ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the "**Board**") of Eternity Investment Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 together with the comparative figures for 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Revenue	*4*	**156,103**	272,165
Cost of sales		**(89,210)**	(98,747)
Gross profit		**66,893**	173,418
Investment and other income	*5*	**20,519**	6,841
Other gains and losses	*6*	**(22,355)**	27,075
Selling and distribution expenses		**(3,817)**	(3,695)
Allowance for expected credit losses on financial assets	*7*	**(167,703)**	(250,392)
Administrative expenses		**(116,382)**	(120,501)
Share of results of associates		**(17,698)**	(19,411)
Loss from operations		**(240,543)**	(186,665)
Finance costs	*8*	**(61,072)**	(57,760)
Loss before taxation		**(301,615)**	(244,425)
Income tax credit	*9*	**28,839**	43,946
Loss for the year	*10*	**(272,776)**	(200,479)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(272,772)**	(200,375)
Non-controlling interests		**(4)**	(104)
		(272,776)	(200,479)
Loss per share	*11*		
Basic *(Hong Kong cents)*		**(7.34)**	(5.25)
Diluted *(Hong Kong cents)*		**(7.34)**	(5.25)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
Loss for the year	**(272,776)**	(200,479)
Other comprehensive (expense)/income for the year, net of income tax		
Items that will not be reclassified to profit or loss:		
Gain on revaluation of properties	**25,801**	–
Fair value loss on equity instruments at fair value through other comprehensive income	**(13,705)**	(598)
	12,096	(598)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**(125,957)**	26,643
Reclassification adjustment for an associate disposed of	**–**	(20)
Share of other comprehensive expense of associates, net of related income tax	**(30)**	(42)
	(125,987)	26,581
Other comprehensive (expense)/income for the year, net of income tax	**(113,891)**	25,983
Total comprehensive expense for the year	**(386,667)**	(174,496)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(387,195)**	(174,215)
Non-controlling interests	**528**	(281)
	(386,667)	(174,496)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**907,374**	847,584
Right-of-use assets		**222,318**	276,447
Investment properties		**233,991**	164,500
Intangible assets		**673,975**	865,777
Goodwill		**245,268**	298,362
Interests in associates		**35,918**	53,089
Deferred tax assets		**93,154**	92,959
Equity instruments at fair value through other comprehensive income		**12,215**	25,920
Financial assets at fair value through profit or loss		**9,527**	–
Finance lease receivables		**142,632**	–
Prepayments and other receivables		**3,194**	28,590
		2,579,566	2,653,228
Current assets			
Inventories		**36,024**	36,406
Loans receivables	*12*	**412,069**	629,755
Trade receivables	*13*	**32,841**	34,860
Deposits, prepayments and other receivables		**167,229**	144,228
Finance lease receivables		**31,435**	–
Financial assets at fair value through profit or loss		**125,910**	255,954
Derivative financial instruments		**–**	3,684
Pledged bank deposits		**779**	–
Cash and cash equivalents		**34,765**	43,571
		841,052	1,148,458
Assets classified as held for sale		**36,852**	–
		877,904	1,148,458
Total assets		**3,457,470**	3,801,686

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
EQUITY			
Share capital		**38,196**	38,196
Shares held for share award plan		**(24,455)**	(17,381)
Reserves		**1,785,432**	2,172,627
Equity attributable to owners of the Company		**1,799,173**	2,193,442
Non-controlling interests		**(5,757)**	(6,285)
Total equity		**1,793,416**	2,187,157
LIABILITIES			
Current liabilities			
Trade payables	*14*	**32,948**	15,512
Deposits received, accruals and other payables		**246,069**	109,444
Receipts in advance		**87,221**	163,807
Tax payables		**79,944**	74,589
Bank borrowings		**200,020**	157,354
Other borrowings		**266,789**	268,420
Lease liabilities		**6,849**	6,854
Guaranteed secured notes		**197,000**	200,000
Amount due to an associate		**1,961**	1,961
Amount due to a director		**1,000**	–
Derivative financial instruments		**–**	1,789
		1,119,801	999,730
Non-current liabilities			
Deposits received and other payables		**64,060**	51,221
Lease liabilities		**284,698**	318,513
Deferred tax liabilities		**195,495**	245,065
		544,253	614,799
Total liabilities		**1,664,054**	1,614,529
Total equity and liabilities		**3,457,470**	3,801,686
Net current (liabilities)/assets		**(241,897)**	148,728
Total assets less current liabilities		**2,337,669**	2,801,956

Notes:

1. **Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**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 and by the disclosure requirements of the Hong Kong Companies Ordinance.

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

The consolidated financial statements are presented in thousands of units of Hong Kong dollars **(HK$'000)**, which is the same as the functional currency of the Company.

Going concern

During the year ended 31 December 2022, the Group incurred a loss for the year attributable to owners of the Company of HK$272,772,000 and, as of that date, the Group's current liabilities exceeded its current assets by HK$241,897,000. Subsequent to the end of the reporting period, certain bank accounts of the Group amounted to approximately RMB16,133,000 (equivalent to HK$18,061,000) have been frozen by a civil ruling issued by the People's Republic of China (the "**PRC**") court.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and are of the opinion that the cash flow generated from operating activities and certain appropriate financing activities of the Group will be able to meet the funding needs of operations and repay the outstanding borrowings. In order to improve the Group's financial position, the directors of the Company have been implementing various measures as follows:

- taking active measures to collect loan receivables to improve operating cash flows and its financial position;
- formulating various sales and marketing initiatives to increase the occupancy rate of the residential serviced apartments in Beijing, the PRC;
- negotiating with respective lenders to renew and extend the existing borrowings upon their maturities;

- reviewing its investments and actively considering to realise certain financial assets at fair value through profit or loss ("**FVTPL**") in order to enhance the cash flow position of the Group whenever it is necessary;

- implementing active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group; and

- two executive directors of the Company have undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operation.

The directors of the Company have carried out a detailed review of the Group's cash flow projection prepared by management. The cash flow projection covers a period up to 31 March 2024. In preparing the cash flow projection, the directors of the Company have considered the historical cash requirements of the Group as well as other key factors, including the availability of loan finance which may impact the operations of the Group during the next twelve-month period. They are of the opinion that, taking into account the above-mentioned measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of the consolidated financial statements.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2022 on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value 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 liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. Application of amendments to 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 HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board (the "**Committee**").

The application of the amendments to HKFRSs and the Committee's agenda decisions 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.

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)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKAS 1	Non-Current Liabilities with Covenant[2]

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.

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.

3. Operating segments

The Group's operating segments have been determined based on the information reported to the Chairman of the board of directors, being the chief operating decision maker, that is used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. The Group currently has four operating segments:

(a)	Property investment	Leasing of rental properties and property management
(b)	Sale of financial assets	Sale of financial assets at FVTPL
(c)	Money lending	Money lending
(d)	Sale of jewelry products	Design and sale of jewelry products

An analysis of the Group's reportable segment revenue, results, assets, liabilities and other selected financial information for the years ended 31 December 2022 and 2021 by operating segments are as follows:

Segment revenue and results

For the year ended 31 December 2022

	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of jewelry products *HK$'000*	Consolidated *HK$'000*
Segment revenue	**37,688**	**(9,850)**	**45,868**	**82,397**	**156,103**
Segment profit/(loss)	**13,316**	**(82,154)**	**(148,853)**	**1,588**	**(216,103)**
Interest income on bank deposits					**50**
Unallocated corporate income					**122**
Unallocated corporate expenses					**(6,914)**
Finance costs					**(61,072)**
Share of results of associates					**(17,698)**
Loss before taxation					**(301,615)**
Income tax credit					**28,839**
Loss for the year					**(272,776)**

For the year ended 31 December 2021

	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of jewelry products *HK$'000*	Consolidated *HK$'000*
Segment revenue	37,429	62,164	81,808	90,764	272,165
Segment (loss)/profit	(41,878)	(53,799)	(196,413)	1,682	(290,408)
Interest income on bank deposits					103
Unallocated corporate expenses					(23,270)
Gain on disposal of associate					146,321
Finance costs					(57,760)
Share of results of associates					(19,411)
Loss before taxation					(244,425)
Income tax credit					43,946
Loss for the year					(200,479)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment results represent profit earned/(loss incurred) by each segment without allocation of central administrative expenses including directors' emoluments, share of results of associates, certain investment and other income, certain other gains and losses, finance costs and income tax credit. This is the measure reported to the Chairman of the board of directors for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

At 31 December 2022

	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of jewelry products *HK$'000*	Consolidated *HK$'000*
Segment assets					
– Hong Kong	**343,621**	**138,833**	**491,482**	**67,024**	**1,040,960**
– The PRC	**2,316,567**	**–**	**–**	**–**	**2,316,567**
	2,660,188	**138,833**	**491,482**	**67,024**	**3,357,527**
Unallocated corporate assets					**99,943**
Consolidated total assets					**3,457,470**
Segment liabilities					
– Hong Kong	**(103,238)**	**(117,827)**	**(52,855)**	**(1,884)**	**(275,804)**
– The PRC	**(954,720)**	**–**	**–**	**–**	**(954,720)**
	(1,057,958)	**(117,827)**	**(52,855)**	**(1,884)**	**(1,230,524)**
Unallocated corporate liabilities					**(433,530)**
Consolidated total liabilities					**(1,664,054)**

At 31 December 2021

	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of jewelry products *HK$'000*	Consolidated *HK$'000*
Segment assets					
– Hong Kong	353,479	299,028	710,168	68,223	1,430,898
– The PRC	2,292,773	–	–	–	2,292,773
	2,646,252	299,028	710,168	68,223	3,723,671
Unallocated corporate assets					78,015
Consolidated total assets					3,801,686
Segment liabilities					
– Hong Kong	(108,942)	(82,321)	(1,927)	(54,031)	(247,221)
– The PRC	(944,337)	–	–	–	(944,337)
	(1,053,279)	(82,321)	(1,927)	(54,031)	(1,191,558)
Unallocated corporate liabilities					(422,971)
Consolidated total liabilities					(1,614,529)

