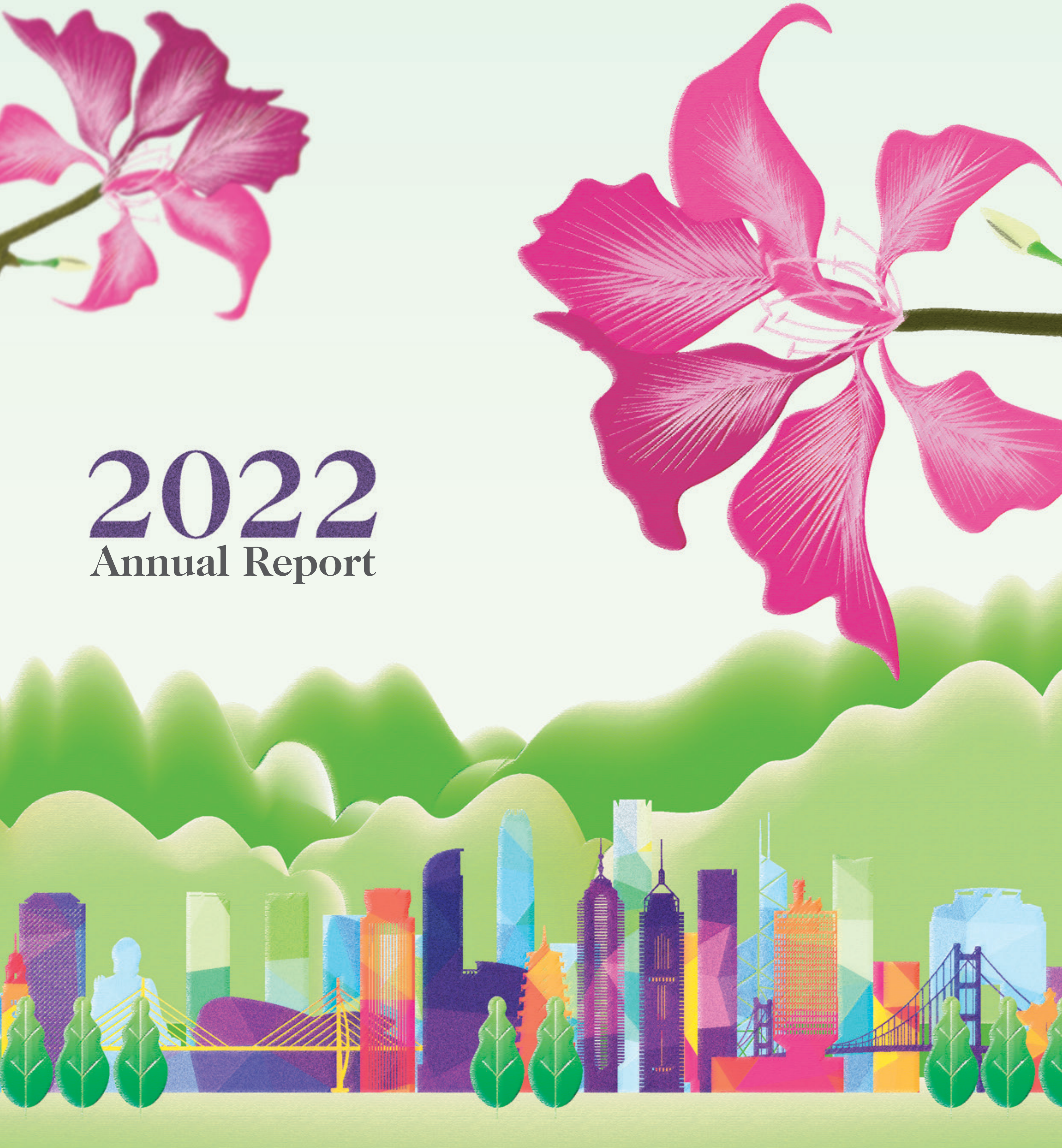
紫荆金融
ZI JING

ZIJING INTERNATIONAL FINANCIAL HOLDINGS LIMITED
紫荊國際金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8340



2022 Annual Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Zijing International Financial Holdings Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

DIRECTORS

Executive Directors

Mr. Lee Chun Wai (Chairman)
Mr. Lee Chan Wah

Non-executive Director

Dr. Leung Kin Cheong Laurent

Independent Non-executive Directors

Ms. Lau Mei Suet
Mr. Choi Tak Fai
Ms. Lee Pui Ching

COMPANY SECRETARY

Mr. Lee Chan Wah

AUTHORISED REPRESENTATIVES

Mr. Lee Chun Wai
Mr. Lee Chan Wah

AUDIT COMMITTEE

Ms. Lau Mei Suet (Chairlady)
Mr. Choi Tak Fai
Ms. Lee Pui Ching

NOMINATION COMMITTEE

Mr. Lee Chun Wai (Chairman)
Ms. Lee Pui Ching
Ms. Lau Mei Suet

REMUNERATION COMMITTEE

Ms. Lau Mei Suet (Chairlady)
Mr. Lee Chun Wai
Ms. Lee Pui Ching

REGISTERED OFFICE

Winward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 502A, 503 and 503A, 5/F
Tower 2, Admiralty Centre
No. 18 Harcourt Road
Hong Kong

