia.com/listco/hk/greaterchina/index.htm>

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF RESULTS

The board (the “Board”) of directors (the “Directors”) of Greater China Financial Holdings Limited (the “Company”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Revenue	4		
Contracts with customers		188,856	280,009
Interest under effective interest method		13,095	4,858
Total revenue		201,951	284,867
Cost of sales		(107,680)	(122,441)
Gross profit		94,271	162,426
Other income, gains and losses	6	75,491	163,848
Administrative and other operating expenses		(86,979)	(109,561)
Share-based payment expenses		(1,787)	(4,599)
Provision for financial guarantees, net of reversal		(70,516)	(120,977)
Impairment loss, net of reversal	7	(239,236)	(176,049)
Impairment loss on goodwill		(117,963)	(98,549)
Impairment loss on right-of-use assets		(426)	(12,981)
Finance costs	8	(35,816)	(29,244)
Loss before taxation		(382,961)	(225,686)
Income tax (expense) credit	9	(14,964)	23,925
Loss for the year	10	(397,925)	(201,761)

	2022	2021
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (expense) income, net of tax		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income	6,124	(7,789)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(12,640)	12,177
Reserves released upon deregistration of subsidiaries	–	(2)
Reserves released upon disposal of a subsidiary	–	(22)
Other comprehensive (expense) income for the year	(6,516)	4,364
Total comprehensive expense for the year	(404,441)	(197,397)
(Loss) profit for the year attributable to:		
Owners of the Company	(326,213)	(202,592)
Non-controlling interests	(71,712)	831
	(397,925)	(201,761)
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	(316,336)	(205,170)
Non-controlling interests	(88,105)	7,773
	(404,441)	(197,397)
	<i>HK cents</i>	<i>HK cents</i>
Loss per share	<i>12</i>	
Basic	(4.20)	(2.61)
Diluted	(4.20)	(2.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		61,921	77,016
Right-of-use assets		22,816	26,369
Goodwill	<i>13</i>	110,070	228,033
Intangible assets		–	500
Interests in associates		–	–
Financial assets at fair value through other comprehensive income		4,938	3,505
Financial assets at fair value through profit or loss	<i>14</i>	188,021	144,513
Deferred tax assets		37,264	49,061
Pledged bank deposit		5,653	–
Deposits	<i>17</i>	853	1,055
		431,536	530,052
Current assets			
Loans and interest receivables	<i>15</i>	337,380	342,298
Trade and other receivables	<i>16</i>	104,612	77,609
Prepayments and deposits	<i>17</i>	11,907	101,028
Loans to and interest receivables from a non-controlling interest		36,148	140,531
Loans to and interest receivables from an associate		497	1,260
Financial assets at fair value through profit or loss	<i>14</i>	6,905	20,891
Cash held on behalf of clients		–	807
Restricted bank deposits		14,202	38,188
Cash and cash equivalents		26,280	47,936
		537,931	770,548
Assets classified as held for sale	<i>22</i>	5,781	–
		543,712	770,548

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Current liabilities			
Trade payables, other payables, deposits received and accruals	<i>18</i>	99,934	116,857
Contract liabilities		1,032	162
Lease liabilities		6,776	5,777
Liabilities from financial guarantees	<i>19</i>	402,219	359,925
Amount due to non-controlling interests		9,497	10,306
Borrowings	<i>20</i>	93,622	63,799
Tax payables		16,305	12,277
		<u>629,385</u>	<u>569,103</u>
Liabilities associated with assets classified as held for sale	<i>22</i>	1,142	–
		<u>630,527</u>	<u>569,103</u>
Net current (liabilities) assets		<u>(86,815)</u>	<u>201,445</u>
Total assets less current liabilities		<u>344,721</u>	<u>731,497</u>
Non-current liabilities			
Lease liabilities		4,777	10,992
Borrowings	<i>20</i>	185,463	178,082
Convertible notes	<i>21</i>	189,992	175,280
		<u>380,232</u>	<u>364,354</u>
Net (liabilities) assets		<u><u>(35,511)</u></u>	<u><u>367,143</u></u>
Capital and reserve			
Share capital	<i>23</i>	7,776	7,776
Reserves		(174,125)	140,424
		<u>(166,349)</u>	<u>148,200</u>
(Deficit)/equity attributable to owners of the Company		(166,349)	148,200
Non-controlling interests		130,838	218,943
		<u>(35,511)</u>	<u>367,143</u>
(Capital deficiency)/total equity		<u><u>(35,511)</u></u>	<u><u>367,143</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and its principal place of business in Hong Kong is Suites 3612-16, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Group is principally engaged in investment holding, industrial property development, general trading of consumable goods and loan financing operation including loan financing, financial guarantee services, loan referral and consultancy services.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

New and amendments to HKFRSs in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after a date to be determined.

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

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

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

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

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

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

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

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Going concern basis

The Group reported a loss attributable to the owners of the Company of HK\$326,213,000 for the year ended 31 December 2022. The Group’s current liabilities exceeded its current assets by HK\$86,815,000 and its total liabilities exceeded its total assets by HK\$35,511,000 as at 31 December 2022. As at the same date, the Group’s cash and cash equivalents amounted to HK\$26,280,000, while the Group recorded outstanding borrowing of approximately HK\$93,622,000 which are due for repayment within the next twelve months.

The Group has provided guarantees to some of its customers’ lenders in relation to these customers’ facilities and loans amounting to approximately RMB1,004,020,000 (equivalent to approximately HK\$1,135,245,000). As at 31 December 2022, a guarantee project of approximately RMB53,746,000 (equivalent to approximately HK\$60,770,000) out of the abovementioned guarantees was defaulted. Included in this project, the lender has commenced litigations against several borrowers and their guarantor, the subsidiary of the Group, for repaying the outstanding loans. Another guarantee project of approximately RMB166,529,000 (equivalent to approximately HK\$188,295,000) out of the abovementioned guarantees was defaulted in January 2023. The Group is in the risk that the lenders will commence litigations against the borrowers and their guarantor, the subsidiary of the Group, for repaying the outstanding loans.

The courts of the People’s Republic of China have ordered to freeze certain of the Group’s bank accounts of approximately HK\$3,589,000.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance 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. Certain measures have been taken to improve the liquidity pressure and to improve its financial position, but are not limited to, the following:

- (i) The Group is taking measures to tighten cost control with an aim to attain positive cash flow from operations;
- (ii) The Group has been actively negotiating with certain financial institutions and identifying various options for financing the Group's working capital as well as the commitments in the foreseeable future;
- (iii) The Group has been actively negotiating with a number of financial institutions for renewal and extension of bank borrowings and credit facilities;
- (iv) The Group is currently taking active actions in following up the repayment of overdue receivables including but not limited to taking legal action; and
- (v) The Group is considering corporate restructure proposals to reduce the liabilities and commitment within the Group.