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to operating segments other than interests in associates, certain deposits, prepayments, other receivables and cash and cash equivalents that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and

– all liabilities are allocated to operating segments other than certain other borrowings, guaranteed secured notes, certain accruals and other payables, certain tax payables, amount due to an associate, and amount due to a director that are not attributable to individual segments. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended 31 December 2022

	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of jewelry products *HK$'000*	Consolidated *HK$'000*
Amount included in the measure of segment profit/(loss) and segment assets					
Additions to property, plant and equipment	**155,681**	**–**	**–**	**16**	**155,697**
Allowance for expected credit loss ("**ECL**") on loan receivables	**–**	**–**	**(167,254)**	**–**	**(167,254)**
Allowance for ECL on trade receivables	**–**	**–**	**–**	**(592)**	**(592)**
Amortisation of intangible assets	**(19,805)**	**–**	**–**	**–**	**(19,805)**
Depreciation of property, plant and equipment	**(22,917)**	**–**	**–**	**(11)**	**(22,928)**
Depreciation of right-of-use assets	**(6,087)**	**–**	**–**	**(309)**	**(6,396)**
Gain on disposals of residential serviced apartments	**77,551**	**–**	**–**	**–**	**77,551**
Impairment loss on goodwill	**(28,802)**	**–**	**–**	**–**	**(28,802)**
Interest income on other receivables	**1,101**	**–**	**–**	**–**	**1,101**
Loss arising on change in fair value of derivative financial instruments	**–**	**(1,895)**	**–**	**–**	**(1,895)**
Loss arising on change in fair value of financial assets at FVTPL	**–**	**(69,898)**	**–**	**–**	**(69,898)**
Loss arising on change in fair value of investment properties	**(700)**	**–**	**–**	**–**	**(700)**
Membership income	**13,823**	**–**	**–**	**–**	**13,823**
Imputed interest income on finance lease receivables	**4,531**	**–**	**–**	**–**	**4,531**
Reversal of allowance for ECL on other receivables	**143**	**–**	**–**	**–**	**143**
Reversal of impairment loss on property, plant and equipment	**1,400**	**–**	**–**	**–**	**1,400**
Written-off of property, plant and equipment	**(11)**	**–**	**–**	**–**	**(11)**

For the year ended 31 December 2021

	Property investment HK$'000	Sale of financial assets HK$'000	Money lending HK$'000	Sale of jewelry products HK$'000	Consolidated HK$'000
Amount included in the measure of segment (loss)/profit and segment assets					
Additions to property, plant and equipment	226,883	–	–	7	226,890
Allowance for ECL on loan receivables	–	–	(251,002)	–	(251,002)
Amortisation of intangible assets	(21,320)	–	–	–	(21,320)
Depreciation of property, plant and equipment	(21,520)	–	–	(12)	(21,532)
Depreciation of right-of-use assets	(6,332)	–	–	(300)	(6,632)
Gain arising on change in fair value of derivative financial instruments	–	1,895	–	–	1,895
Gain arising on change in fair value of investment properties	3,800	–	–	–	3,800
Impairment loss on property, plant and equipment	(7,315)	–	–	–	(7,315)
Interest income on other receivables	1,146	–	–	–	1,146
Loss arising on change in fair value of financial assets at FVTPL	–	(117,541)	–	–	(117,541)
Membership income	3,748	–	–	–	3,748
Reversal of allowance for ECL on other receivables	426	–	–	–	426
Reversal of allowance for ECL on trade receivables	–	–	–	184	184
Written-off of property, plant and equipment	(85)	–	–	–	(85)

Geographical information

The Group mainly operates in Hong Kong and the PRC. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Australia	**1,437**	1,038	**–**	–
Europe	**11,466**	13,314	**–**	–
Hong Kong	**110,109**	225,093	**378,478**	402,327
North America	**104**	–	–	–
The PRC	**32,987**	32,720	**1,943,560**	2,108,108
	156,103	272,165	**2,322,038**	2,510,435

Note:

Non-current assets excluded deferred tax assets, equity instruments at fair value through other comprehensive income, financial assets at FVTPL, finance lease receivables and other receivables.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Customer 1[1]	**41,398**	40,206
Customer 2[2]	**32,641**	32,720
Customer 3[3]	**20,210**	N/A[4]

1 Revenue from sale of jewelry products.
2 Revenue from property investment.
3 Revenue from money lending.
4 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. Revenue

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Disaggregation of revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by types of goods and services		
– sale of jewelry products	**82,397**	90,764
– property management income	**345**	–
	82,742	90,764
Revenue from other sources		
– sale of financial assets at FVTPL, net	**(9,850)**	62,164
– interest income on loans	**45,868**	81,808
– rental income	**37,343**	37,429
Total revenue	**156,103**	272,165
Timing of revenue recognition		
– a point in time	**82,397**	90,764
– over time	**345**	–
Revenue from contracts with customers	**82,742**	90,764

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Sale of jewelry products	**82,397**	90,764
Property management income	**345**	–
Revenue from contracts with customers	**82,742**	90,764
Sale of financial assets at FVTPL, net	**(9,850)**	62,164
Interest income on loans	**45,868**	81,808
Rental income	**37,343**	37,429
Total revenue	**156,103**	272,165

Revenue from sale of financial assets at FVTPL is recorded on a net basis, details of which are as follows:

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Proceeds from sale of financial assets at FVTPL	**70,340**	345,437
Carrying amounts of financial assets at FVTPL sold plus transaction costs	**(80,190)**	(283,273)
	(9,850)	62,164

5. Investment and other income

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Dividend income	**132**	–
Government grants	**606**	–
Interest income on bank deposits	**50**	103
Interest income on other receivables	**1,101**	1,146
Membership income	**13,823**	3,748
Imputed interest income on finance lease receivables	**4,531**	–
Sundry income	**276**	1,844
	20,519	6,841

During the year ended 31 December 2022, the Group recognised government grants of HK$606,000 in respect of COVID-19 related subsidy which is related to the Employment Support Scheme under the Anti-epidemic Fund provided by the Hong Kong government.

6. Other gains and losses

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Gain on disposal of associate	**–**	146,321
Gain on disposals of residential serviced apartments	**77,551**	–
Impairment loss on goodwill	**(28,802)**	–
(Loss)/gain arising on change in fair value of derivative financial instruments	**(1,895)**	1,895
Loss arising on change in fair value of financial assets at FVTPL	**(69,898)**	(117,541)
(Loss)/gain arising on change in fair value of investment properties	**(700)**	3,800
Reversal of impairment loss/(impairment loss) on property, plant and equipment	**1,400**	(7,315)
Written-off of property, plant and equipment	**(11)**	(85)
	(22,355)	27,075

Gain on disposals of residential serviced apartments is recorded on a net basis, details of which are as follows:

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Discounted proceeds from disposals of residential serviced apartments (net of value-added tax)	**259,662**	–
Related assets of the relevant residential serviced apartments recorded in property, plant and equipment, intangible assets, and right-of-use assets disposed of	**(182,111)**	–
	77,551	–

7. Allowance for expected credit losses on financial assets

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Allowance/(reversal of allowance) for ECL on loan receivables:		
– 12 months ECL	**(4,811)**	(11,389)
– lifetime ECL not credit-impaired	**13,135**	–
– lifetime ECL credit-impaired	**158,930**	262,391
	167,254	251,002
Reversal of allowance for ECL on other receivables:		
– 12 months ECL	**(143)**	(426)
Allowance/(reversal of allowance) for ECL on trade receivables	**592**	(184)
	167,703	250,392

8. Finance costs

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Interest on bank borrowings	**4,566**	2,441
Interest on other borrowings	**21,223**	19,860
Interest on lease liabilities	**14,782**	15,492
Imputed interest on guaranteed secured notes	**29,460**	29,223
	70,031	67,016
Less: interest on lease liabilities capitalised in the cost of qualifying assets	**(8,959)**	(9,256)
	61,072	57,760

9. Income tax credit

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current tax	–	–
– over provision in prior years	–	20
	–	20
PRC Enterprise Income Tax		
– current tax	**(2,764)**	(2,388)
Deferred tax credit	**31,603**	46,314
	28,839	43,946

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 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%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000 for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

10. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Amortisation of intangible assets (included in administrative expenses)	**19,805**	21,320
Auditors' remuneration:		
– audit services	**880**	829
– non-audit services	**100**	837
	980	1,666
Cost of inventories sold	**71,182**	80,191
Depreciation of property, plant and equipment	**22,928**	21,532
Depreciation of right-of-use assets	**6,396**	6,632
Loss of inventories (included in administrative expenses)	**26**	–
Net foreign exchange loss	**47**	108
Rental expenses in respect of short-term leases	**18**	30
Staff costs (including directors' emoluments):		
– salaries and allowances	**54,294**	48,394
– discretionary bonuses	**525**	2,247
– equity-settled share-based payment expenses	**–**	16,377
– contributions to retirement benefits scheme	**3,021**	2,238
	57,840	69,256
Gross rental income from investment properties and operating rights	**(37,343)**	(37,429)
Less: direct operating expenses incurred for investment properties and operating rights that generated rental income during the year	**18,028**	18,556
	(19,315)	(18,873)

11. 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:

	For the year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	**(272,772)**	(200,375)

	For the year ended 31 December	
	2022	2021
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares less weighted average number of shares held for share award plan for the purpose of basic and diluted loss per share	**3,716,361**	3,819,606

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 31 December 2022 and 2021.