AUDITORS

McMillan Woods (Hong Kong) CPA Limited
24/F, Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Winward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

http://www.hklistco.com/8340

STOCK CODE

8340

Chairman's Statement

BUSINESS REVIEW

During the year, the Group continued to focus on its principal business in relation to the provisional of corporate finance related services, including but not limited to general corporate finance advisory, placing and underwriting as well as initial public offerings related projects. The Group has established a Singapore representative office through its newly incorporated wholly-owned subsidiary in Singapore to cope with the travel restrictions executed by the HKSAR Government during the COVID-19 pandemic. The staff in the representative office in Singapore can assist the Group to handle partial of the coordination works in South East Asia and maintain communication with existing customers and potential new customers in a more efficient and effective manner. In addition, the Group has been granted with the licences to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance ("SFO") in late March 2022. Through asset management operations, the Board believes that the Group could be benefits from receiving stable management fee income which could enhance the financial performance of the Group in the long run. No revenue was derived from this segment during the year under review.

During the year under review, the fifth wave of COVID-19 pandemic severely diminished the Hong Kong economy and interrupted the normal business transaction between Hong Kong and the Greater Bay Area as well as other Southeast Asia countries. The PRC's economic growth continued to slow down indicated by a decline of official manufacturing purchasing managers' index. In addition, the U.S. Federal Reserve accelerated its balance sheet reduction program and raised its benchmark interest rates seven times in 2022 which had adverse impact for corporate sector. The heightened geopolitical factors such as the Russia-Ukraine conflicts also affected the global stock market and investment sentiment. The Hong Kong stock market had been under pressure and the Hang Seng Index slumped to its lowest level since April 2009 at the end of October 2022. The continuous lockdowns and Omicron COVID-19 disruptions during 2022 severely dented the Group's marketing activities and due diligence works. Some of the planned projects and marketing activities of the Group which were expected to be commenced and executed in the second half of 2022 have been delayed or temporarily postponed. The performance of the Group had thus been impacted.

According to the HKEX Market Statistic 2022, the number of new listed companies (i) in main board of the Stock Exchange (excluding the number of transfer of listing from GEM to main board) were 89 in 2022 as compared to that of 95 in 2021, representing a decrease of approximately 6.3%; (ii) in GEM was 0 in 2022 as compared to that of 1 in 2021, representing a decrease of approximately 100.0%; and (iii) transferred from GEM to main board was 1 in 2022 as compared to that of 2 in 2021, representing a decrease of approximately 50.0%, which demonstrated that the number of new listing applications were decreasing. In light of above, the overall performance of the Group had been affected in certain degree as a result of keen competition in pricing for corporate finance advisory services deals. Despite the unstable market situations, we have completed over 29 projects as of 31 December 2022. In early 2023, the HKSAR Government cancelled the arrangement of issuing isolation orders to infected persons and lifted the mask-wearing mandate starting 30 January 2023 and 1 March 2023 respectively. The Group believed that its business will resume as normal and looking forward to the expansion of the business following the resumption of social and economic normalcy in Hong Kong.

APPRECIATION

I would like to express my deepest gratitude to my fellow board members and colleagues for their dedication and contribution in the past year.

Lee Chun Wai
Chairman

Hong Kong, 29 March 2023

Management Discussion And Analysis

FINANCIAL REVIEW

Market Review

The Group will continue to provide financial related services in Hong Kong as well as seek for business opportunities from other countries in Asia such as mainland China and Singapore. It has been the Group's strategies to strengthen its core business by way of (i) enhancing the quality of our services; (ii) expanding our business coverage; (iii) maintain and strengthen the Group's market position in Hong Kong by focusing on quality customers; and (iv) increase the Group's capacity to capture more business opportunities.

Results of the Group

For year ended 31 December 2022, the Group recorded a turnover of approximately HK$16.76 million (2021: approximately HK$18.58 million), representing a decrease of approximately 9.8% as compared to the corresponding period of last year, of which approximately HK$14.39 million (2021: approximately HK$18.58 million) and approximately HK$2.37 million (2021: nil) was generated from the market in Hong Kong and Singapore respectively. The loss attributable to owners of the Company for the year ended 31 December 2022 was approximately HK$7.57 million (2021: profit attributable to owners of the Company of approximately HK$5.83 million). As compared to the last corresponding year, the loss incurred for the year under review was mainly attributable to (a) a decrease in revenue; (b) an increase in allowance for expected credit loss ("ECL") for trade receivables; and (c) a significant increase in operating expenses which was mainly due to (i) one-off set up costs for the new representative office in Singapore; (ii) increase in the depreciation of right-of-use assets as the result of two new office premises were leased by the Group in Hong Kong and Singapore respectively; and (iii) increase in directors' remuneration and staff costs, including the staff of the new Singapore representative office. The Board believes that the financial performance has been temporarily affected due to (i) withholding of certain projects as our clients' financial performance have been deteriorated mainly because of the continuous weak business environment caused by the COVID-19 pandemic; and (ii) some of our potential projects have been delayed or postponed due to the travel restrictions as well as uncertainties about the extent and continuity of the epidemic during the year 2022. The Group remained in a healthy and sound liquidity position as at 31 December 2022.