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- (i) Successfully obtaining additional new sources of financing as and when needed; and
- (ii) Successful negotiations between the lenders, borrowers and the guarantor, the subsidiary of the Group, for the renewal of or extension for repayment of the default borrowings in the guarantee projects; and
- (iii) Whether the Group can successfully improve its operation to generate sufficient operating cash inflow.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers:		
Sales of goods	–	394
Warehouse storage income	17,308	13,656
Income from loan financing business		
– Loan referral and consultancy services fee	52,622	87,314
– Guarantee fee income from financial guarantees	109,148	170,213
Income from securities brokerage business		
– Commission income from securities dealing	31	29
– Commission income from underwriting	–	2
Commission income from insurance brokerage	2,709	2,842
Commission income from asset management	15	201
Advertising income	7,023	5,358
	188,856	280,009
Revenue from interest under effective interest method:		
Income from loan financing business		
– Interest income from loans receivables	13,095	4,858
Total revenue	201,951	284,867

5. SEGMENT INFORMATION

The Group's operations are organised into securities brokerage, asset management, insurance brokerage, loan financing, industrial property development business and general trading. Information reported to the chief operating decision maker ("CODM") for the purpose of resources allocation and assessment of segment performance is prepared on such basis. The Group is organised into the following reportable and operating segments:

- Industrial property development segment represents the operation of a warehouse in the People's Republic of China (the "PRC").
- General trading segment includes trading of consumable goods in the PRC.
- Loan financing (I) segment represents the provision of financial guarantee, loan financing, loan referral and consultancy services in Hong Kong and Beijing.
- Loan financing (II) segment represents the provision of micro-financing, loan referral and consultancy services in Ningbo.
- Others segment represents the operation of securities brokerage, margin financing, provision of asset management services and provision of insurance brokerage and agency service in Hong Kong and advertising service in the PRC.

Segment revenues and results

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

For the year ended 31 December 2022

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing (I) <i>HK\$'000</i>	Loan financing (II) <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE						
Recognised at a point in time	-	-	18	-	2,755	2,773
Recognised over time	17,308	-	109,148	52,604	7,023	186,083
Recognised from other source	-	-	-	13,095	-	13,095
	<u>17,308</u>	<u>-</u>	<u>109,166</u>	<u>65,699</u>	<u>9,778</u>	<u>201,951</u>
SEGMENT RESULTS						
	<u>1,254</u>	<u>(22,260)</u>	<u>(76,454)</u>	<u>(60,715)</u>	<u>(2,887)</u>	<u>(161,062)</u>
Impairment loss on goodwill	-	-	-	(117,963)	-	(117,963)
Impairment loss on loans to and interest receivables from a non-controlling interest	-	-	-	(117,501)	-	(117,501)
Unallocated corporate income						20,984
Unallocated corporate expenses						(24,319)
Unallocated finance costs						(15,701)
Net fair value change on financial assets at fair value through profit or loss						34,388
Share-based payment expenses						(1,787)
Loss before taxation						(382,961)
Income tax expense						(14,964)
Loss for the year						<u>(397,925)</u>

For the year ended 31 December 2021

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing (I) <i>HK\$'000</i>	Loan financing (II) <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE						
Recognised at a point in time	–	–	15,311	672	3,468	19,451
Recognised over time	13,656	–	170,213	71,331	5,358	260,558
Recognised from other source	–	–	–	4,858	–	4,858
	<u>13,656</u>	<u>–</u>	<u>185,524</u>	<u>76,861</u>	<u>8,826</u>	<u>284,867</u>
SEGMENT RESULTS	<u>(4,716)</u>	<u>(354)</u>	<u>(128,150)</u>	<u>(82,856)</u>	<u>(3,199)</u>	<u>(219,275)</u>
Impairment loss on goodwill	–	–	–	(98,549)	–	(98,549)
Impairment loss on loans to and interest receivables from a non-controlling interest	–	–	–	(68)	–	(68)
Unallocated corporate income						24,352
Unallocated corporate expenses						(26,616)
Unallocated finance costs						(14,016)
Unallocated fair value change on financial assets at fair value through profit or loss						119,419
Unallocated impairment loss on right-of-use assets						(6,334)
Share-based payment expenses						<u>(4,599)</u>
Loss before taxation						(225,686)
Income tax credit						<u>23,925</u>
Loss for the year						<u><u>(201,761)</u></u>

All of the segment revenues reported above are from external customers.

Segment assets and liabilities

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

At 31 December 2022

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing (I) <i>HK\$'000</i>	Loan financing (II) <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS						
Segment assets	83,647	7,897	224,012	296,865	11,111	623,532
Goodwill	-	-	-	110,070	-	110,070
Loans to and interest receivables from a non-controlling interest	-	-	-	36,148	-	36,148
Unallocated cash and cash equivalents						4,049
Unallocated property, plant and equipment						193
Unallocated other receivables, prepayments and deposits						1,392
Unallocated financial assets at fair value through other comprehensive income						4,938
Unallocated financial assets at fair value through profit or loss						194,926
						<u>975,248</u>
Consolidated total assets						<u>975,248</u>
LIABILITIES						
Segment liabilities	47,553	28,406	432,193	268,086	4,724	780,962
Unallocated other payables						3,116
Unallocated borrowings						23,400
Unallocated lease liabilities						3,792
Unallocated amount due to non-controlling interests						9,497
Unallocated convertible notes						189,992
						<u>1,010,759</u>
Consolidated total liabilities						<u>1,010,759</u>

At 31 December 2021

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing (I) <i>HK\$'000</i>	Loan financing (II) <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS						
Segment assets	102,459	26,328	297,237	324,107	10,367	760,498
Goodwill	–	–	–	228,033	–	228,033
Loans to and interest receivables from a non-controlling interest	–	–	–	140,531	–	140,531
Unallocated cash and cash equivalents						625
Unallocated property, plant and equipment						261
Unallocated other receivables, prepayments and deposits						1,743
Unallocated financial assets at fair value through other comprehensive income						3,505
Unallocated financial assets at fair value through profit or loss						<u>165,404</u>
Consolidated total assets						<u><u>1,300,600</u></u>
LIABILITIES						
Segment liabilities	64,491	24,648	429,038	217,162	3,807	739,146
Unallocated other payables						2,190
Unallocated lease liabilities						6,535
Unallocated amount due to non-controlling interests						10,306
Unallocated convertible notes						<u>175,280</u>
Consolidated total liabilities						<u><u>933,457</u></u>

6. OTHER INCOME, GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net fair value change on financial assets at fair value through profit or loss	34,388	119,354
Interest income from:		
Bank deposits	491	288
Other loans	10,871	9,442
Loans to a non-controlling interest	20,885	23,381
Loans to an associate	–	59
Investment income	41	192
Realised loss on disposal of financial assets at value through profit or loss	(421)	(145)
Gain on disposal of property, plant and equipment	–	250
Loss on write-off of property, plant and equipment	(10)	(118)
Gain on disposal of a subsidiary	–	1,492
(Loss) gain on lease modification	(217)	640
Loss on termination of a lease arrangement	–	(308)
Gain on non-substantial modification of borrowings	3,735	–
Net foreign exchange (loss) gain	(6)	226
Service fee income	995	628
Management service income	11	39
Bad debts recovered	3,345	7,337
Sundry income	707	492
Government subsidies	676	599
	<u>75,491</u>	<u>163,848</u>

7. IMPAIRMENT LOSSES, NET OF REVERSAL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Impairment loss (reversal of impairment loss) recognised on:		
– Trade and other receivables	99,771	127,169
– Loans and interest receivables	1,449	51,459
– Other deposits	20,533	(248)
– Loans to and interest receivables from a non-controlling interest	117,501	68
– Loans to and interest receivables from an associate	(18)	(2,399)
	<u>239,236</u>	<u>176,049</u>

Note:

The impairment assessment by the directors of the Company is based on historical observed default rates and forward-looking information that is available without undue cost or effort as well as the fair value of the collaterals pledged by the customers which is consistent with last year.

8. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Effective interest on convertible notes	14,712	13,573
Interest on lease liabilities	955	1,100
Interest on bank loans	6,704	6,421
Interest on other loans	13,445	8,150
	<u>35,816</u>	<u>29,244</u>

9. INCOME TAX EXPENSE (CREDIT)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	5,297	5,618
Under provision in prior years:		
PRC Enterprise Income Tax	1,717	1,540
Deferred tax:		
Current year	7,950	(31,083)
	<u>14,964</u>	<u>(23,925)</u>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as the Group's subsidiaries in Hong Kong have no estimated assessable profits for the years ended 31 December 2022 and 2021.

PRC Enterprise Income Tax ("EIT") is calculated at the applicable rates based on estimated taxable income earned by the PRC subsidiaries of the Group with certain tax concession, based on existing legislation, interpretation and practice in respect thereof.

Under the Law of the PRC on Enterprises Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable PRC EIT rate of the Group's PRC subsidiaries is 25% for both years.

10. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging the following items:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration		
– audit services	1,450	1,450
– other services	350	400
Cost of inventories recognised as expenses	–	102
Depreciation of right-of-use assets	2,916	4,907
Depreciation of property, plant and equipment	9,368	9,764
Lease payments for short-term lease not included in the measurement of lease liabilities	1,079	539
Staff costs (including directors' emoluments)	<u>47,196</u>	<u>49,311</u>

11. DIVIDENDS

No dividend was paid, declared or proposed during the year ended 31 December 2022. The directors of the Company did not recommend the payment of dividend in respect of the year ended 31 December 2022 (2021: Nil).

12. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss and diluted loss per share	<u>(326,213)</u>	<u>(202,592)</u>
	2022 <i>'000</i>	2021 <i>'000</i>
Number of shares		
Number/weighted average number of ordinary shares	<u>7,775,857</u>	<u>7,775,723</u>

The calculation of basic loss per share is based on the loss attributable to owners of the Company, and the number of shares of approximately 7,775,857,000 ordinary shares (2021: weighted average number of shares of approximately 7,775,723,000) in issue.

Diluted loss per share for the years ended 31 December 2022 and 2021 did not assume the exercise of the outstanding share options since this would result in a decrease in loss per share. No adjustment was made in calculating diluted loss per share for the years ended 31 December 2022 and 2021 as conversion of convertible notes would result in a decrease in the loss per share. Accordingly, the diluted loss per share is the same as the basic loss per share.

13. GOODWILL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost		
Balance at beginning and end of the year	492,354	492,354
Transfer to assets held for sale	<u>(14,500)</u>	<u>–</u>
	<u>477,854</u>	<u>492,354</u>
Accumulated impairment losses		
Balance at beginning of the year	264,321	165,772
Impairment loss recognised for the year	117,963	98,549
Transfer to assets held for sale	<u>(14,500)</u>	<u>–</u>
	<u>367,784</u>	<u>264,321</u>
Carrying amount		
Balance at end of the year	<u><u>110,070</u></u>	<u><u>228,033</u></u>

Note:

For the purpose of impairment assessment on carrying amount of goodwill allocated to tobacco financing cash-generating unit (“Tobacco Financing CGU”), the directors of the Company have determined that an impairment loss of HK\$117,963,000 was recognised during the year ended 31 December 2022 (2021: HK\$98,549,000). There were no material changes in the methodology, source of market data and assumptions applied in the valuation performed by the independent valuer. The directors of the Company revised the carrying amount of Tobacco Financing CGU downwards based on cashflow forecasts.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Unlisted investment fund		–	4,866
Early redemption option on convertible notes	21	6,905	16,025
Profit guarantee and incentive payment	(i)	<u>188,021</u>	<u>144,513</u>
		<u><u>194,926</u></u>	<u><u>165,404</u></u>
Analysed for reporting purposes as:			
Current assets		6,905	20,891
Non-current assets		<u>188,021</u>	<u>144,513</u>
		<u><u>194,926</u></u>	<u><u>165,404</u></u>

Note:

- (i) The balance represents the profit guarantee and incentive payment in relation to the acquisition of Xin Yunlian Investment Limited (“Xin Yunlian”) and its subsidiaries and associates (collectively, “Xin Yunlian Group”). Pursuant to the sales and purchase agreement and supplementary agreement, the vendor and vendor guarantor guaranteed to the indirectly wholly-owned subsidiary of the Company that if the aggregate audited net profit after tax attributable to the owners of Xin Yunlian Group for the five years ending 31 December 2024 (the “Actual Profit”), is less than RMB153,000,000 (the “Guaranteed Profit”), the vendor and vendor guarantor will compensate the Company for the shortfall for an amount equivalent to the difference between the Guaranteed Profit and the Actual Profit multiplied by 1.2 times, the Company shall have the right to deduct the shortfall from the respective convertible notes at maturity date; or if in the event that the Actual Profit (subject to a cap of RMB612 million) exceeds the Guaranteed Profit, the Company agreed to issue to the vendor additional convertible notes equivalent to the difference between the Guaranteed Profit and the Actual Profit multiplied by 0.2 times to 0.8 times based on the Actual profit, to settle the incentive payment, or pay the vendor in cash.

During the year ended 31 December 2022, the fair value change of HK\$43,508,000 (2021: HK\$118,204,000) was recognised in profit or loss.

15. LOANS AND INTEREST RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other loans (<i>Note</i>)	552,993	565,263
Less: Impairment allowance	<u>(215,613)</u>	<u>(222,965)</u>
	<u>337,380</u>	<u>342,298</u>

Note:

Other loans are loans denominated in RMB made to independent third parties, of which approximately HK\$273,595,000 (2021: HK\$282,106,000) are secured and bear interest rates ranging from 5% to 6% (2021: 5% to 6%) per annum, and approximately HK\$279,398,000 (2021: HK\$283,157,000) are unsecured and bear interest rates ranging from 6% to 22% (2021: 6% to 24%) per annum.

An ageing analysis of the loans and interest receivables net of impairment allowance as at the end of the reporting period, based on the payment due date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
No past due	158,815	268,638
Less than 1 month past due	86,366	3,028
1 to 3 months past due	–	–
3 to 6 months past due	84	–
6 months to less than 1 year past due	20,659	27,785
More than 1 year past due	<u>71,456</u>	<u>42,847</u>
	<u>337,380</u>	<u>342,298</u>

The movements in impairment allowance of loans and interest receivables are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of the year	222,965	153,114
Amounts recognised during the year	1,965	56,515
Amounts reversed during the year	(516)	(5,056)
Amounts recognised for credit-impaired loans (<i>Note</i>)	8,681	13,326
Exchange realignment	(17,482)	5,066
	<u>215,613</u>	<u>222,965</u>

Note:

The amount represents the increase in impairment allowance for credit-impaired loans as a result of the increase in their gross carrying amount due to the passage of time.

16. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables arising from:		
Loan referral and consultancy services (<i>Note a</i>)	7,803	23,993
Financial guarantee services (<i>Note b</i>)	45,714	43,328
Insurance brokerage commission (<i>Note c</i>)	82	57
Asset management fee (<i>Note d</i>)	3	77
Advertising service fee (<i>Note e</i>)	8	9
	<u>53,610</u>	67,464
Less: Impairment allowance	(35,700)	(40,375)
	<u>17,910</u>	27,089
Other receivables (<i>Note f</i>)	248,654	150,738
Less: Impairment allowance	(161,952)	(100,218)
	<u>86,702</u>	50,520
Total trade and other receivables	<u>104,612</u>	<u>77,609</u>

Notes:

- (a) The normal settlement terms of trade receivables from loan referral and consultancy services are within 30 days upon the contractual obligation being performed.
- (b) The normal settlement terms of trade receivables from financial guarantee services are mainly within 60 to 90 days upon the contractual obligation being performed.