12. Loan receivables

	2022	2021
	HK$'000	*HK$'000*
Loans to customers	**974,891**	1,035,432
Accrued interest receivables	**59,112**	49,003
	1,034,003	1,084,435
Less: accumulated allowance for ECL	**(621,934)**	(454,680)
	412,069	629,755

All loans are denominated in Hong Kong dollars. The loan receivables carry effective interest ranging from 8% to 20% per annum (2021: 8% to 15% per annum). Loans contain a repayable on demand clause and are classified under current assets.

During the year ended 31 December 2022, an allowance for ECL on loan receivables of HK$167,254,000 was recognised (2021: HK$251,002,000).

At 31 December 2022, seven loans in the aggregate outstanding principal amount of HK$570,000,000 are secured by corporate guarantees, one loan in the outstanding principal amount of HK$165,000,000 is secured by a corporate guarantee, a share charge of a private company and a share pledge over certain participating shares of a closed-end private fund, and one loan in the outstanding principal amount of HK$18,000,000 is secured by a share charge. At 31 December 2021, six loans in the aggregate outstanding principal amounts of HK$615,000,000 are secured by corporate guarantees.

Included in the carrying amount of loan receivables at 31 December 2022 is an accumulated allowance for ECL of HK$621,934,000 (2021: HK$454,680,000).

Movements in the accumulated allowance for ECL during the year are as follows:

	12 months ECL	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2021	29,380	65,184	109,114	203,678
Transfer to lifetime ECL credit-impaired	(9,753)	(65,184)	74,937	–
Allowance for ECL (reversed)/ recognised	(11,389)	–	262,391	251,002
At 31 December 2021 and 1 January 2022	**8,238**	**–**	**446,442**	**454,680**
Transfer to lifetime ECL not credit-impaired	**(1,577)**	**1,577**	**–**	**–**
Allowance for ECL (reversed)/ recognised	**(4,811)**	**13,135**	**158,930**	**167,254**
At 31 December 2022	**1,850**	**14,712**	**605,372**	**621,934**

13. Trade receivables

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**33,709**	35,136
Less: accumulated allowance for ECL	**(868)**	(276)
	32,841	34,860

The following is an aging analysis of trade receivables (net of accumulated allowance for ECL) at the end of the reporting period presented based on the invoice dates:

	2022	2021
	HK$'000	*HK$'000*
0–30 days	**6,928**	7,547
31–60 days	**7,707**	7,275
61–90 days	**5,453**	3,734
91–120 days	**3,469**	5,265
121–180 days	**2,286**	5,277
Over 180 days	**6,998**	5,762
	32,841	34,860

The Group allows credit period ranging from 0 to 270 days to its customers. The directors assess the credit status and impose credit limits for customers in accordance with the Group's credit policy. The credit limits are closely monitored and subject to periodic reviews.

During the year ended 31 December 2022, an allowance for ECL on trade receivables of HK$592,000 was recognised (2021: a reversal of allowance for ECL of HK$184,000).

Included in the carrying amount of trade receivables at 31 December 2022 is an accumulated allowance for ECL of HK$868,000 (2021: HK$276,000).

14. Trade payables

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**32,948**	15,512

The following is an aging analysis of trade payables at the end of the reporting period presented based on the invoice dates:

	2022	2021
	HK$'000	*HK$'000*
0 – 30 days	**10,506**	9,859
31 – 60 days	**4,358**	837
61 – 90 days	**2,196**	146
91 – 120 days	**179**	164
Over 120 days	**15,709**	4,506
	32,948	15,512

The average credit period on purchase of goods and services is 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

EXTRACT OF THE INDEPENDENT AUDITORS' REPORT

The section below set out an extract of the independent auditors' report regarding the consolidated financial statements of the Group for the year ended 31 December 2022.

Qualified Opinion

In our opinion, except for the possible effects on the corresponding figures of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Corresponding figures of share of results of associates and gain on disposal of associate

As disclosed in note 25 to the consolidated financial statements, the Group disposed of an aggregate of 62,195,000 shares in Global Mastermind Holdings Limited ("**Global Mastermind**", and together with its subsidiaries, the "**Global Mastermind Group**") in May 2021 (the "**GM Disposal**") and as a result, the Group's shareholdings in Global Mastermind decreased from 24.85% to 12.67%. Before completion of the GM Disposal, Global Mastermind was an associate of the Group and accounted for by the Group using the equity method of accounting. As a result of the GM Disposal, the Group ceased to have significant influence over Global Mastermind, and hence Global Mastermind ceased to be an associate of the Group on 24 May 2021. The Group discontinued the use of the equity method to account for its interests in Global Mastermind from 24 May 2021 and accounts for its remaining interests in Global Mastermind as financial assets at fair value through profit or loss from 24 May 2021 onwards. Upon completion of the GM Disposal, the Group recognised a gain on disposal of associate of HK$146,321,000 in consolidated profit or loss and a release of exchange reserve of HK$20,000 in consolidated other comprehensive income, as well as a release of other reserve of HK$19,035,000 to retained profits, for the year ended 31 December 2021. Further, included in the share of results of associates in consolidated profit or loss of the Group for the year ended 31 December 2021 is the share of profit of HK$2,917,000 and included in consolidated other comprehensive income for the year ended 31 December 2021 is the share of other comprehensive expense of HK$1,000 in respect of the Group's share of profit and the Group's share of other comprehensive expense of the Global Mastermind Group for the period from 1 January 2021 to 24 May 2021 arising from the application of the equity method to account for the Group's interests in the Global Mastermind Group up to the date on which Global Mastermind ceased to be an associate. The Group had recognised its share of profit and other comprehensive expense of the Global Mastermind Group and the gain on disposal of associate and related releases of reserves based on the consolidated financial statements of the Global Mastermind Group.

On 30 August 2021, the disposal (the "**HW Disposal**") of the Global Mastermind Group's entire equity interests in Harvest Well International Limited ("**Harvest Well**" or "**HW**") to a purchaser (the "**HW Purchaser**") was completed. The principal subsidiary of Harvest Well was Safe2Travel Pte Ltd. ("**Safe2Travel**"), which was engaged in travel business in Singapore. We were given to understand by the directors of the Company that, after completion of the HW Disposal, the accounting books and records of Safe2Travel were maintained at Safe2Travel's office in Singapore, and part of the accounting books and records relating to Safe2Travel which were retained by the Global Mastermind Group was not sufficient for the purposes of our audit of the consolidated financial statements of the Global Mastermind Group. According to the directors of the Company, Global Mastermind had taken all reasonable steps and used its best endeavours to request the HW Purchaser to provide assistance to Global Mastermind's auditors, but were given to understand that the HW Purchaser had failed to procure the cooperation of the directors of Safe2Travel in the provision of documents and access to information for the purposes of our audit of the Global Mastermind Group's consolidated financial statements despite repeated demands, as a result of which we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether (i) the financial performance of Safe2Travel included in the financial performance of the Global Mastermind Group for the period from 1 January 2021 to 24 May 2021; and (ii) the carrying amounts of assets and liabilities of Safe2Travel included in the assets and liabilities of the Global Mastermind Group as at 24 May 2021 were free from material misstatements.

Any adjustments that might have been found necessary to the financial performance of Safe2Travel for the period from 1 January 2021 to 24 May 2021 and the carrying amounts of assets and liabilities of Safe2Travel as at 24 May 2021 might have material effects on the financial performance and financial position of the Global Mastermind Group for the period from 1 January 2021 to 24 May 2021 and as at 24 May 2021 upon which the Group had based its recognition of its share of profit and other comprehensive expense of the Global Mastermind Group and the gain on disposal of associate included in its consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021. Consequently, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the Group's share of results of associates and share of other comprehensive expenses of associates and the gain on disposal of associate presented in its consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 and the related elements and disclosures thereof in the consolidated financial statements were free from material misstatements. Our audit opinion on the Group's consolidated financial statements for the year ended 31 December 2021 was modified accordingly. Our audit opinion on the Group's consolidated financial statements for the current year ended 31 December 2022 is also modified because of the possible effects of the matters described above on the comparability of the current year's figures and the corresponding figures.

Material Uncertainty Related to Going Concern

We draw attention to note 3 to the consolidated financial statements, which indicates that the Group incurred a loss attributable to owners of the Company of HK$272,772,000 during the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by HK$241,897,000. As stated in note 3 to the consolidated financial statements, these events or conditions, along with other matters as set forth in note 3 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubts on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

FINAL DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Results of operations

During the year ended 31 December 2022, the Group recorded a revenue of HK$156,103,000, a 43% decrease from HK$272,165,000 for the previous year. The decrease in revenue was mainly attributable to (i) the recognition of a trading loss of HK$9,850,000 for the sale of financial assets, in contrast with a trading gain of HK$62,164,000 in the year ended 31 December 2021, and (ii) a HK$35,940,000 decrease in interest income on loans due to the non-recognition of interest income for loans classified under stage 3 (credit-impaired). Of the total revenue, HK$45,868,000 was generated from money lending, HK$82,397,000 was generated from the sale of jewelry products, HK$37,688,000 was generated from property investment, and a trading loss of HK$9,850,000 was generated from the sale of financial assets.

Loss for the year ended 31 December 2022 attributable to owners of the Company amounted to HK$272,772,000, a 36% increase from HK$200,375,000 for the year ended 31 December 2021. This increase was mainly attributable to (i) the absence of the one-off gain on disposal of an associate of HK$146,321,000 recognised in the previous year, (ii) the recognition of the trading loss of HK$9,850,000 for the sale of financial assets, in contrast with the trading gain of HK$62,164,000 in the year ended 31 December 2021, (iii) a HK$35,940,000 decrease in revenue generated from money lending business, and (iv) the recognition of the impairment loss in respect of goodwill of HK$28,802,000, but which were partially offset by (i) the recognition of the gain on disposals of residential serviced apartments under long-term lease agreements treated as finance leases of HK$77,551,000, (ii) an HK$83,748,000 decrease in allowance for expected credit losses ("**ECL**") on loan receivables, and (iii) a HK$47,643,000 decrease in the loss arising on change in fair value of financial assets at fair value through profit or loss ("**FVTPL**").