At the end of the reporting period, the directors performed an impairment assessment on the trade receivables arising from corporate finance advisory services with reference to a valuation prepared by an independent professional valuer. Having performed the impairment assessment, the directors concluded that an allowance for ECL for trade receivables of approximately HK$645,000 (2021: $64,000) was required for the year ended 31 December 2022. As such, an additional allowance for ECL for trade receivables amounted to HK$581,000 was recognised for the year ended 31 December 2022. The allowance for ECL for trade receivables were assessed on both individual and collective basis. The increase in allowance for ECL for trade receivables in the current year reflected the increase in credit risks since initial recognition.

As at 31 December 2022, the Group had total assets of approximately HK$32.16 million (2021: approximately HK$38.51 million). The net assets value of the Group was approximately HK$24.06 million as at 31 December 2022 (2021: approximately HK$31.44 million).

Management Discussion And Analysis

The Group stayed in a healthy and sound liquidity position. The cash and cash equivalents of the Group amounted to approximately HK$13.51 million as at 31 December 2022. The Group's gearing ratio, defined as the Group's total borrowings divided by total equity, was nil. The Board will continue to follow a prudent treasury policy in managing its bank balances and cash and maintain a strong and healthy liquidity position to ensure that the Group is well positioned to achieve its business objectives and strategies.

Capital structure

The capital of the Group comprises only ordinary shares.

On 5 October 2022, the Board proposed to implement the share consolidation (the "Share Consolidation") by consolidating every ten existing issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company into one ordinary share of HK$0.10 each. The Share Consolidation was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 2 November 2022 and all conditions precedent of the Share Consolidation have been fulfilled on 2 November 2022. The total number of issued shares became 64,000,000 upon the Share Consolidation became effective on 4 November 2022. Please refer to the announcements of the Company dated 5 October 2022 and 2 November 2022 and the circular of the Company dated 17 October 2022 for details.

Save as disclosed above, there was no change in the Company's capital structure during the year ended 31 December 2022.

Charge on Group's assets

As at 31 December 2022, the Group did not have any charge on its assets (2021: nil).

Exchange Rate Risk

The Group does not have a foreign currency hedging policy but foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in profit or loss. In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

Information on employment

As at 31 December 2022, the Group had a workforce of 17 staff (2021: 19). The total staff costs, including the directors' emoluments, amounted to HK$13.83 million for the year under review (2021: approximately HK$8.14 million).

The Group's remuneration policies were determined by reference to market terms as well as the performance, qualification and experience of each individual staff.

Management Discussion And Analysis

Contingent liabilities

As at 31 December 2022, the Group did not have any significant contingent liabilities (2021: nil).

Significant investment

The Group did not hold any significant investment for the year ended 31 December 2022 (2021: nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2022, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Event after reporting period

On 27 February 2023, the Company and Aristo Securities Limited (the "Placing Agent") entered into a placing agreement (the "Placing Agreement"), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 12,800,000 new shares of the Company (the "Placing Share(s)"), to not less than six placees (the "Placees") at the price of HK$0.31 (the "Placing Price") per Placing Share (the "Placing"). The gross proceeds from the Placing was amounted to approximately HK$3.97 million and the net proceeds after deducting all relevant expenses from the Placing was amounted to approximately HK$3.87 million. The Placing Agreement was lapsed on 17 March 2023. Details of the Placing were set out in the Company's announcements dated 27 February 2023 and 17 March 2023.

Save as disclosed above, there was no significant event after the year ended 31 December 2022 and up to the date of this report.

Outlook

In December 2022, China ended its zero-COVID policy. Outlook for China and Hong Kong to combat the pandemic is encouraging and never at a better position since its outbreak three years ago. Both Chinese and HKSAR governments are administering efforts in resuming everything to normal. As at the time of compiling this report, the HKSAR Government had scrapped all the COVID-19 curbs in the city. The border with mainland China was restored. No travel restrictions were imposed to inbound and outbound visitors by countries worldwide. Given gradual resumption of more business activities, the economies of Hong Kong and mainland China are anticipated to continue on a gradual recovery path in 2023. For the China's economy, the management expects that there shall be more programmes and directives to boost the economy after the new top government leadership appointments are being confirmed at the first meeting of the 14th National People's Congress. On the other hand, the recent financial budget unveiled by the Financial Secretary of the HKSAR Government in which numbers of measures were revealed to boost economic recovery after the COVID-19 pandemic.