- (c) The normal settlement terms of trade receivables from product issuers arising from the provision of insurance brokerage services are mainly within 45 to 60 days upon the execution of the insurance policies and/or receipt of statements from product issuers.
- (d) Credit terms granted to customers of asset management fee are within 30 days or as mutually agreed between the contracting parties.
- (e) The normal settlement terms of trade receivables from advertising service are mainly within 30 days upon the contractual obligation being performed
- (f) Included in other receivables were default payment receivables of HK\$210,241,000 (2021: HK\$144,092,000) in relation to loan financing operations.

An ageing analysis of trade receivables net of impairment allowance as at the end of the reporting period, based on the invoice dates, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	2,001	9,723
31 – 60 days	1,840	1,998
61 – 90 days	1,223	2,125
Over 90 days	12,846	13,243
	<u>17,910</u>	<u>27,089</u>

The movements in impairment allowance on trade receivables are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of the year	40,375	26,681
Amounts recognised during the year	31,007	36,595
Amounts reversed during the year	(828)	(255)
Amounts written-off during the year	(31,688)	(23,528)
Exchange realignment	(3,166)	882
	<u>35,700</u>	<u>40,375</u>

The movements in impairment allowance on other receivables are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of the year	100,218	9,089
Amounts recognised during the year	71,989	91,310
Amounts reversed during the year	(2,397)	(481)
Exchange realignment	(7,858)	300
	<u>161,952</u>	<u>100,218</u>

17. PREPAYMENTS AND DEPOSITS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Prepayments (<i>Note a</i>)	2,712	24,764
Rental and utilities deposits	1,491	1,555
Statutory deposits	–	255
Other deposits (<i>Note b</i>)	38,035	85,215
	<u>42,238</u>	<u>111,789</u>
Less: Impairment allowance	(29,478)	(9,706)
	<u>12,760</u>	<u>102,083</u>
Total prepayments and deposits	<u>12,760</u>	<u>102,083</u>
Analysed for reporting purposes as:		
Current assets	11,907	101,028
Non-current assets	853	1,055
	<u>12,760</u>	<u>102,083</u>

Notes:

- (a) Included in the prepayment as at 31 December 2021, balance of HK\$20,929,000 represents prepaid data collection service expenses to an associate for loan financing business.
- (b) As at 31 December 2022, other deposits mainly consist of deposits paid to co-operators in relation to the Group's guarantee and trading business, which amounted to HK\$38,002,000 (2021: HK\$84,339,000).

The movements in impairment allowance on other deposits are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of the year	9,706	9,635
Amounts recognised during the year	20,905	428
Amounts reversed during the year	(372)	(676)
Exchange realignment	(761)	319
	<u>29,478</u>	<u>9,706</u>
Balance at end of the year	<u>29,478</u>	<u>9,706</u>

18. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables from:		
Business of dealing in securities: <i>(Note a)</i>		
– Cash clients	–	346
– Margin clients	–	425
Insurance brokerage service <i>(Note b)</i>	219	227
Loan referral service <i>(Note c)</i>	16,105	–
	<hr/>	<hr/>
Total trade payables	16,324	998
	<hr/>	<hr/>
Accrued expenses	19,889	18,398
Deposits received <i>(Note d)</i>	36,055	71,605
Other payables	27,666	25,856
	<hr/>	<hr/>
Total other payables, deposits received and accruals	83,610	115,859
	<hr/>	<hr/>
Total trade payables, other payables, deposits received and accruals	99,934	116,857
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) Trade payables to securities brokerage clients represent the monies received from and repayable to brokerage clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have an enforceable right to offset these payables with the deposits placed.

The majority of the trade payables balance are repayable on demand except for certain balances relating to margin deposits received from clients for their trading activities under the normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The settlement terms of trade payables, except for margin clients, arising from the securities brokerage business are two business days after trade date.

No ageing analysis is disclosed as, in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of the securities business.

- (b) Trade payables arising from the provision of insurance brokerage services are generally settled within 30 days to 120 days upon receipt of payments from product issuers.

An ageing analysis of trade payables for insurance brokerage service at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	91	88
31 – 60 days	7	5
61 – 90 days	3	15
Over 90 days	<u>118</u>	<u>119</u>
	<u>219</u>	<u>227</u>

- (c) Trade payables arising from loan referral service are generally settled within 5 days upon receipt of invoice.

An ageing analysis of trade payables for loan referral service at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	<u>16,105</u>	<u>–</u>

- (d) Included in deposits received was an amount of HK\$22,195,000 (2021: HK\$56,955,000) which was received from customers or third parties as collateral security for the financial guarantees issued by the Group. These deposits will be refunded to the customers or third parties upon expiry of the corresponding guarantee contracts. According to the contracts, these deposits are expected to be settled within one year.

19. LIABILITIES FROM FINANCIAL GUARANTEES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Deferred income	8	8
Provision for guarantee losses	<u>402,211</u>	<u>359,917</u>
	<u>402,219</u>	<u>359,925</u>

Movement analysis of provision for guarantee losses:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of the year	359,917	231,286
Amounts charged during the year	81,832	150,820
Amounts reversed during the year	(11,316)	(29,843)
Exchange realignment	(28,222)	7,654
	<u>402,211</u>	<u>359,917</u>

20. BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank loans (<i>Note a</i>)	104,025	119,010
Other loans (<i>Note b</i>)	175,060	122,871
	<u>279,085</u>	<u>241,881</u>

	Bank loans		Other loans	
	31/12/2022 <i>HK\$'000</i>	31/12/2021 <i>HK\$'000</i>	31/12/2022 <i>HK\$'000</i>	31/12/2021 <i>HK\$'000</i>
Carrying amounts repayable:				
Within one year	67,277	63,799	26,345	–
More than one year, but not exceeding two years	19,787	21,471	148,715	122,871
More than two years, but not exceeding five years	16,961	33,740	–	–
	<u>104,025</u>	119,010	<u>175,060</u>	122,871
Less: Amounts shown under current liabilities	(67,277)	(63,799)	(26,345)	–
Amounts shown under non-current liabilities	<u>36,748</u>	<u>55,211</u>	<u>148,715</u>	<u>122,871</u>

Notes:

- (a) The bank loans of RMB65,000,000 (approximately HK\$73,496,000) (2021: RMB70,000,000 (approximately HK\$85,883,000)) are secured by the pledge of the Group's assets as set out in note 24 which carry effective interest rates of 3.65% to 6.27% (2021: 4.95% to 6.37%) per annum. The remaining bank loan of RMB27,000,000 (approximately HK\$30,529,000) (2021: RMB27,000,000 (approximately HK\$33,127,000)) bearing interest at fixed rate of 3.65% (2021: 7.5%) per annum, is secured by a property provided by an independent third party, and is repayable within one year.
- (b) The other loans bear interest at fixed rates ranging from 6% to 10.55% (2021: 10% to 10.55%) per annum and are unsecured.

21. CONVERTIBLE NOTES

Pursuant to the sale and purchase agreement and the supplementary agreement for the acquisition of Xin Yunlian Group, convertible notes with principal amounts of HK\$200,000,000 at conversion price of HK\$1.00 were issued to the vendor of Xin Yunlian Group on 31 July 2020.

The convertible notes contain three components, liability, equity and the derivative components – redemption option.

At initial recognition, the equity component of the convertible loan notes was separated from the liability component. The equity element is presented in equity heading “convertible notes equity reserve”. The early redemption option is considered as closely related to the host debt. The effective interest rate of the liability component is 8.22%.