The gross profit of the sale of jewelry products business increased by 6% from HK$10,573,000 in the year ended 31 December 2021 to HK$11,215,000 in the year ended 31 December 2022. In addition, the gross profit margin for the sale of jewelry products business increased from 12% in the year ended 31 December 2021 to 14% in the year ended 31 December 2022. These increases in gross profit and gross profit margin are discussed in the "*Sale of jewelry products business*" section under "Operations Review" below.

The gross profit for the property investment business increased by 4% from HK$18,873,000 in the year ended 31 December 2021 to HK$19,660,000 in the year ended 31 December 2022. The gross profit margin for the property investment business increased from 50% in the year ended 31 December 2021 to 52% in the year ended 31 December 2022. These increases in gross profit and gross profit margin are discussed in the "*Property investment business*" section under "Operations Review" below.

Significant items of other gains and losses recorded by the Group are as follows:

(a) Following the completion of the construction works and interior decoration of three of the seven blocks of three-storey residential serviced apartments erected on the Subject Land (as defined below) in the third quarter of 2022, the vacant possession of 27 residential serviced apartments was delivered to lessees. Of the 27 residential serviced apartments delivered, 19 are under long-term lease agreements. Under the applicable accounting standard, these 19 long-term lease agreements were treated as finance leases. Accordingly, these 19 residential serviced apartments were treated as disposal instead of recognising their rental income over the lease term. As a result, the Group recognised the gain on disposals of residential serviced apartments of HK$77,551,000. Please refer to the "*Property investment business*" section under "Operations Review" below for more information on accounting treatment for the residential serviced apartments under long-term lease agreements.

(b) At the end of the reporting period, the Group measured its Hong Kong-listed equity securities at fair value and recognised the loss of HK$69,898,000 arising on change in fair value of financial assets at FVTPL.

(c) At the end of the reporting period, the directors performed an impairment test for the goodwill arising from the acquisition of the entire issued shares in and the shareholder's loan due by Smart Title Limited with reference to the valuation reports prepared by an independent valuer and recognised the impairment loss in respect of goodwill of HK$28,802,000. Please refer to the "*Property investment business*" section under "Operations Review" below for information on the recognition of the impairment loss in respect of goodwill.

Selling and distribution expenses mainly represent staff costs and commission of the sales team, overseas travelling expenses, freight charges, and exhibition expenses incurred by the Group's sale of jewelry products business. Selling and distribution expenses increased by 3% from HK$3,695,000 in the year ended 31 December 2021 to HK$3,817,000 in the year ended 31 December 2022. This increase was mainly attributable to the increase in the number of staff on the sales team.

Allowance for ECL on financial assets decreased from HK$250,392,000 in the year ended 31 December 2021 to HK$167,703,000 in the year ended 31 December 2022. This decrease was due to an HK$83,748,000 decrease in the allowance for ECL on the Group's loan receivables, which is discussed in the "*Money lending business*" section under "Operations Review" below.

Administrative expenses decreased by 3% from HK$120,501,000 in the year ended 31 December 2021 to HK$116,382,000 in the year 31 December 2022. This decrease was mainly due to the absence of the one-off equity-settled share-based payment expenses of HK$16,377,000 arising from granting of share options to the directors and the Group's employees in June 2021, which was partially offset by (i) a HK$4,778,000 increase in salaries and allowances classified under administrative expenses and (ii) an HK$8,172,000 increase in general administration expenses resulted from the commencement of property investment business on the Subject Land (as defined below).

Share of losses of associates amounted to HK$17,698,000 for the year ended 31 December 2022, representing (i) the share of loss of HK$6,071,000 from Elite Prosperous Investment Limited ("**Elite Prosperous**"), a 49% owned associate of the Company, (ii) the share of loss of HK$11,669,000 from China Healthwise Holdings Limited ("**China Healthwise**"), a 21.50% owned associate of the Company, and (iii) a gain on bargaining purchase of associate of HK$42,000 arising from the acquisition of 2,400,000 shares in China Healthwise by the Group during the year.

Finance costs increased by 6% from HK$57,760,000 in the year ended 31 December 2021 to HK$61,072,000 in the year ended 31 December 2022. This increase was mainly due to the increase in the interest rate from 13% per annum to 17% per annum in extending the Guaranteed Secured Notes due 2023 (as defined below).

The Group recorded a tax credit of HK$28,839,000 for the year ended 31 December 2022. The tax credit derived from the recognition of (i) deferred tax credit of HK$31,024,000 resulting from the movements in the deferred tax liabilities recognised for the fair value adjustments on the acquisition of Smart Title Limited in October 2015, (ii) the reversal of deferred tax credit of HK$36,000 arising from allowance of ECL made on the Group's other receivables, and (iii) deferred tax credit of HK$615,000 resulting from movement in deferred tax assets related to lease contracts. The deferred tax credit was partially offset by the current year's tax expense of HK$2,764,000.

Liquidity and financial resources

During the year ended 31 December 2022, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, and borrowings. Equity attributable to owners of the Company decreased from HK$2,193,442,000 at 31 December 2021 to HK$1,799,173,000 at 31 December 2022. This decrease was due to the loss incurred by the Group for the year ended 31 December 2022.

At 31 December 2022, the cash and cash equivalents of the Group amounted to HK$34,765,000 (31 December 2021: HK$43,571,000).

At 31 December 2022, the Group had outstanding borrowings of HK$664,809,000 (31 December 2021: HK$625,774,000) representing:

(a) the outstanding principal amount of the 17% guaranteed secured notes due 2023 issued by the Company on 29 December 2022 (the "**Guaranteed Secured Notes due 2023**") of HK$197,000,000, which is interest-bearing at 17% per annum, secured by (i) a share charge over 100% issued shares in Eternity Investment (China) Limited, a wholly-owned subsidiary of the Company and the principal assets of which are (1) the rights to construct and operate the club facilities of a membership golf club and resort (the "**Club**") in Beijing, Mainland China and (2) the rights to develop and operate a piece of 580 Chinese acre land adjacent to the Club (the "**Subject Land**") and the rights to manage the properties erected on the Subject Land, and (ii) the personal guarantees given by Mr. Lei Hong Wai, the Chairman of the Board and an executive director, and Mr. Cheung Kwok Wai Elton, an executive director, and maturing on 23 September 2023;

(b) the banking facilities in the aggregate principal amount of HK$200,020,000, comprising (i) an instalment loan of HK$102,210,000, which is interest-bearing at 1% per annum over one-month HIBOR or 3% per annum below the prime rate quoted by the bank from time to time, whichever is lower, secured by (1) a first legal charge over the Group's properties located at Unit Nos. 1201, 1202, 1203, 1209, 1210, 1211 & 1212 and the corridor on the 12th Floor, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong (the "**Shun Tak Property**") and (2) a charge/mortgage over the cash deposit, structured investment products, stocks, the key management personnel life insurance policy, and other securities held by a wholly-owned subsidiary of the Company, guaranteed by the Company and two wholly-owned subsidiaries of the Company, and repayable by 183 equal monthly instalments ending on 18 March 2038, (ii) a term loan in the principal amount of HK$38,791,000, which is interest-bearing at 1% per annum over one-month HIBOR, secured by (1) the first legal charge over the Shun Tak Property and (2) a charge/mortgage over the cash deposit, structured investment products, stocks, the key management personnel life insurance, and other securities held by the wholly-owned subsidiary of the Company, guaranteed by the Company and two wholly-owned subsidiaries of the Company, and repayable by 231 equal monthly instalments ending on 10 March 2042, (iii) a term loan in the principal amount of US$1,284,700 (equivalent to HK$9,969,000), which is interest-bearing at 1% per annum over one month bank's cost of funds on the outstanding amount, secured by (1) the first legal charge over Shun Tak Property and (2) the charge/mortgage over the cash deposit, structured investment products, stocks, the key management personnel life insurance policy, and other securities held by a wholly-owned subsidiary of the Company, guaranteed by the Company, and two wholly-owned subsidiaries of the Company, and repayable by 236 equal monthly instalments ending on 25 August 2042, (iv) two advances of HK$5,000,000 and HK$20,000,000 under a revolving term loan, which are interest-bearing at HIBOR plus 2% per annum, secured by (1) the first legal charge over the Shun Tak Property and (2) the charge/mortgage over the key management personnel life insurance policy, guaranteed by the Company and a wholly-owned subsidiary of the Company, and maturing on 9 March 2023 and 27 April 2023 respectively, and (v) various advances in the aggregate principal amount of HK$24,050,000 under the account payable financing facilities, which are interest-bearing at 2% per annum over HIBOR, secured by (1) the first legal charge over the Shun Tak Property and (2) the charge/mortgage over the key management personnel life insurance policy, guaranteed by the Company and a wholly-owned subsidiary of the Company, and maturing within five months commencing from January 2023;

(c) a loan of HK$200,000,000 granted by a finance company, which is interest-bearing at 8% per annum, secured by (i) the post-dated cheques drawn in favour of the finance company for payment of the principal and the interests stipulated under the loan agreement, and (ii) a personal guarantee given by Mr. Lei Hong Wai, and maturing on 25 May 2023;

(d) the securities margin financing facility of HK$52,355,000 granted by a securities brokerage firm, which is interest-bearing at prime rate plus 3% per annum and secured by the Group's Hong Kong-listed equity securities held in the margin securities trading account and a personal guarantee given by Mr. Lei Hong Wai;

(e) the securities margin financing facility of HK$14,434,000 granted by a securities brokerage firm, which is interest-bearing at a fixed rate of 6% per annum and secured by the Group's Hong Kong-listed equity securities held in the margin securities trading account and a personal guarantee given by Mr. Lei Hong Wai; and

(f) the cash advance of HK$1,000,000 made by Mr. Cheung Kwok Fan, an executive director, to the Group for financing its short-term funding needs. The cash advance is non-interest bearing, unsecured and repayable on demand.