Management Discussion And Analysis

Looking ahead, the management believes that the prospects remain uncertain, depending on the development of pandemic and geopolitical risk factors. In response to the uncertainty in the Hong Kong economy, the Group will take conservative and prudent business strategies in order to support daily business operations and to cope with the economic uncertainty in the near future, as well as identifying and exploring other business opportunities to achieve stable return.

Nevertheless, as Hong Kong is one of the leading financial centers in the world, the management remains optimistic about the prospects of the financial services industry in the mid to long run. Over the years, we have built strong ties with customers and professional parties. We provide quality advisory services to our customers and maintain services quality satisfaction. The Group will continue to focus on the corporate finance advisory services as well as IPO-related projects, the Board believes the business of the Group is viable and sustainable. Meanwhile, the Group will also continue to seek for business opportunities in other financial related services so as to generate greater value for the shareholders. Despite the challenging business environment for the Group as discussed above, the Directors are more optimistic now and believe the world economies will be resuming step by step.

Biographical Details Of Directors

EXECUTIVE DIRECTORS

Mr. Lee Chun Wai, aged 38, joined the Group in May 2021 and is an executive director and chairman of the Group. He is responsible for formulating corporate strategy, business development as well as overseeing the operations of the Group. Mr. Lee holds a bachelor's degree of Accounting and Finance. Mr. Lee has over 16 years of experience in securities trading, marketing, asset management, finance and project investment.

Mr. Lee Chan Wah, aged 54, has been the company secretary and the financial controller of the Company since 31 May 2021. He obtained his Bachelor of Business Administration degree from the Hong Kong Baptist University in 1991. He has been a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants since 1996. He has over 22 years of experience in the field of auditing, accounting and finance.

NON-EXECUTIVE DIRECTOR

Dr. Leung Kin Cheong Laurent, aged 53, was appointed as an executive Director on 14 December 2021. Dr. Leung has been re-designated from an executive Director to a non-executive Director on 14 February 2022. Dr. Leung holds a bachelor of arts degree in economics from the National Chengchi University, Taiwan in June 1994. He further obtained a master of science degree in economics and finance from the University of Warwick in the United Kingdom in January 1998, and a doctor of philosophy in finance from the Shanghai University of Finance and Economics in the PRC in June 2011. He has over 21 years of experience in the financial services industry. Dr. Leung is a licensed person under the SFO since June 1998.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lau Mei Suet, aged 37, has over 13 years of experience and extensive knowledge in the fields of auditing, accounting and taxation. Ms. Lau has obtained a bachelor's degree of business administration with a major in accountancy and a minor in financial services from The Hong Kong Polytechnic University in October 2009. She started to be a member of the Hong Kong Institute of Certified Public Accountants in 2014 and is currently registered as a practising member. She has been in charge of different account and audit engagements in Hong Kong. Ms. Lau joined the Group in January 2022.

Mr. Choi Tak Fai, aged 34, has obtained a bachelor of science degree in mathematics from the Chinese University of Hong Kong in July 2011. Mr. Choi has over 10 years of experience in the securities brokerage and finance industry. He is an associate sales director and a licensed representative of a securities firm in Hong Kong to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO. Mr. Choi joined the Group in May 2021.

Ms. Lee Pui Ching, aged 40, has over 15 years of experience and extensive knowledge in the fields of auditing, accounting and taxation. Ms. Lee has obtained a Bachelor's Degree of Commerce in Accounting from Curtin University of Technology in Australia in 2006. She was admitted as a Certified Public Accountant (CPA) of the Hong Kong Institute of Certified Public Accountant in May 2010 and is also a CPA of CPA Australia. Ms. Lee is currently an assistant manager of a company listed on the Main Board of the Stock Exchange. Ms. Lee joined the Group in December 2021.

Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements of Zijing International Financial Holdings Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activity of the Group is the provision of financial services in Hong Kong. There was no significant change in its activities during the year.

BUSINESS REVIEW

Business review of the Group for the year ended 31 December 2022 as required by Schedule 5 to the Hong Kong Companies Ordinance, can be found in the Chairman's Statement and the Management Discussion and Analysis set out in this annual report which forms part of this directors' report.

The principal risks and uncertainties facing the Group including (i) reliance on key authorised persons and possible suspension of the business of the Group in case the responsible officers left the Group; (ii) local and international economic and socio-political environments may cause volatility of the Hong Kong securities market; (iii) keen competition from different consulting and professional firms who providing similar corporate finance advisory services; (iv) exchange risk that will affect the Group's income and value of its holdings of assets; and (v) businesses operated by the Group are regulated by legislation and various regulatory authorities. In the event, when there is any change of the relevant laws, rules and regulations, it may adversely affect the Group's operations and business.

An analysis of the Group's performance for the year is set out in note 5 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2022 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 51 to 105.