The carrying amounts of convertible notes recognised at the end of the reporting period were calculated as follows:

	Convertible Notes HK\$'000
Equity component	
At 1 January 2021, 31 December 2021 and 31 December 2022	<u>53,452</u>
Liability component	
At 1 January 2021	161,707
Effective interest expenses	<u>13,573</u>
At 31 December 2021	175,280
Effective interest expenses	<u>14,712</u>
At 31 December 2022	<u>189,992</u>
Derivative component	
At 1 January 2021	(15,380)
Gain on fair value change	<u>(645)</u>
At 31 December 2021	(16,025)
Loss on fair value change	<u>9,120</u>
At 31 December 2022	<u>(6,905)</u>

22. ASSETS AND LIABILITIES OF DISPOSAL COMPANY CLASSIFIED AS HELD FOR SALE

On 14 December 2022, the Group entered into a sale and purchase agreement to dispose of the entire equity interests in Greater China Securities Limited (the “Disposal Company”) at a consideration of the aggregated amount of HK\$913,000 and 100% of the amount of bank deposit in the Disposal Company at the completion of this disposal.

Such disposal was yet to complete, and the assets and liabilities attributable to the Disposal Company, which is expected to be sold within twelve months, have been classified as a disposal company held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2022.

The Disposal Company is included in the Group’s others segment for segment reporting purposes (see note 5). As the Disposal Company does not represent a major line of business or geographical area of operation, the disposal does not constitute a discontinued operation. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities of the Disposal Company classified as held for sale are as follows:

	31/12/2022 <i>HK\$’000</i>
Intangible asset	500
Account receivables	101
Prepayment and deposit	277
Bank balance and cash	3,868
Cash held on behalf of clients	1,035
	<hr/>
Total assets classified as held for sale	5,781
	<hr/> <hr/>
Account payables	1,135
Accruals	7
	<hr/>
Total liabilities classified as held for sale	1,142
	<hr/> <hr/>

There are no cumulative income or expense included in other comprehensive income relating to the Disposal Company.

23. SHARE CAPITAL

	Number of shares '000	Nominal amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.001 each At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<u>2,109,890,000</u>	<u>2,109,890</u>
Preference shares of HK\$0.001 each At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<u>110,000</u>	<u>110</u>
Issued and fully paid:		
Ordinary shares of HK\$0.001 each		
At 1 January 2021	7,775,357	7,775
Exercise of share options (<i>Note</i>)	500	1
At 31 December 2021, 1 January 2022 and 31 December 2022	<u>7,775,857</u>	<u>7,776</u>

Note:

On 9 April 2021, upon the exercise of the share options at an exercise price of HK\$0.188 per share, the Company allotted and issued 500,000 new shares of HK\$0.001 each.

All shares issued during the year rank pari passu with the existing shares in all respects

24. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group:

	2022 HK\$'000	2021 HK\$'000
Property, plant and equipment	58,804	72,755
Right-of-use assets – leasehold lands in the PRC	20,007	22,485
Bank deposit	5,653	–
	<u>84,464</u>	<u>95,240</u>

25. GUARANTEE ISSUED

At 31 December 2022, the total maximum amount of financial guarantees issued was RMB1,004,020,000 (approximately HK\$1,135,245,000) (2021: RMB2,011,431,000 (approximately HK\$2,467,825,000)). The total maximum amount of financial guarantees issued represents the maximum potential loss amount that would be recognised if counterparties failed completely to perform as contracted.

26. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets or liabilities as at 31 December 2022 and 2021 other than those described in note 25.

27. EVENTS AFTER THE REPORTING PERIOD

There is no significant event affecting the Company that has occurred since the end of the reporting period.

28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The below sections set out an extract of the report by the auditor of the Company (the “Auditor”), regarding the consolidated financial statements of the Group for the year ended 31 December 2022.

DISCLAIMER OF OPINION

We do 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 our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for 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 Companies Ordinance.

BASIS OF DISCLAIMER OF OPINION

Material uncertainties relating to going concern

As described in note 3 to the consolidated financial statements, the Group reported a loss attributable to the owners of the Company of HK\$326,213,000 for the year ended 31 December 2022. The Group’s current liabilities exceeded its current assets by HK\$86,815,000 and its total liabilities exceeded its total assets by HK\$35,511,000 as at 31 December 2022. As at the same date, the Group’s cash and cash equivalents amounted to HK\$26,280,000, while the Group recorded outstanding borrowing of approximately HK\$93,622,000 which are due for repayment within the next twelve months.

As disclosed in note 3 to the consolidated financial statements, the Group has provided guarantees to some of its customers’ lenders in relation to these customers’ facilities and loans amounting to approximately RMB1,004,020,000 (equivalent to approximately HK\$1,135,245,000). As at 31 December 2022, a guarantee project of approximately RMB53,746,000 (equivalent to approximately HK\$60,770,000) out of the abovementioned guarantees was defaulted. Included in this project, the lender has commenced litigations against several borrowers and their guarantor, the subsidiary of the Group, for repaying the outstanding loans. Another guarantee project of approximately RMB166,529,000 (equivalent to approximately HK\$188,295,000) out of the abovementioned guarantees was defaulted in January 2023. The Group is in the risk that the lenders will commence litigations against the borrowers and their guarantor, the subsidiary of the Group, for repaying the outstanding loans.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the date of this report and have been undertaking a number of measures to improve the Group’s liquidity and financial position which are set out in note 3 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, on the assumption that there is no indication of the lenders have any current intention to exercise their right to demand immediate repayment thereon. The validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) whether the Group is able to obtain additional sources of financing, as and when needed; (ii) the successful negotiations between the lenders, borrowers and the guarantor, the subsidiary of the Group, for the renewal of or extension for repayment of the default borrowings in the guarantee projects; and (iii) whether the Group can successfully improve its operation to generate sufficient operating cash inflow.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group is principally engaged in investment holding, industrial property development and loan financing operations including the provision of loan financing, financial guarantee services, loan referral and consultancy services. The segment revenue and results of the Group for the year ended 31 December 2022 ("FY2022") are stated in the table below:

	For the year ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Segment Revenue from:		
Industrial property development	17,308	13,656
General trading	–	–
Loan financing I (<i>Note 1</i>)	109,166	185,524
Loan financing II (<i>Note 2</i>)	65,699	76,861
Others	9,778	8,826
	201,951	284,867
Segment (loss) profit from:		
Industrial property development	1,254	(4,716)
General trading	(22,260)	(354)
Loan financing I (<i>Note 1</i>)	(76,454)	(128,150)
Loan financing II (<i>Note 2</i>)	(60,715)	(82,856)
Others	(2,887)	(3,199)
	(161,062)	(219,275)

Note 1: Loan financing I represents the provision of loan financing, financial guarantees, loan referral and consultancy services in Hong Kong and Beijing.

Note 2: Loan financing II represents the provision of micro-financing, loan referral and consultancy services in Ningbo.

Industrial Property Development

Revenue from the segment mainly represents warehouse storage income generated from warehouse operation. The Group's warehouse is located in Taicang, Jiangsu Province, the PRC. It is divided into six units and the total area is approximately 48,600 square meters. Revenue from the warehouse operation recorded an increase of HK\$3,652,000 from approximately HK\$13,656,000 for the year ended 31 December 2021 ("FY2021") to approximately HK\$17,308,000 for FY2022, resulting in a segment profit of approximately HK\$1,254,000 for FY2022 (FY2021: segment loss of approximately HK\$4,716,000). The average occupancy rate of the Group's warehouse during FY2022 was approximately 98.6% and was primarily used as storage of small electric and non-electric power tools.