Gearing ratio

At 31 December 2022, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 37% (31 December 2021: 29%).

Net current assets/liabilities and current ratio

At 31 December 2022, the Group's net current liabilities and current ratio were HK$241,897,000 (31 December 2021: net current assets of HK$148,728,000) and 0.78 (31 December 2021: 1.15) respectively.

Capital structure

During the year ended 31 December 2022, there was no change in the Company's capital structure.

Material acquisitions of subsidiaries, associates and joint ventures

During the year ended 31 December 2022, the Group did not have any material acquisitions of subsidiaries, associates and joint ventures.

Material disposals of subsidiaries, associates and joint ventures

During the year ended 31 December 2022, the Group did not have any material disposals of subsidiaries, associates and joint ventures.

Pledge of assets

At 31 December 2022, the following Group's assets were pledged:

(a) the Shun Tak Property with a carrying amount of HK$333,951,000 (31 December 2021: HK$340,247,000), of which HK$170,151,000 (31 December 2021: HK$175,747,000) is classified under "property, plant and equipment" and HK$163,800,000 (31 December 2021: HK$164,500,000) is classified under "investment properties", for securing the banking facilities granted to the Group;

(b) the 100% issued shares in Eternity Investment (China) Limited with the unaudited combined net assets of HK$1,361,847,000 after adjusting for purchase price allocation (31 December 2021: HK$1,348,436,000) for securing the Guaranteed Secured Notes due 2023;

(c) the Group's Hong Kong-listed equity securities with a fair value of HK$132,920,000 (31 December 2021: HK$162,026,000), of which HK$102,049,000 (31 December 2021: HK$116,962,000) is related to the Group's financial assets at FVTPL and HK$30,871,000 (31 December 2021: HK$45,064,000) is related to a part of the Group's listed investment in an associate, for securing the margin financing facilities and banking facilities granted to the Group;

(d) the bank deposits of HK$779,000 (31 December 2021: Nil) for securing the banking facilities granted to the Group; and

(e) the key management personnel life insurance of HK$9,527,000 for securing the banking facilities granted to the Group.

Material commitments

At 31 December 2022, the Group had a total commitment of HK$234,191,000 (31 December 2021: HK$264,792,000) relating to the development costs for the Subject Land, which were contracted but not provided for.

Exchange risk and hedging

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The Group is exposed to exchange risk with respect mainly to Renminbi which may affect its performance. The directors closely monitor statement of financial position and cash flow exchange risk exposures and where considered appropriate use financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk. During the year ended 31 December 2022, no financial instruments for hedging purposes were used by the Group.

Contingent liabilities

(a) On 6 May 2021, a Beijing law firm as plaintiff filed a civil claim to the People's Court in Chaoyang District, Beijing, Mainland China against four defendants, one of the four defendants is 北京北湖九號商務酒店有限公司 (Beijing Bayhood No. 9 Business Hotel Company Limited, "**Bayhood No. 9 Co.**"), a wholly-owned subsidiary of the Company, for an unsettled legal fee of RMB31,000,000 (equivalent to HK$34,705,000) (excluding overdue interest) regarding an engagement of such law firm by the four defendants to resolve a civil dispute brought against them by an independent third party in relation to a property transaction in 2010. Details of the civil claim are disclosed in the Company's announcement dated 6 August 2021.

    The Group has been advised by its Mainland Chinese legal adviser that the possibility of Bayhood No. 9 Co. being required to pay the unsettled legal fee is remote. Accordingly, no provision for any liability arising from the civil claim has been made.

(b) On 13 January 2023, certain bank accounts of Bayhood No. 9 Co. have been frozen by a civil ruling (the "**Civil Ruling**") (民事裁定書) dated 13 January 2023 issued by 北京市海淀區人民法院 (Haidian District People's Court of Beijing Municipality) (the "**Court**") against Bayhood No. 9 Co. in relation to an alleged unsettled liability before the acquisition of the entire issued share capital of Smart Title Limited on 6 October 2015 (the "**Acquisition**"), the principal and the interest of which amounted to approximately RMB44,000,000 (equivalent to HK$49,258,000) as at 1 January 2023 (the "**Alleged Liability**").

Based on the findings, the directors noted that the Civil Ruling is related to a civil filing (the "**Civil Filing**") filed by a plaintiff (the "**Plaintiff**") to the Court on 9 January 2023. Pursuant to the Civil Filing, Bayhood No. 9 Co., together with other three defendants to the Civil Filing, were alleged that (i) they had entered into an agreement in 2019 (the "**Settlement Agreement**") with the Plaintiff in relation to the settlement of the property pre-sale agreements (the "**Pre-Acquisition Agreements**") which were entered into before the Acquisition; and (ii) they did not repay the Alleged Liability in relation to the Settlement Agreement.

None of the directors of the Company and the directors of Bayhood No. 9 Co. has any knowledge or was aware of any information in relation to the Pre-Acquisition Agreements and the Settlement Agreement before the Civil Filing came to their attention, nor had they authorised the entering into of the Settlement Agreement. There has been no relevant information regarding Pre-Acquisition Agreements and the Settlement Agreement shown in the books and records of Bayhood No. 9 Co. since the consolidation of its accounts into that of the Group upon completion of the Acquisition. In view of the above matters, on 4 February 2023, the Company reported to 北京市公安局朝陽分局 (Chaoyang Branch Bureau of Beijing Municipal Public Security Bureau) regarding the forgery of the relevant documents and the company seal of Bayhood No. 9 Co..

On 28 March 2023, one of the defendants (the "**Responsible Defendant**") entered into an undertaking agreement with the other defendants, including Bayhood No. 9 Co., pursuant to which the Responsible Defendant has agreed to undertake the repayment obligation to the Plaintiff and in the case that the other defendants incur losses due to the claim, the Responsible Defendant will indemnify them in full.

The Group's Mainland Chinese legal adviser is of the view that on the basis of the relevant documents and the company chop of Bayhood No. 9 Co. are fraudulent, the Plaintiff's statute of limitations for applying to the Court for the protection of civil rights has expired, i.e. over three years, and the Court would reject the claim of the Plaintiff by virtue of the law. Based on the view of the Mainland Chinese legal adviser and the indemnity given by the Responsible Defendant on 28 March 2023, the directors of the Company are of the view that the possibility of Bayhood No. 9 Co. being required to pay the Alleged Liability is remote. Accordingly, no provision was made in respect of the claims on the Alleged Liability.

Employees and remuneration policy

At 31 December 2022, the headcount of the Group was 102 (2021: 85). Staff costs (including directors' emoluments) amounted to HK$57,840,000 in the year ended 31 December 2022 (2021: HK$69,256,000). The decrease in staff costs was mainly attributable to the absence of the one-off equity-settled share-based payment expenses of HK$16,377,000 arising from granting of share options to the directors and the Group's employees in June 2021, which was partially offset by a HK$5,900,000 increase in salaries and allowances mainly resulted from the increase in fees paid to the two directors of subsidiaries and the increase in headcount in Beijing, Mainland China. In addition to basic salaries, contributions to the retirement benefits scheme, and discretionary bonuses, staff benefits include a medical scheme, share options, and share awards.

Key performance indicators

The Company has defined the following key performance indicators ("**KPIs**") which are closely aligned with the performance of the Group.

		For the year ended 31 December	
	Notes	**2022**	2021
Revenue		**HK$156,103,000**	HK$272,165,000
Loss for the year attributable to owners of the Company		**HK$272,772,000**	HK$200,375,000
Equity attributable to owners of the Company		**HK$1,799,173,000**	HK$2,193,442,000
Return on financial assets at FVTPL	*1*	**-29%**	-11%
Return on loan receivables	*2*	**5%**	8%
Return on capital employed in sale of jewelry products	*3*	**11%**	13%
Return on property investment – operating leases	*4*	**2%**	3%
Return on property investment – finance leases	*5*	**26%**	N/A

Notes:

1. Return on financial assets at FVTPL includes trading gain and loss, gain and loss arising on change in fair value of Hong Kong-listed equity securities, and dividend income. It is measured as a percentage against opening fair value of Hong Kong-listed equity securities and additions to Hong Kong-listed equity securities.

2. Return on loan receivables includes interest income on loans and written-off. It is measured as a percentage against average loan receivables (before accumulated allowance for ECL and accrued interest receivables).

3. Return on capital employed in sale of jewelry products represents segment profit or loss from sale of jewelry products business divided by average capital employed and is measured as a percentage.

4. Return on property investment – operating leases includes gain and loss arising on change in fair value, rental income, gain and loss on disposal less amortisation of intangible assets in respect of the Club, depreciation expenses of the property, plant and equipment of the Club, depreciation of right-of-use assets in respect of the Club, and interest on lease liabilities in respect of the Club. It is measured as a percentage against opening fair value of investment properties, opening carrying amounts of intangible assets in respect of the Club, opening carrying amounts of property, plant and equipment of the Club, and additions to investment properties during the year.

5. Return on property investment – finance leases represents gain on disposals of residential serviced apartments erected on the Subject Land divided by discounted Total Rental Income (as defined below) under long-term lease agreements and is measured as a percentage.

Commentary on the performance of the Group against each of the KPIs is set out in the "*Results of operations" and "Liquidity and financial resources*" sections above and the relevant sections of the operating segments under "Operations Review" below.

These KPIs are reviewed regularly and amended occasionally to correspond with the changing mix of the Group's principal activities.