DIVIDEND POLICY

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the Articles of Association of the Company;
- financial results;

Directors' Report

- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

The directors do not recommend the payment of any dividend for the year ended 31 December 2022 (2021: nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group had total assets of approximately HK$32.16 million (2021: approximately HK$38.51 million). The net assets value of the Group was approximately HK$24.06 million as at 31 December 2022 (2021: approximately HK$31.44 million). The cash and cash equivalents of the Group amounted to approximately HK$13.51 million as at 31 December 2022. The gearing ratio was not applicable to the Group as at 31 December 2022 as the Group did not have any outstanding bank borrowing (2021: nil). Gearing ratio is calculated by dividing total bank borrowings by total equity. The Group's net current assets and current ratio were HK$19.89 million (31 December 2021: HK$27.71 million) and 6.3 times (31 December 2021: 6.8 times) respectively.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 24 May 2023 to Tuesday, 30 May 2023, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming annual general meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 May 2023.

Directors' Report

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 15 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of changes in the Company's share capital during the year is set out in note 21 to the financial statements respectively. The Group has no outstanding share options issued as at 31 December 2022.

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the directors of the Company, as at the latest practicable date prior to the issue of this report, there is sufficient public float in the issued share capital of the Company pursuant to the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for the past five years ended 31 December 2022 is set out on page 106 of the annual report.

Directors' Report

SHARE OPTION SCHEME

In order to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company has adopted a share option scheme on 3 May 2019 (the "Share Option Scheme") whereby the Board are authorised, at their absolute discretion and subject to the terms of the Share Option Scheme, to grant options to subscribe the shares of the Company (the "Shares").

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue at the date when the Shares were first listed on the Stock Exchange. The Company may at any time refresh such limit, subject to in compliance with the Rules Governing the Listing Securities on GEM, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised under the Share Option Scheme. No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the year ended 31 December 2022 and there are no outstanding share options under the Share Option Scheme as at 31 December 2022. The total number of Shares available for issue under the Share Option Scheme as at the date of this report was 6,400,000 Shares, as adjusted by the share consolidation effective on 4 November 2022. which represented 10% of the issued share capital of the Company as at 31 December 2022.

Directors' Report

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the shareholders of the Company as at 31 December 2022 were as follows:

	31 December	
	2022	2021
	HK$'000	HK$'000
Share premium	**11,887**	11,887
Capital reserve	**10,085**	9,900
(Accumulated losses)/Retained earnings	**(4,317)**	3,252
	17,655	25,039

Under the Companies Law (2013 Revision) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and the articles of association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the articles of association of the Company, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We maintained a good working relationship with our employees and we did not experience any labour disputes for our operations during the year ended 31 December 2022. For training and development, our employees in Hong Kong are briefed with the relevant workplace safety rules. We also train all our employees with basic office protocol.

We have a close working relationship with our customers throughout the years. We have also established a long-term relationship with our key customers by providing on-going advisory services to them.

CUSTOMERS AND SUPPLIERS

Major Suppliers

Due to the nature of our principal business activities, the Group had no major suppliers during the year ended 31 December 2022.

DIRECTORS' REPORT

Major Customers

In the year under review, the Group's five largest customers accounted for approximately 33.1% of the Group's turnover and the largest customer included therein accounted for approximately 7.2% of the Group's turnover.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Lee Chun Wai (Chairman)
Mr. Lee Chan Wah

Non-executive director:

Dr. Leung Kin Cheong Laurent

Independent non-executive directors:

Ms. Lau Mei Suet
Mr. Choi Tak Fai
Ms. Lee Pui Ching

The terms of office of each director are subject to retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Group are set out on page 9 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Report

INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

None of the Directors and the Supervisors or their associated entities had any beneficial interests, directly or indirectly, in any transactions, arrangements or contracts of significance (except service contracts) concerning the business of the Group entered into with the Company or any of its controlling companies or subsidiaries during the reporting period.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 31 December 2022, the interests or short positions of the Directors and the chief executives of the Company in the shares ("Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company:

Name of director	Nature of interest	Number of shares directly and beneficially held	Approximately percentage of shareholdings
Mr. Lee Chun Wai	Beneficial owner	13,879,000	21.69%

During the year ended 31 December 2022, there were no debt securities issued by the Group at any time.

Save as disclosed herein, as at 31 December 2022, none of the Directors or chief executive of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

For the year ended 31 December 2022, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Interest in the Company

Name	Nature of interest	Number of ordinary Shares beneficially held	Approximately percentage of shareholdings
Mr. Lee Chun Wai	Beneficial owner	13,879,000	21.69%

During the year ended 31 December 2022, there were no debt securities issued by the Group at any time.

Save as disclosed above, as at 31 December 2022, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with relevant requirements could lead to adverse impact on business operation and financial position of the Group. During the year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

GROUP'S EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the board of directors on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are mainly based on the individual performance, the Company's operating results and comparable market statistics.

Directors' Report

The Company has adopted a share option scheme (the "Scheme") as an incentive to directors and eligible employees, details of the scheme are set out as below:

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in fulltime or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date of approval of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

No share option was granted, exercised, expired or lapsed under scheme under the year.

RELATED PARTY TRANSACTIONS

Details of the discloseable connected transactions of the Group are set out in note 26 to the financial statements.