The Group's warehouse operation maintained high percentage of occupancy rate during FY2022 due to the advantageous location of its warehouse and long term relationship with the tenants. The Group's management anticipates that the Group's warehouse occupancy can maintain at a rate of over 95% for the year of 2023.

General Trading

The Group confronted difficulties in the operation of liquor trading and no sales revenue was generated during FY2022. The segment recorded a loss of approximately HK\$22,260,000 for FY2022 (FY2021: approximately HK\$354,000) due to the impairment loss of deposit paid.

Loan Financing I

The Group's loan financing I services comprise the provision of loan financing, financial guarantees, loan referral and consultancy services in Hong Kong and Beijing. Revenue from the segment for FY2022 was approximately HK\$109,166,000 (FY2021: approximately HK\$185,524,000), resulted in a segment loss of approximately HK\$76,454,000 (FY2021: approximately HK\$128,150,000). The decrease in segment revenue was mainly due to the recent outbreak of the COVID-19 pandemic and the slowdown of the economy in the PRC.

Loan Financing Business in Beijing

In the first half of 2022, with the rapid change of the COVID-19 pandemic situation, most provinces in the PRC, especially the Yangtze River Delta region, were severely affected by the pandemic, impacting the steady economic recovery of China. Currently, medium and micro sized enterprises and individuals are still the economic drivers of domestic consumption and capital investment recovery. Witnessing the rapid development of the increasing emerging e-commerce consumption brands, the Group expects that these new consumption brands would have huge development potential. The Group will empower the emerging e-commerce brands relying on its resources strength and flexible cooperation model. Also, the Group will continue to broaden the cooperation industries, optimize its business model, and improve risk control strategies as time changes to grasp the financing needs of emerging customers and provide them with better service.

People get used to working at home, living at home and shopping online in the post-pandemic era, during which time, online shopping based on live-stream platforms has emerged strongly outperformed other industries. The live commerce sector is currently dominated by excellent performance of Tik Tok, a mobile application managed by ByteDance Ltd. (“ByteDance”). The Group’s Beijing team keeps pace with the times to seize the opportunity of live commerce by combining the guarantee license and factoring license business, and cooperates with several live bases jointly funded by governments and certain flow providers under ByteDance to optimise business model and improve its capability of risk management. It provides e-commerce operators with channels to conducting live commerce at the platform of Tik Tok with comprehensive supply chain related financial services under multiple models, such as factoring and guarantee, factoring transfer and traffic attraction.

Loan Financing Business in Hong Kong

The Group’s loan financing operation in Hong Kong is mainly the provision of mortgage loan. There was no new loan drawdown during FY2022, and no outstanding loan as at 31 December 2022. The Group will continue to implement a prudent strategy with stringent internal loan management system in the loan financing operation in Hong Kong to identify suitable high net worth customers.

Loan Financing II

The Group’s loan financing II services comprise the provision of micro-financing, loan referral and consultancy services in Ningbo, the PRC. Revenue from the segment for FY2022 was approximately HK\$65,699,000 (FY2021: approximately HK\$76,861,000), resulted in a segment loss of approximately HK\$60,715,000 (FY2021: approximately HK\$82,856,000).

The segment loss was mainly due to the impairment loss on other receivables recognised for FY2022 as the outbreak of the COVID-19 pandemic during year affected some of our customers.

The acquisition of Xin Yunlian Investment Limited (“Xin Yunlian”) and its subsidiaries and associated company (collectively, the “Xin Yunlian Group”) was completed on 31 July 2020. The major activities of the Xin Yunlian Group are the operation of an e-commerce platform, provision of financial services (including micro-financing and loan referral operations), and advertising business. All operations are targeted to the 5.6 million tobacco retailers in the PRC. As at 31 December 2022, there were approximately 4.8 million tobacco retailers registered on the e-commerce platform of the Xin Yunlian Group. The above acquisitions have created synergies, as the Group leveraged its knowledge, expertise, experience and financial resources in the loan financing business in China to guide and enable the Xin Yunlian Group to provide loan financing business for tobacco retailers. The combined network of client base and financial institutions covered by the Group is expected to form a stronger platform for cross selling and achieve growth in the loan referral business and the small and micro enterprises finance business. In addition, the profit guarantee of not less than RMB153 million (equivalent to approximately HK\$168 million) for the five years ending 31 December 2024 will also provide a positive impact on the financial position of the Group as a whole in the years ahead.

Business Model

網新新雲聯金融信息服務(浙江)有限公司 (Wangxin Xin Yunlian Financial Information Service (Zhejiang) Company Limited*, “Xin Yunlian Financial”) is the exclusive financial service provider of 中煙新商盟電子商務有限公司 (Zhongyan Xin Shangmeng E-commerce Limited*, “Zhongyan E-commerce”). Xin Yunlian Financial is a wholly-owned subsidiary of 浙江新雲聯雲科技有限公司 (Zhejiang Xin Yunlian Cloud Technology Company Limited*), which is indirectly controlled as to 51% by Xin Yunlian. Zhongyan E-commerce is owned as to 49% by 浙江新雲聯數字科技有限公司 (Zhejiang Xin Yunlian Digital Technology Company Limited*), which is owned as to 51% by Xin Yunlian. Zhongyan E-commerce shares its e-commerce platforms with Xin Yunlian Financial to publish notices and advertisements to over 4.8 million registered tobacco retailers in the PRC. In addition, Xin Yunlian Financial also uses the official accounts, other new media platforms as well as through tobacco monopoly administration at province and city levels to promote their services to the customers. With the authorization of registered users of the e-commerce platform, Xin Yunlian Financial can access the readily available customer database. The Group also provides financial service to qualified tobacco retailers in need that are identified through telephone marketing or site visiting.

The services provided by Xin Yunlian Financial include the referral of potential borrowers for loan services to financial institutions with a focus on retailers licensed to distribute tobacco products in the PRC. Considering the financial needs of tobacco retailers in making tobacco orders, store improvement and other operating matters, Xin Yunlian Financial has launched a tobacco credit loan service, through which the tobacco retailers can apply for credit loan on-line with their tobacco retail license. Target clients can directly contact Xin Yunlian Financial through the e-commerce platform, WeChat official account, customer service hotline and Xin Yunlian Financial mobile application to inquire about loan services.

After a review of the funding needs of potential borrowers and a preliminary assessment of their credit profile, Xin Yunlian Financial will refer the potential borrowers to appropriate banks for suitable financial products. The banks in cooperation with Xin Yunlian Financial will, based on their respective concerns, mitigate credit risks in further by assessing such potential borrowers. For the customers passing risk assessment, those banks will remit loans to the account designated by the borrowers. Since credit risk is the main risk inherent in the financial services business, with the support of the e-commerce platform which allows Xin Yunlian Financial to assess the tobacco retailers based on actual and verifiable transactions, Xin Yunlian Financial is able to effectively manage and supervise the credit risk of potential borrowers to be referred by them to financial institutions.

In terms of loan transactions through referral, Xin Yunlian Financial, as an intermediary agency, will charge the banks or borrowers referral fees.

During FY2022, Xin Yunlian Financial continued to cooperate with regional banks in the PRC to provide funding to the potential borrowers. The loan products are mainly one-year credit loan and repayable by instalment. The interest rate ranges from 6.5% to 24% per annum depending on the credit assessment of each individual borrower. A referral fee of approximately 3% is charged by Xin Yunlian Financial depending on the terms of the banks.