Operations Review

Sale of financial assets business

During the year ended 31 December 2022, the Group's sale of financial assets business reported a segment loss (before taxation) of HK$82,154,000, a 53% increase as compared to HK$53,799,000 for the previous year. The increase in segment loss (before taxation) was due to the trading loss of HK$9,850,000 in the year ended 31 December 2022, in contrast to the trading gain of HK$62,164,000 in the year ended 31 December 2021, which was partially offset by a HK$47,643,000 decrease in the loss arising on change in fair value of financial assets at FVTPL. Return on financial assets at FVTPL deteriorated from -11% for the year ended 31 December 2021 to -29% for the year ended 31 December 2022, mainly due to the trading loss incurred during the year.

During the year ended 31 December 2022, the Group acquired seven Hong Kong-listed equity securities at the aggregate acquisition costs of HK$19,802,000 and made a trading loss of HK$9,850,000 from selling nine Hong Kong-listed equity securities with the aggregate carrying amounts of HK$79,948,000 at the aggregate net sale proceeds of HK$70,098,000.

Movements in the carrying amount of the Hong Kong-listed equity securities held by the Group recorded as "financial assets at FVTPL" during the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
	HK$'000	*HK$'000*
Carrying amount at 1 January	**255,954**	410,395
Add: acquisitions	**19,802**	116,131
transfer from interests in associates	–	129,460
Less: disposals	**(79,948)**	(282,491)
loss arising on change in fair value recognised	**(69,898)**	(117,541)
Carrying amount at 31 December	**125,910**	255,954

Details of the Hong Kong-listed equity securities held by the Group recorded as "financial assets at FVTPL" at 31 December 2022 are as follows:

	Number of shares held at 31 December 2022	Fair value at 31 December 2022	Fair value as compared to the consolidated total assets of the Group at 31 December 2022	Dividend received/ receivable in the year ended 31 December 2022	Loss arising on change in fair value recognised in the year ended 31 December 2022
		HK$'000		*HK$'000*	*HK$'000*
Name of Hong Kong-listed equity securities					
Brockman Mining Ltd. (stock code: 159)	78,223,000	12,359	0.36%	–	(9,288)
Frontier Services Group Ltd. (stock code: 500)	47,807,000	15,776	0.46%	–	(13,864)
Global Mastermind Holdings Ltd. (stock code: 8063)	94,497,000	6,615	0.19%	–	(5,235)
Huanxi Media Group Ltd. (stock code: 1003)	31,200,000	34,320	0.99%	–	(9,136)
Huayi Tencent Entertainment Company Ltd. (stock code: 419)	49,362,649	7,157	0.21%	–	(3,312)
Kingston Financial Group Ltd. (stock code: 1031)	33,028,000	9,413	0.27%	–	(3,303)
Lajin Entertainment Network Group Ltd. (stock code: 8172)	32,640,000	4,341	0.12%	–	(3,453)
Nimble Holdings Company Ltd. (stock code: 186)	83,673,268	22,592	0.65%	–	(18,408)
Ocean Line Port Development Ltd. (stock code: 8502)	12,096,000	2,903	0.08%	–	(423)
SuperRobotics Holdings Ltd. (stock code: 8176)	8,925,000	1,964	0.06%	–	(1,607)
Town Health International Medical Group Ltd. (stock code: 3886)	7,100,000	2,698	0.08%	11	(426)
Yunfeng Financial Group Ltd. (stock code: 376)	5,344,000	5,772	0.17%	–	(1,443)
		125,910		11	(69,898)

The directors believe that the future performance of the Hong Kong-listed equity securities held by the Group is primarily affected by economic factors, investor sentiment, demand and supply balance of an investee company's shares, and fundamentals of an investee company, such as the investee company's news, business fundamentals and development, financial performance, and prospects. Accordingly, the directors closely monitor the above factors, adjust the Group's equity securities portfolio from time to time, and realise the equity securities held by the Group into cash as and when appropriate.

Money lending business

During the year ended 31 December 2022, the Group's money lending business generated interest income on loans amounting to HK$45,868,000, a 44% decrease from HK$81,808,000 for the previous year, and reported a segment loss (before taxation) of HK$148,853,000, a 24% decrease from HK$196,413,000 for the previous year. The improvement in segment results was attributable to the HK$83,748,000 decrease in the allowance for ECL as discussed below.

During the year ended 31 December 2022, no new loan was granted, and the final repayment dates of eight existing loans in the aggregate outstanding principal amount of HK$328,756,000 were extended. In addition, a customer made a drawing of HK$4,436,000 from an existing loan, and four customers repaid HK$64,977,000 to the Group.

At 31 December 2022, 14 loans remained outstanding, of which six loan receivables with an aggregate gross outstanding balance of HK$273,427,000 were classified under stage 1 (initial recognition), two loan receivables with an aggregate gross outstanding balance of HK$62,437,000 were classified under stage 2 (significant increase in credit risk), and six loan receivables with an aggregate gross outstanding balance of HK$698,139,000 were classified under stage 3 (credit-impaired). During the year ended 31 December 2022, two loan receivables with an aggregate gross outstanding balance of HK$62,437,000 were re-classified from stage 1 (initial recognition) to stage 2 (significant increase in credit risk) as the interest payment pattern of one customer was considered unsatisfactory, and the other customer repeatedly requested for loan extensions with a considerable increase in interest rate.

At the end of the reporting period, the directors performed an impairment assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. The valuation measured impairment on loan receivables using the general approach, which is often referred to "three-stage model" under Hong Kong Financial Reporting Standard 9 *Financial Instruments*. Based on the valuation, an allowance for ECL on loan receivables of HK$167,254,000 was made, an HK$83,748,000 decrease as compared to the year ended 31 December 2021. The decrease in allowance for ECL was mainly due to the fact that no loan receivable was re-classified to stage 3 (credit-impaired), which usually generates a high allowance for ECL, during the year.

Of the total allowance for ECL, (i) HK$4,811,000 was reversed for the loan receivables classified under stage 1 (initial recognition) resulting from the repayment of three loans and the improvements in input data used in calculating 12-month ECL, (ii) HK$13,135,000 was recognised for the loan receivables classified under stage 2 (significant increase in credit risk), and (iii) HK$158,930,000 was recognised to fully impair four existing loan receivables classified under stage 3 (credit-impaired).

At 31 December 2022, the Group's loan receivables and accrued interest receivables (after accumulated allowance for ECL) amounted to HK$412,069,000 (31 December 2021: HK$629,755,000).

Return on loan receivables decreased from 8% for the year ended 31 December 2021 to 5% for the year ended 31 December 2022 as no interest income for loans classified under stage 3 (credit-impaired) was recognised in the year ended 31 December 2022.

Information on the Group's money lending business, including (i) business model, (ii) internal control system, (iii) basis of determining the allowance for ECL on loan receivables, (iv) major terms of each outstanding loan receivables, and (v) actions taken for recovering the loan receivables classified under stage 3 (credit-impaired) are disclosed in the Company's annual report for the year ended 31 December 2022.

Sale of jewelry products business

During the year ended 31 December 2022, the Group's sale of jewelry products business generated revenue of HK$82,397,000, a 9% decrease from HK$90,764,000 for the previous year, and reported a segment profit (before taxation) of HK$1,588,000, a 6% decrease from HK$1,682,000 in the previous year.

During the year, the Group's sale of jewelry products business reported a 9% decrease in revenue. This decrease in revenue was caused by the erosion of buying intention of jewelry products in the second half of 2022 due to the depreciation of the Euro and a surge in inflation. The Group recorded a 6% increase in gross profit from HK$10,573,000 in the year ended 31 December 2021 to HK$11,215,000 in the year ended 31 December 2022. The Group also recorded an increase in gross profit margin from 12% in the year ended 31 December 2021 to 14% in the year ended 31 December 2022. These increases are mainly attributable to the change in the product mix. Due to the adverse impact of the COVID-19 pandemic on retail sales, the Group changed its business strategy by accepting a high quantity of sales orders for jewelry accessories, which generally have a high volume with a slim profit margin, in previous years. As the progress of vaccination drove the pace of economic recovery in Western countries in the second half of 2021, the Group received a significant quantity of sales orders for jewelry products from its European customers and a local agent for American customers in the first half of 2022. Consequently, the Group recorded an increase in gross profit margin in the year ended 31

December 2022 compared to the year ended 31 December 2021. In the second half of 2022, the Group saw a slowdown in sales orders for jewelry products due to the erosion of buying intention of jewelry products, as discussed above, and a significant rise in diamond prices. In response to the slowdown in sales orders for jewelry products, the Group put more effort into obtaining sales orders for jewelry accessories.

In late 2022, the Group became a Certified Member of the Responsible Jewellery Council ("**RJC**"). Being a Certified Member of RJC demonstrates the Group's commitment to operating its sale of jewelry products business in accordance with the RJC Code of Practices Standard and serving its customers with the highest degree of trust. It also helps the Group in pitching for business with large jewelry companies. In addition, with the launch of its business-to-business sales portal in the second half of 2022, the Group's sales and marketing capabilities are enhanced.

At the end of the reporting period, the directors performed an impairment assessment on the Group's trade receivables with reference to a valuation prepared by the independent professional valuer. Based on the valuation, an allowance for ECL on trade receivables of HK$592,000 was made.

At 31 December 2022, the Group's inventories of jewelry products, including raw materials, work-in-progress, and finished goods, amounted to HK$32,153,000 (31 December 2021: HK$31,681,000). The Group's sale of jewelry products business had undelivered sales orders amounting to HK$587,000 (31 December 2021: HK$4,318,000).

Return on capital employed in sale of jewelry products decreased from 13% for the year ended 31 December 2021 to 11% for the year ended 31 December 2022, mainly due to the increase in average capital employed.

Property investment business

During the year ended 31 December 2022, the Group's property investment business generated a turnover of HK$37,688,000, a 1% increase from HK$37,429,000 for the previous year, and recorded a segment profit (before taxation) of HK$13,316,000, whereas a segment loss (before taxation) of HK$41,878,000 was recorded in the previous year.