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out in pages 34 to 44 of the annual report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 December 2022, the directors are not aware of any business or interest of the directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

MANAGEMENT CONTRACTS

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

Directors' Report

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except for the Share Option Scheme, neither the Company nor any of its subsidiary undertakings was a party to any arrangements to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's Articles of Association, every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about execution of duties of his/her office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty committed by the Director.

The Company has maintained appropriate directors' liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force.

EQUITY-LINKED AGREEMENT

Save for the Share Option Scheme of the Company, there was no equity-linked agreement being entered into or remained subsisting during the year or as of the end of the year.

AUDITOR

The Company has appointed McMillan Woods (Hong Kong) CPA Limited as the auditor of the Company during the year ended 31 December 2022. The consolidated financial statements for the year ended 31 December 2022 were audited by McMillan Woods (Hong Kong) CPA Limited. A resolution for the re-appointment of McMillan Woods (Hong Kong) CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Lee Chun Wai
Chairman

Environmental, Social And Governance Report

INTRODUCTION AND SCOPE OF ESG REPORT

The Board is pleased to present the Environmental, Social and Governance report (the "ESG Report") of the Group prepared according to Appendix 20 Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") set out by the GEM Listing Rules. The Group is committed towards sustainability and understands the importance of sustainable development of its business and community. The ESG Report discloses the Group's policies and practices for its commitment to sustainable development. As a platform for communication with all stakeholders, the ESG Report also makes responses to the major expectations of all stakeholders in efforts to facilitate mutual understandings. The ESG Report is to be read in conjunction with the Group's Annual Report 2022, in particular the Corporate Governance Report contained therein.

The Group is principally engaged in provision of financial services in Hong Kong and Singapore. The ESG Report focuses on the environmental and social performance of the core business of the Group in Hong Kong Special Administrative Region (the "HKSAR") and Singapore during the year ended 31 December 2022. As for the information of corporate governance, please refer to the "Corporate Governance Report" in this Annual Report. We have fully embraced social responsibility as our contribution to address the ESG requirements and challenges society faces. We have implemented a number of significant initiatives relating to employment and labour practices, operation management and environmental protection.

As a good approach to the Group's sustainability development, the Group is committed to creating sustained value for stakeholders by incorporating environmental, social and governance considerations into its operation with an aim to be a positive force to its environment and the wider community. To be accountable to all the stakeholders, the Group endeavored to minimize the influence to environment, be aware of the employee wellbeing and contribute more to the community.

The Board oversees the overall direction of the Group's ESG strategies. By having internal discussion, the Board evaluates and prioritizes material ESG issues for the Group, and implements appropriate measures to manage and monitor those ESG issues. The measures are regularly reviewed to ensure their effectiveness with the relevant data and information which are directly accessible to the Group.

Reporting boundary

The ESG Report covers the business activities controlled by the Group which have significant environmental and social impacts. The ESG Report mainly includes Zijing Capital Limited, Expert Idea Global Limited, Zijing Advisory Limited, Zijing Asset Management Limited and Zijing International Pte. Limited, which are the subsidiaries of the Company. Unless otherwise stated, the ESG Report covers specific ESG policies and performance from 1 January 2022 to 31 December 2022 and is consistent with the Group's Annual Report 2021. The major operation activities of the Group during the reporting period are provisional of corporate finance related services in Hong Kong and Singapore.

Preparation basis

The ESG Report complies with all the "comply or explain" provisions of the ESG Reporting Guide under Appendix 20 of the GEM Listing Rules of the Stock Exchange, and was prepared in adherence to the four reporting principles: materiality, quantitative, balance and consistency.

Environmental, Social And Governance Report

Confirmation and approval

The Board of the Group has overall responsibility for implementing, reviewing and monitoring the Company's environmental and social strategies and reporting, and has reviewed and approved the ESG Report in March 2023. As employees are the Group's most valuable assets, the management regularly reviews the Group's remuneration and benefits policies in reference to the market standards. The Group has been reviewing its related policies from time to time to ensure the Group complies with the latest statutory requirements.

Stakeholder engagement

The Group attaches great importance to the multi-channel interaction with the stakeholders. The Group respects for employee diversity, and develops competitive compensation system and prospective career path and training for employees. The Group is committed to making proactive efforts to continuously interact with key stakeholder groups, which comprise of Stock Exchange, government and regulatory bodies, customers, employees, investors, shareholders, service providers and the community. The Group maintains active engagement with its stakeholders, and collects their feedback through various communication channels to understand and address their concerns. The Group will increase stakeholders' engagement via general meeting, annual report, circular and announcement, training and briefing sessions, email, customer hotline, corporate website and constructive dialogue, with a view to driving long-term prosperity.