From a regional perspective, the top ten provinces with the largest business scale are Guangdong Province, Hunan Province, Sichuan Province, Yunnan Province, Henan Province, Shaanxi Province, Hebei Province, Shandong Province, Jiangsu Province and Guizhou Province.

Policy

The 20th National Congress of the Communist Party of China proposed the Second Centenary Goal on the new journey of the new era. The report specifies the call to: “accelerate the development of the digital economy, further integrate it with the real economy, and build internationally competitive digital industry clusters”, and highlights that: “We must fully and faithfully apply the new development philosophy on all fronts, continue reforms to develop the socialist market economy, promote high-standard opening up, and accelerate efforts to foster a new pattern of development that is focused on the domestic economy and features positive interplay between domestic and international economic flows. We will modernize the industrial system, and in pursuing economic growth, we must continue to focus on the real economy.” In the Party’s 20th National Congress Report Counseling Reader (《黨的二十大報告輔導讀本》), the article titled “Strengthening and Refining Modern Financial Regulation” emphasizes proposals to deepen the supply-side structural reform of financial services. It is necessary to comprehensively strengthen the financial ability to serve the real economy, and resolutely curb the shift from the substantial to fictitious, and improve the inclusive financial system, supply improved financial services for small and micro enterprises and “agriculture, rural areas and farmers”, enhance the level of financial services for new citizens, and consolidate and expand our achievements in financial poverty alleviation. The People’s Bank of China issued the Notice of Promoting the Establishment of a Long-term Mechanism for Boosting Financial Sector’s Confidence, Willingness, Capability, and Expertise in Lending to Micro and Small Enterprises (《關於推動建立金融服務小微企業敢貸願貸能貸會貸長效機制的通知》) in May 2022, which proposes to strive to improve financial institutions’ willingness, ability and sustainability of serving small and micro-sized enterprises, accelerate the establishment of a long-term mechanism, strike a balance among increasing the availability of credits, optimizing credit structure and preventing and controlling credit risks, advance efforts to increase the quantity, expand the coverage and reduce the cost of financing for small and micro-sized enterprise, support the bailout and development of small and micro businesses, stabilize the macro economy, and contribute to the high-quality economic development. The report states that we must ensure and improve the people’s wellbeing in the course of pursuing development and encourage everyone to work hard together to meet the people’s aspirations for a better life. The tobacco industry is part and parcel of the real economy. Tobacco retailers, as the “minimum” retail unit, are the “capillaries” that ensure and improve public wellbeing, and the basic terminal to satisfy the people’s aspirations for a better life, and play an important role in promoting sustainable economic and social development.

Guided by the promotion of the integrated development of the real economy and the digital economy, Zhongyan E-commerce and Xin Yunlian Financial will be dedicated to consistent innovation in financial technology, and focus on tobacco retailers as vertical service scenarios, to achieve digital empowerment and product technology innovation in a way that creates leading digital solutions; while working closely with various banking institutions to further strengthen product development, consolidate the leading position in the financial sector of the tobacco industry, and join hands with various banking institutions to practice inclusive finance, promote common prosperity and support the high-quality development of the real economy.

For the micro-financing operation, as at 31 December 2022, loans and interest receivables of the Group was approximately HK\$337,380,000 (31 December 2021: approximately HK\$342,298,000) with interest rates ranging from 5% to 22% (31 December 2021: 5% to 24%) per annum.

Others

Others segment represents the operation of securities brokerage, margin financing, provision of asset management services, provision of insurance brokerage and agency service in Hong Kong and advertising service in the PRC. Revenue from the segment for FY2022 was approximately HK\$9,778,000 (FY2021: approximately HK\$8,826,000), resulted in a segment loss of approximately HK\$2,887,000 (FY2021: approximately HK\$3,199,000). In the future, the Group will continue to implement strict cost control measures to increase the return on assets of the others segment.

SIGNIFICANT IMPAIRMENT

During FY2022, an impairment loss, net of reversal of approximately HK\$239,236,000 (FY2021: approximately HK\$176,049,000) was resulted in the loan financing and general trading operations of the Group.

The breakdown of the impairment loss recognized during the year is as below:

	For the year ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Impairment loss (reversal of impairment loss) recognized on:		
– Trade and other receivables	1,449	127,169
– Loans and interest receivables	99,771	51,459
– Other deposits	20,533	(248)
– Loans to and interest receivables from a non-controlling interest	117,501	68
– Loans to and interest receivables from an associate	(18)	(2,399)
	239,236	176,049

The increase in impairment loss is mainly due to the impairment on the loans to and interest receivables from a non-controlling interest and the amount was included upon the completion of the acquisition of the loan financing operation in July 2020. During FY2022, the financial status of the non-controlling interest continued to deteriorate and thus significant impairment was recognized for the year.

FINANCIAL REVIEW

Administrative and Other Operating Expenses

Administrative expenses include office utilities and administration, legal and professional fee, employee expenses, depreciation of right-of-use assets and property, plant and equipment and amortisation. Other operating expenses mainly consist of operating expenses of industrial property development and loan financing. Administrative and other operating expenses amounted to approximately HK\$86,979,000 during FY2022, representing a decrease of approximately 20.6% or HK\$22,582,000 as compared to FY2021, as the Group continued to optimize and reform business processes to reduce costs and improve operational efficiency. The Company's management will continue to act on its stringent measures on cost control to maintain the administrative and other operating expenses at a reasonable level.

Finance Costs

The finance cost of the Group for FY2022 mainly consisted of effective interest expenses on convertible bonds issued for the acquisition of the Xin Yunlian Group in 2020 and loan interest on bank and others loans. Finance costs increased from approximately HK\$29,244,000 for FY2021 to approximately HK\$35,816,000 for FY2022, representing an increase of approximately 22.5% or HK\$6,572,000, which was caused by the additional interest on loan borrowing for FY2022.

Liquidity and Financial Resources

The Group continued to adopt the policy of prudence in managing its working capital. During FY2022, the operations of the Group were primarily financed by internally generated cash flow from operating activities and external financing. As at 31 December 2022, the shareholder's deficit attributable to owners of the Company amounted to approximately HK\$166,349,000 (31 December 2021: equity attributable to owners of the Company of approximately HK\$148,200,000), and net current liabilities of the Group amounted to approximately HK\$86,815,000 (31 December 2021: net current assets of approximately HK\$201,445,000). As at 31 December 2022, the Group's cash and cash equivalents amounted to approximately HK\$26,280,000 (31 December 2021: approximately HK\$47,936,000), which were principally denominated in Hong Kong dollars and Renminbi. Current ratio as at 31 December 2022 was 0.86 (31 December 2021: 1.35).

As at 31 December 2022, the Group's total borrowings amounted to approximately HK\$279,085,000 (31 December 2021: approximately HK\$241,881,000) of which approximately HK\$93,622,000 is repayable within 1 year, approximately HK\$168,502,000 is repayable between 1 to 2 years, approximately HK\$16,961,000 is repayable between 2 to 5 years. As at 31 December 2022, the Group's borrowings denominated in Hong Kong dollars and Renminbi were approximately HK\$23,400,000 and HK\$255,684,000, respectively, and bear fixed interest rates from 4.95% to 10.55%. The gearing ratio of the Group as at 31 December 2022 (defined as total borrowings over the Group's total equity) is not applicable due to capital deficiency of the Group (31 December 2021: 65.9%).

There was no capital commitment in respect of the acquisition and construction of property, plant and equipment as at 31 December 2022 (31 December 2021: nil).

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are mainly in Hong Kong dollars and Renminbi. Therefore, the Group did not use any financial instruments for hedging purposes during FY2022.