Of the total turnover of the Group's property investment business, HK$31,450,000 was generated from leasing the assets of the Club, HK$1,191,000 was generated from the leasing of residential serviced apartments erected on the Subject Land under short-term lease agreements, HK$4,702,000 was generated from leasing of the investment property portion of the Shun Tak Property, and HK$345,000 derived from property and car-park management fees. Following the delivery of the vacant possession of the residential serviced apartments to lessees, rental income is generated from short-term lease agreements, and property management fees are charged to the delivered residential serviced apartments. As a result, the gross profit for the property investment business increased by 4% from HK$18,873,000 in the year ended 31 December 2021 to HK$19,660,000 in the year ended 31 December 2022.

The turnaround in segment results was mainly attributable to the recognition of the gain on disposals of residential serviced apartments of HK$77,551,000 following the delivery of the vacant possession of 19 residential serviced apartments under long-term lease agreements to lessees, which was partially offset by the impairment loss in respect of goodwill of HK$28,802,000.

The Company's indirect wholly-owned subsidiary, Bayhood No. 9 Co., owns (i) the rights to construct and operate the Club, and (ii) the rights to develop and operate the Subject Land and the rights (the "**Management Rights**") to construct and manage properties erected on the Subject Land for around 40 years until 30 January 2062. As disclosed previously in the Company's annual report for the year ended 31 December 2020, due to the unprecedented impact of the COVID-19 pandemic on the hotel industry, the Company has modified its business strategy for the second and third phases of the Subject Land such that the residential serviced apartments are constructed and leased out on a long-term or short-term lease basis.

The second and third phases of the Subject Land have been developed into seven blocks of three-storey residential serviced apartments comprising 279 residential serviced apartments with an aggregate gross floor area of 45,165 square meters (with individual apartments of sizes ranging from approximately 88 to 459 square meters), together with two blocks of three-storey office buildings each having a gross floor area of approximately 6,300 square meters with total construction costs of RMB730,000,000 (equivalent to HK$817,235,000). The residential serviced apartments and the office buildings are offered for lease by Bayhood No. 9 Co..

Up to 31 December 2022, 36 lease agreements and eight reservation agreements for residential serviced apartments were signed. To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, all the lessees (and the ultimate beneficial owners of the corporate lessees) are third parties independent of and not related to the Company and its connected persons or associates (as such terms are defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")).

While all the lease agreements entered into with the lessees of the residential serviced apartments were negotiated by the marketing staff of Bayhood No. 9 Co. in Mainland China on arm's length basis in the Group's ordinary course of business with each lessee separately at different times by way of genuine standalone transactions, Bayhood No. 9 Co. endeavoured to include the following key terms in the lease agreements: (i) the lease term may be long-term or short-term depending on the lessee's preference, but in any event shall not exceed the remaining tenure of the Management Rights; (ii) the payment terms (the "**Payment Terms**") of the total rental income for the entire lease term (the "**Total Rental Income**") may range from one-off payment or payment by instalments; (iii) the title of the residential serviced apartment erected on the Subject Land remains to be owned by Bayhood No. 9 Co., and the lessees are required to surrender the residential serviced apartments back to Bayhood No.

9 Co. unconditionally and without receiving any compensation at the end of the lease term; and (iv) the lessees are liable to pay a break fee on default of the lease agreements, which is equivalent to 15% of the Total Rental Income. The Company will comply with Chapters 14 and 14A of the Listing Rules if the applicable ratios for any of these lease agreements exceed the relevant percentage thresholds.

Under the applicable accounting standards, long-term lease agreements are treated as finance leases as the lease term substantially covers the remaining period of the Management Rights. On the delivery of vacant possession of a residential serviced apartment to a lessee under a long-term lease agreement, the Total Rental Income discounted at the interest rate implicit in the lease agreement is recognised as "finance lease receivables", the relevant value-added tax ("**VAT**") based on the discounted Total Rental Income at the current applicable tax rate is recognised as "VAT payable", and the related assets of the residential serviced apartment recorded in "property, plant and equipment", "intangible assets", and "right-of-use assets" are derecognised. A gain calculated at the discounted Total Rental Income minus the VAT payable and the derecognised related assets of the residential serviced apartment is recognised as "gain on disposal of residential serviced apartment". For a signed long-term lease agreement that a residential serviced apartment is expected to deliver within 12 months, the related assets of the relevant residential serviced apartments are classified as "assets classified as held for sale" until the vacant possession of the relevant residential serviced apartment is delivered.

On the other hand, short-term lease agreements are treated as operating leases. The Group recognises the Total Rental Income (net of VAT) as rental income on a straight-line basis over the term of a lease agreement commencing on the delivery of vacant possession of the relevant residential serviced apartment to a lessee. Upon commencement of a short-term lease agreement, the related assets of the relevant residential serviced apartment recorded in "property, plant and equipment", "intangible assets", and "right-of-use assets" are transferred to "investment properties".

As the building works and interior decoration of three blocks of three-storey residential serviced apartments were completed in the third quarter of 2022, the vacant possession of 27 residential serviced apartments was delivered to lessees. Of the 27 residential serviced apartments delivered, 19 are under long-term lease agreements and eight are under short-term lease agreements. As a result, during the year ended 31 December 2022, the Group recognised the gain on disposals of residential serviced apartments of HK$77,551,000 and rental income of HK$1,191,000.

In order to meet the leasing target, the Group's Mainland Chinese marketing team will strive to achieve a high level of occupancy rate through a competitive pricing policy as compared to similar properties in adjacent areas and flexible Payment Terms to provide incentives to interested lessees. The Group has also established a performance-linked remuneration system to provide incentives to its Mainland Chinese marketing team, who are staff of the Group, responsible for the leasing activities of the Subject Land. Through the efforts of its staff, the Group is hopeful to benefit from the continuous income stream derived from the annual rental income of the properties erected on the Subject Land for the remaining period of the Management Rights.

As disclosed previously in the Company's annual reports for the years ended 31 December 2019 and 2020, the Group has temporarily suspended the development of the cultural business on the first phase of the Subject Land due to the sudden outbreak of COVID-19 which has slowed down the original plans. During the year, the Group decided to cease the development of the cultural business due to the difficulty in engaging long-term venture partners as a result of the prolonged impact of COVID-19 on the cultural industry in Mainland China and the difficulty for the Group to develop a sustainable business model on its own without collaboration with cultural industry partners.

At the end of the reporting period, the directors performed impairment tests for the goodwill arising from the acquisition of Smart Title Limited, the intangible assets and the right-of-use assets relating to (i) the rights to construct and operate the club facilities of the Club and (ii) the rights to develop and operate the Subject Land and the rights to manage the properties erected on the Subject Land with reference to the discount cash flow projections to assess the value in use of the property investment business in Beijing, Mainland China. As the carrying amount of the cash-generating unit of the Group's property investment operations in Beijing exceeded its recoverable amount, an impairment loss of HK$28,802,000 in respect of the goodwill was recognised. The impairment loss arose from (i) the removal of 19 residential serviced apartments delivered under long-term lease agreements (being treated as disposals for accounting purposes) from the discount cash flow projection, with the correspondence gain on disposals being recognised in the "Other gains and losses" line item in the statement of profit or loss, (ii) the removal of eight residential serviced apartments from the discount cash flow projection upon the commencement of short-term lease agreements, with the related assets being transferred to "Investment properties" in the statement of financial position, and (iii) the adjustments of certain key assumptions and inputs (such as rental income, delivery dates and the ratio between long-term and short-term leases) in the discount cash flow projection of property investment business on the Subject Land to reflect the prevailing market conditions and the management's latest estimation. It is expected that a similar impairment in respect of goodwill will incur mainly due to the removal of the relevant residential serviced apartments from the discount cash flow projection for the reasons stated in (i) and (ii) above.

At the end of the reporting period, the directors measured the investment property portion of the Shun Tak Property at fair value. Based on the property valuation report prepared by the independent qualified valuer, the fair value of the investment property portion of the Shun Tak Property decreased from HK$164,500,000 at 31 December 2021 to HK$163,800,000 at 31 December 2022. Accordingly, the Group recognised the loss of HK$700,000 arising on change in fair value of investment properties.

Return on property investment – operating leases decreased from 3% for the year ended 31 December 2021 to 2% for the year ended 31 December 2022. This decrease was mainly attributable to the transfer of the related assets of the eight residential serviced apartments under short-term lease agreements to "investment properties" upon lease commencement, where "investment properties" is a component of the denominator in calculating the KPI.

Return on property investment – finance leases for the year ended 31 December 2022 was 26% for the year ended 31 December 2022.

Investments in associates

Elite Prosperous is an investment holding company whose principal asset is 47,643 ordinary shares in an unlisted investment holding company, representing 2.65% of the entire issued share capital of the unlisted investment holding company. The principal subsidiaries of the unlisted investment holding company are engaged in (i) agency payment services, (ii) currency exchange services, and (iii) provision of online, mobile, and cross-border payment services. At the end of the reporting period, Elite Prosperous measured its investment in the unlisted investment holding company at fair value. Based on a valuation report prepared by an independent professional valuer, the fair value of the investment decreased from HK$23,648,000 at 31 December 2021 to HK$11,259,000 at 31 December 2022. Accordingly, Elite Prosperous recognised a loss of HK$12,389,000 arising on change in fair value of its investment in the unlisted investment holding company. During the year ended 31 December 2022, Elite Prosperous reported a loss of HK$12,389,000, and accordingly, the Group shared a loss of HK$6,071,000 from Elite Prosperous.