The table in below shown the expectation from the stakeholders and the relevant feedback of the Group:

Stakeholder	Expectations	Feedback of the Group
Stock Exchange, government and regulatory bodies	— Compliance with laws and Regulations	— Compliance operation
	— Relevant conference	— Direct communication
Customers	— Customer rights and interests Protection	— Compliance marketing
	— Customer information Security	— Customer privacy protection
Employees	— Career development platform	— Promotion mechanism
	— Salary and benefits	— Competitive salary and employee benefits
	— Safe working environment	— To provide employees' trainings and strengthen their safety awareness
Investors and shareholders	— Financial results	— To improve profitability
	— Corporate transparency	— Regular information disclosure
	— Risk control	— To optimize risk management and internal control

Environmental, Social And Governance Report

Stakeholder	Expectations	Feedback of the Group
Service providers	— Integrity cooperation	— To build a responsible supply chain
	— Business ethics and credibility	— To perform the contracts according to law and regulations
Community	— Environmental protection	— To use energy saving equipment
	— Employment opportunities	— To provide employment opportunities

As a financial services provider, the Group is eager to provide green financial services for upstream and downstream companies, thus to protect and improve the ecological environment. The Group has been attempting to assess environmental and social factors in various businesses, thereby gradually achieving the coordinated development of the Group, the environment and the society. Fulfilling social and environmental responsibilities is the vision of the Group. The Group will keep creating greater value for stakeholders, and supporting charities and environmental protection.

Information and feedbacks

For detailed information about environmental and corporate governance, please refer to the official website http://www.hklistco.com/8340 and the Annual Report of the Group. Your opinions will be highly valued by the Group. If you have any advice or suggestions, please feel free to contact us by:

Tel: (852) 2151 5399
Fax: (852) 3795 2636

EMPLOYMENT AND LABOUR PRACTICES

Employees are the core forces to maintain the long-term growth and sustainability of the Group. The Group values the interests and rights of all the employees and attaches importance to creating a comfortable and motivating working environment for employees.

Employment

The Group values its employees as they are the key to its success. Employees are treated fairly and consistently in all matters without discrimination on grounds of age, gender, race, colour, sexual orientation, disability or marital status. During the year ended 31 December 2022, the Group complied with Employment Ordinance and Mandatory Provident Fund Schemes Ordinance in Hong Kong and Employment Act and Central Provident Fund Act in Singapore.

Environmental, Social And Governance Report

The Group's employment contract has specified the terms including compensation and dismissal, working hours, rest periods and other benefits and welfare for the Group's staff. By offering competitive remuneration packages and comprehensive fringe benefits to our employees, our staff turnover rate remains stable, while job performance and productivity are maintained at satisfactory levels.

Employee remuneration and benefits

The management regularly reviews the Group's remuneration and benefits policies in reference to the market standards and is committed to safeguarding the rights and interests of the employee. Remuneration and benefits have been adjusted in accordance with the employees' individual performance, contribution and market conditions. Remuneration packages include holidays, annual leave, medical scheme, group insurance, mandatory provident fund, central provident fund and discretionary bonus.

During the year ended 31 December 2022, the Group had 15 and 2 full-time employees in Hong Kong and Singapore respectively. The employee turnover rate of the Group was 37.0% (2021: 17.4%). The Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices that had a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for the year.

Human resource overview	**2022**	2021
Summary of Employee Data		
Gender		
Male	**15**	15
Female	**2**	4
Age distribution of present employees		
Under 31	**0**	0
31 to 40	**6**	9
41 to 50	**4**	4
Above 50	**7**	6
Geographical region of present employees		
Hong Kong	**15**	19
Singapore	**2**	0
Turnover Rate by Gender		
Male	**7**	4
Female	**3**	2
Turnover Rate by Age		
Under 30	**0**	0
31 to 40	**4**	2
41 to 50	**3**	2
Above 50	**3**	2

Environmental, Social And Governance Report

Development and training

To equip staff members with necessary skills and knowledge to meet future challenges and professional requirements, especially those who are involved in regulated businesses and activities, continuous professional training including on-the-job training given by team head while managing and supervising a job; in-house regular meeting within the Group to provide a platform whereby professional employees are kept abreast of the latest market practice and matters relating to their jobs; off-the-job trainings mainly involve seminars and trainings organized by the professional bodies being available. For example, the Group provides some professional employees with permission of seminars and trainings organized by professional bodies, and requires these employees to attend seminars and training relevant to their licensed regulated activities; employees are encouraged to attend seminars and read prescribed periodicals to learn the updated information on industry and regulatory developments for their continuing competence; and professional employees are required to comply with continuous professional training and examination requirements as stipulated in relevant regulations.