Fund Investments

The Group's investment portfolio is classified as financial assets at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit or loss ("FVTPL") according to HKFRS 9, the relevant carrying amounts of the financial assets at FVTOCI and financial assets at FVTPL as at 31 December 2022 were approximately HK\$4,938,000 and HK\$Nil (31 December 2021: approximately HK\$3,505,000 and HK\$4,866,000), respectively. The Group's investment portfolio includes listed equity in Hong Kong.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2022 (31 December 2021: nil) other than the financial guarantees issued as disclosed below.

Guarantee Issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. For FY2022, the Group's total maximum amount of financial guarantees issued was approximately RMB1,004,002,000 (equivalent to approximately HK\$1,135,245,000) (31 December 2021: approximately RMB2,011,431,000 (equivalent to approximately HK\$2,467,825,000)).

Capital Structure

As at 31 December 2022, the total number of issued ordinary shares of the Company with a par value of HK\$0.001 each (the "Share(s)") was 7,775,857,621 (31 December 2021: 7,775,857,621).

Charges on Assets

The Group's warehouse located in Taicang, the PRC with the following carrying amount and the bank deposit had been pledged to secure general banking facilities granted to the Group:

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Property, plant and equipment	58,804	72,755
Right-of-use assets	20,007	22,485
Bank deposit	5,653	–
	<u>84,464</u>	<u>95,240</u>

Save for the above, the Group did not charge other assets to secure its borrowings as at 31 December 2022 and 31 December 2021.

Foreign currency exposure

As confirmed by the Directors, the Group's present operations are mainly carried out in the PRC and Hong Kong, and all of the Group's receipts and payments in relation to the operations are denominated in Renminbi or Hong Kong dollars. The Group does not anticipate any material foreign exchange exposure and therefore no derivative financial instruments were used to hedge its foreign currency risks as at 31 December 2022 and 31 December 2021. The management will continue to monitor its foreign exchange exposure and take appropriate measures if needed.

Significant investments, material acquisitions and disposals

The Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during FY2022 and FY2021.

Future plans for material investments or capital assets

As at 31 December 2022 and 31 December 2021, the Group did not have immediate plans for material investments or capital assets acquisition.

Employees and Remuneration Policies

As at 31 December 2022, the Group had 122 employees (31 December 2021: 141 employees). Remuneration is determined by reference to their respective qualifications and experiences and according to the prevailing industry practice. In addition to salary payments, the Group's staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme. As required by the regulations in the PRC, the Group makes contributions to mandatory social security funds for the benefit of the Group's employees in the PRC, including pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

DIVIDEND

The Board did not recommend the payment of any final dividend for FY2022 (FY2021: nil).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group did not have any other significant event subsequent to 31 December 2022.

DETAILS OF AUDIT QUALIFICATION AND RESPONSE FROM THE COMPANY

Details of the Audit Qualification

The Group reported a loss attributable to the owners of the Company of HK\$326,213,000 for the year ended 31 December 2022. The Group's net current liabilities and net liabilities of approximately HK\$86,815,000 and HK\$35,511,000, respectively as at 31 December 2022, and the Group's cash and cash equivalents amounted to approximately HK\$26,280,000, while the Group recorded outstanding borrowing of approximately HK\$93,622,000 which are repayable within the next twelve months. These conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. In this regard, the auditor of the Company (the "Auditor") issued a disclaimer of opinion on the consolidated financial statement of the Group for the year ended 31 December 2022 on material uncertainties on the Group's ability to continue as a going concern (the "Audit Qualification").

Actual or potential impact of the Audit Qualification on the Group's financial position

The Audit Qualification does not itself show any actual impact on the Group's financial position. As set out in note 3 to the consolidated financial statements, the consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in note 3 to the consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net recoverable amounts, and to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Management’s position

In view of the Audit Qualification, the management of the Group (including the Directors) (the “Management”) has given consideration related to the Group’s current liquidity, performance and available sources of financing in assessing the Group’s ability to continue as a going concern. Taking into account the successful and continued implementation of various measures such as including successful negotiations with certain financial institutions and identifying various options for financing the Group’s working capital, and successful negotiations with the a number of financial institutions for renewal and extension of bank borrowings and credit facilities, the Management believes that the Group should have sufficient working capital for a period of not less than 12 months from 31 December 2022, and hence it was appropriate to prepare the Group’s consolidated financial statements on a going concern basis.

There was no disagreement between the Management and the Auditor regarding the Audit Qualification, considering that the consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the measures under Management’s assumptions, which are subject to certain uncertainties, including the Group’s ability to generate operating cash flows and to obtain additional sources of financing. While the Company is of the view that it has already provided all available information and documents to demonstrate that the Group will have sufficient working capital for the 12 months after the year ended 31 December 2022, the Company also acknowledges the uncertainties raised by the Auditor specified above in that such uncertainties cannot be satisfied with the mere provision of documents and information.

Audit Committee’s views towards the Audit Qualification

The audit committee of the Company (the “Audit Committee”) has reviewed and agreed with the Management’s position concerning the action plan of the Group to address the Audit Qualification disclosed above. The Audit Committee has also discussed with the Management and the Auditor to understand the reason for the Audit Qualification and the views of the Board and the Auditor. The Audit Committee concurs with the Management’s position and views with respect to the Audit Qualification and the Group’s ability to continue as a going concern and the actions to be implemented by the Management.

Proposed plans to address the Audit Qualification

The Board is satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future, after taking into consideration of points (i) to (v) as set out in note 3 to the consolidated financial statements. The Management recognises that relevant evidence is required to resolve the Auditor’s concern on the going concern issue. As such, the Management will commence to contact and negotiate with various financial institutions for obtaining credit facilities and the bank in the PRC for increase of bank loan. The Management will vigorously consider any feasible plan from the potential investors on corporate restructuring and will proceed as and when appropriate and practicable.

In view of the foregoing, and assuming all of the Company's plans or actions can be completed as planned, including the obtaining of alternative financing and successful completion of corporate restructuring plan, and no new circumstances and conditions will have occurred, subject to satisfactory completion of review of the Management's assessment of the Group's going concern and the Auditor being satisfied with the documents, information and evidence to be provided by the Company going forward, the Directors are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from the year ended 31 December 2022 and the Company is hopeful that the Audit Qualification may be removed in connection with the audit of the consolidated financial statements of the Group for the year ended 31 December 2023.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "2023 AGM") is scheduled to be held on Tuesday, 20 June 2023. For determining the entitlement of shareholders of the Company (the "Shareholders") to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Thursday, 15 June 2023 to Tuesday, 20 June 2023, 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 2023 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout FY2022, the Company has applied the principles and complied with the code provisions as set out in Part 2 of Appendix 14 to the Listing Rules as in effective from time to time for FY2022.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for FY2022.

PURCHASE, SALE OR REDEMPTION OF SHARES

During FY2022, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the Company’s code of conduct regarding securities transactions by the Directors. Having made specific enquiry, all Directors have confirmed that they have complied with the Model Code throughout FY2022.

By order of the Board of
Greater China Financial Holdings Limited
Liu Kequan
Chairman

Hong Kong, 28 March 2023

As at the date of this announcement, the Board comprises Mr. Liu Kequan, Mr. Yang Dayong and Mr. Chen Zheng as executive Directors; Mr. Zhang Peidong as non-executive Director; Mr. Kwan Kei Chor, Dr. Lyu Ziang and Mr. Zhou Liangyu as independent non-executive Directors.

* *for identification purposes only*