China Healthwise is an investment holding company, and its subsidiaries are principally engaged in sales of Chinese health products, money lending business, and investment in financial instruments. During the year ended 31 December 2022, the Group acquired 2,400,000 shares in China Healthwise at a consideration of HK$557,000 on the open market. Accordingly, the Group's shareholding interests in China Healthwise increased from 21.19% to 21.50%. The acquisition of the 2,400,000 shares in China Healthwise resulted in a gain on bargaining purchase of associate of HK$42,000. During the year ended 31 December 2022, China Healthwise reported a loss of HK$54,274,000, a HK$48,772,000 decrease from HK$103,046,000 in the previous year, and the Group shared a loss of HK$11,669,000 from China Healthwise. The improvement of China Healthwise's results in the year ended 31 December 2022 was due to a decrease in impairment loss on its loan receivables.

Future Prospects

At the outset of 2023, the global economy has seen some positive signs as inflation and energy prices ease from their peak levels. In addition, Mainland China's ending of its zero-COVID policy also provides some growth impulse. Nevertheless, the global macroeconomic environment remains challenging in 2023 as inflation is still high, the Russia-Ukraine conflict continues to weigh on economic activity, and concerns about the health of the global financial system sparked by a series of stunning bank collapses in Europe and the United States are mounting.

The directors expect the global macroeconomic environment for 2023 remains challenging. As such, the directors will cautiously monitor the equity market, adjust the Group's equity securities portfolio from time to time, and realise the equity securities held by the Group into cash as and when appropriate in 2023.

Given the challenges faced by the global economy, the directors will closely monitor the performance of the Group's loan portfolio, especially in the repayment and financial condition of each customer, and take active actions for collecting problem loans. The directors expect that the interest income on loans generated from the Group's money lending business in 2023 will remain the same as in 2022.

Due to a significant rise in diamond prices and inflation remaining high, the directors notice that the buying intention for jewelry products is eroded. As a result, the directors saw a slowdown in sales orders for jewelry products in the second half of 2022. In response to the slowdown in sales orders for jewelry products, the directors put more effort into obtaining sales orders for jewelry accessories, which have a low-profit margin compared to jewelry products. As such, the directors expect the performance of the Group's sale of jewelry products business will decline in 2023 compared to 2022.

As the building works and interior decoration of three blocks of three-storey residential serviced apartments was completed, the directors put more effort and resources into marketing and leasing activities to achieve a high level of occupancy rate in order to build up the continuous income stream derived from rental income of the properties erected on the Subject Land. In addition, the directors will put more effort and resources into completing the remaining blocks of residential serviced apartments and office buildings as planned.

Due to the global macroeconomic environment remaining challenging in 2023, the directors remain cautious and watchful over the key risks for 2023 and their impact and commit to leading the Group to weather the challenges and continue to monitor the business environment cautiously and strengthen the Group's business foundation by focusing on its existing businesses.

Events after the Reporting Period

The Group did not have any material events after the reporting period and up to the date of this announcement.

Additional Information on Audit Qualification

Audit qualifications

The Company's independent auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), have expressed a qualified opinion on the Group's consolidated financial statements for the year ended 31 December 2022. The qualified opinion is related to the corresponding figures in relation to share of results of associates, share of other comprehensive expenses of associates and gain on disposal of associate. Details of the qualified opinion are disclosed in the section headed "Basis for Qualified Opinion" under "EXTRACT OF THE INDEPENDENT AUDITORS' REPORT" above.

Executive directors' view on the audit qualification

On 24 May 2021, Global Mastermind Holdings Limited ("**Global Mastermind**", and together with its subsidiaries, the "**Global Mastermind Group**") changed from an associate to the financial assets at FVTPL of the Company. Safe2Travel Pte Ltd. ("**Safe2Travel**") used to be a wholly-owned subsidiary of Global Mastermind before its disposal on 30 August 2021. The independent auditors' report on the consolidated financial statements of the Group for the year ended 31 December 2021 contained an audit qualification on the Group's share of results of associates, share of other comprehensive expenses of associates and the gain on disposal of associate presented in its consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 due to the unavailability of accounting books and records of Safe2Travel to HLB for its audit of the consolidated financial statements of Global Mastermind Group for the year ended 31 December 2021. As a result, HLB was unable to obtain sufficient appropriate audit evidence to satisfy itself as to whether (i) the financial performance of Safe2Travel included in the financial performance of the Global Mastermind Group for the period from 1 January 2021 to 24 May 2021, and (ii) the carrying amounts of assets and liabilities of Safe2Travel included in the assets and liabilities of the Global Mastermind Group as at 24 May 2021 were free from material misstatements. Any adjustments that might have been found necessary to the financial performance of Safe2Travel for the period from 1 January 2021 to 24 May 2021 and the carrying amount of assets and liabilities of Safe2Travel as at 24 May 2021 might have material effects on the financial performance and financial position of the Global Mastermind Group for the period from 1 January 2021 to 24 May 2021 and as at 24 May 2021 upon which the Group had based its recognition of its share of profit and other comprehensive expense of the Global Mastermind Group and the gain on disposal of associate included in its consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021. Consequently, HLB was unable to obtain sufficient appropriate audit evidence to satisfy itself that the Group's share of results of associates and share of other comprehensive income of associates and the gain on disposal of associate presented in its consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 and the related elements and disclosures thereof in the consolidated financial statements were free from material misstatements. The auditors' opinion on the Group's consolidated financial statements for the year ended 31 December 2021 was modified. Accordingly, the auditors' opinion on the Group's consolidated financial statements for the year ended 31 December 2022 is also modified because of the possible effects of the matters described above on the comparability of the current year's figures and the corresponding figures.

Having discussed with HLB, the executive directors concurred with HLB regarding the basis for this audit qualification relating to the corresponding figures in relation to the share of results of associates, share of other comprehensive expenses of associates and the gain on disposal of associate for the reasons set out above. Based on the discussion with HLB, the executive directors were given to understand that this audit qualification was a result of the consolidated financial statements for the year ended 31 December 2021 forming the basis for the comparative figures of the consolidated financial statements for the year ended 31 December 2022 and expect this audit qualification to be removed from the consolidated financial statements for the year ending 31 December 2023.

Audit committee's view on the audit qualification

The audit committee reviewed the information provided by the Company in respect of the basis for the audit qualification relating to the corresponding figures in relation to the share of results of associates, share of other comprehensive expenses of associates and gain on disposal of associate. The audit committee discussed the audit qualification with HLB at the meeting of the audit committee held on 30 March 2023 and concurred with HLB regarding the basis for the audit qualification. At the board meeting held on 30 March 2023, the audit committee reported to and discussed the audit qualification with the board of directors. The audit committee concurred with the executive directors' views.

Principal Risks and Uncertainties

A summary of the principal risks and uncertainties which may impact the Group's financial conditions, results of operations or future performance and how the Group to mitigate these risks is set out below.

This summary should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties faced by the Group, but rather those risks which the Group currently believes may have a significant impact on the Group's performance and future prospects.

Principal risks	***Description***	***Mitigating actions***
Strategic risk	Strategic risk is the risk that medium and long-term profitability and/or reputation of the Group could be adversely impacted by the failure either to identify or implement the correct strategy, or to react appropriately to changes in the business environment.	• Extensive investment management experience of the Board. • Regularly review on strategy and performance of each business unit. • Perform comprehensive due diligence on all potential acquisitions.
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance through higher bad debts as a result of customers' inability to repay loans and lower asset values.	• Regularly review forward looking indicators to identify economic conditions.

Principal risks	*Description*	*Mitigating actions*
Credit risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.	• Fully understand customers and carry out credit quality assessment on customers before granting loans. • Regularly monitor loan receivables and assess for their recoverability. • Limit credit risk exposure by granting loan to any single customer of not more than 8% of the consolidated total assets of the Group. • Make rental contracts with tenants with an appropriate credit history.
Liquidity risk	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.	• Regularly monitor liquidity and statement of financial position. • Maintain appropriate liquidity to cover commitments. • Limit liquidity risk exposure by investing only in equity securities listed on stock exchanges. • Ensure acceptable and appropriate finance in place, or believed to be available before committing investment projects.
Price risk	Price risk is the risk that changes in equity prices will affect the Group's income and the value of its holdings of equities.	• Regularly monitor equity portfolio to address any portfolio issues promptly. • Spread price risk exposure by investing a number of equities.

Principal risks	*Description*	*Mitigating actions*
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates will affect the Group's income and the value of its holdings of assets.	• Closely monitor statement of financial position and cashflow exchange risk exposures and where considered appropriate use financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk.
People risk	People risk is the risk of loss of the services of any directors, senior management and other key personnel which could have a material adverse effect on the Group's businesses.	• Provide competitive reward and benefit packages that ensure our ability to attract and retain the employees the Group needs. • Ensure that the staff of the Group has the right working environment to enable them to do the best job possible and maximise their satisfaction at work.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings and reputational damage.	• Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement any required changes. • Seek legal or other specialist advice as appropriate.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Part 2 of Appendix 14 of the Listing Rules throughout the year ended 31 December 2022, except for code provision C.2.1.

Code provision C.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2022, Mr. Lei Hong Wai has taken up the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the Chairman and the Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies.

COMPLIANCE WITH THE 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 of the Listing Rules for securities transactions by the directors of the Company. Having made specific enquiry, all directors confirmed that they had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2022.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2022, other than the purchase of a total of 41,310,000 shares of the Company on the market at a total consideration of HK$7,074,000 by the trustee under the share award plan of the Company adopted by the Board on 16 September 2021, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed this annual results announcement and the annual report of the Company for the year ended 31 December 2022 and agreed to the accounting policies and practices adopted by the Company.

By Order of the Board
Eternity Investment Limited
Lei Hong Wai
Chairman

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Lei Hong Wai, Mr. Cheung Kwok Wai Elton, Mr. Chan Kin Wah Billy, and Mr. Cheung Kwok Fan; and three independent non-executive directors, namely, Mr. Wan Shing Chi, Mr. Ng Heung Yan, and Mr. Wong Tak Chuen.