In 2022, the detailed breakdown of the percentage of professional employees trained and average training hours completed per professional employee by gender and employment category is as follows:

	2022		2021	
Training	**Average training hours (hours/employee)**	**Percentage of employee trained (%)**	Average training hours (hours/employee)	Percentage of employee trained (%)
By gender				
— Male	**12 hours**	**100%**	12 hours	100%
— Female	**12 hours**	**100%**	12 hours	100%
By employment category				
— Senior management	**12 hours**	**100%**	12 hours	100%
— Middle management	**12 hours**	**100%**	12 hours	100%
— General	**10 hours**	**100%**	10 hours	100%

Occupational health and safety

The business operation of the Group does not involve high-risk activities. The Group attaches great importance to occupational safety, hygiene and health of our employees and makes all efforts to build a safe and comfortable working environment for employees. We strictly abide by the laws and regulations regarding occupational health and safety, such as the Occupational Safety and Health Ordinance in Hong Kong and the Workplace Safety and Health Act in Singapore. We seek to create a pleasant and comfortable workplace for our employees by carrying out various measures, including provision of adjustable working chairs and seats, provision of sufficient storage space for a more spacious desk area, regular maintenance or replacement of office equipment, and keeping objects and tools easily reachable and conveniently located. Those measures are regularly monitored.

Environmental, Social And Governance Report

The COVID-19 pandemic crisis has been putting pressure on the Group and our employees during 2022 and 2021. As part of the COVID-19 countermeasures and to prevent the spread of the virus, the Group has implemented stringent infection preventive measures to protect our employees. During the outbreak of COVID-19, we required our employees to consider using other methods such as telephone conference or online video meeting software for meetings. We also provided face masks, wet tissues and hand sanitizers to our employees and visitors in order to protect everyone from infection. The supply items are regularly replenished as they are consumed.

Occupational Health and Safety Data:	**2022**	2021
Work related fatality	**0**	0
Work injury cases >3 days	**0**	0
Work injury cases <3	**0**	0
Lost days due to work injury	**0**	0
Work injury rate	**0**	0

During the last three years ended 31 December 2022, the Group did not record any work-related injury or fatality of employees, nor any lost days due to work injury. We are not aware of any material non-compliance with Occupational Safety and Health Ordinance in Hong Kong and the Workplace Safety and Health Act in Singapore that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

Labour standards

The Group has strictly complied with the Employment Ordinance and prohibited the use of child and forced labour. According to our well-established recruitment policies, any individuals under the legal working age and individuals without any proper identification documents are disqualified from employment. For the year ended 31 December 2022, the Group is not aware of any material non-compliance with the Employment Ordinance, Employment of Children Regulations in Hong Kong and the Employment Act in Singapore and other applicable laws and regulations relating to preventing child or forced labour on the Group.

OPERATION MANAGEMENT

The Group aims at delivering a high quality of services to its clients at all times. It is the Group's philosophy that market reputation and clients' confidence in the services are critical to its success. In view of this, the Group has been devoted to improving its management in every aspect of its operation to create greater value for its clients and the shareholders.

Environmental, Social And Governance Report

Service quality

The Group's corporate finance and asset management related business is regulated by the Securities and Futures Commission (SFC) and are carried out through Zijing Capital Limited and Zijing Asset Management Limited respectively which are licensed corporation under SFO. As at 31 December 2022, among the experienced team of professionals of the Group, all professional employees were properly licensed and registered with the SFC. Most of the Responsible Officers have more than 10 years of relevant experience. The Group is committed to protecting privacy and confidentiality of personal data of our business partners and other identifiable individuals. Employees are instructed to handle confidential information with due care and to collect and use information in a responsible and non-discriminatory manner by restricting the use of the information for the purposes consistent with those identified in the contracts.

The Group generally gains new business through referrals from existing clients, professional firms and the personal connections of directors or employees of the Group. The Group aims at delivering a high quality of services to its clients at all times. The Group believes that market reputation and clients' confidence in the services are critical to its success. In this regard, the Group places great emphasis on building customers' loyalty by providing them with prompt, competent and unbiased professional services. In 2022, no service-related complaint has been received by the Group.

Protection of intellectual property

The Group protects intellectual property. We strictly comply with the laws and regulations regarding to intellectual property, including but not limited to the Copyright Ordinance in Hong Kong and Copyright Act in Singapore. All the software used by the Group under periodic contracts are renewed regularly. Our employees are not allowed to use any software, information and data that are not consented by the Group or illegally downloaded from the internet.

Anti-corruption

We strictly abide by the Prevention of Bribery Ordinance, Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, the Securities and Futures Commission Guideline on Anti-Money Laundering and Counter-Terrorist Financing in Hong Kong and the Prevention of Corruption Act in Singapore and the relevant laws and regulations regarding anti-corruption, bribery, extortion, fraudulent behavior and money-laundering. Anti-money laundering policy is implemented to detect and prevent money laundering and terrorist financing. Employees are required to fully understand the background of potential clients through documentation and communication in accordance with relevant internal guidelines before engaging with the clients. In order to avoid any unintentional money laundering activities, any cash transaction with clients is not allowed and all payments from clients should be made via bank transfer, cheque or direct cash bank deposit. Employees are prohibited from receiving anything of significant value from any parties related to the Group.

Environmental, Social And Governance Report

The Group is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, we have whistle-blowing policy in place. Our employees, clients, suppliers and other stakeholders are encouraged to voice their concerns about any suspected misconduct or malpractice. The Group will investigate misconduct or malpractice reported and take corresponding remedial measures against the irregularities. Whistleblowers are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action. Employee who breaches anti-corruption policy will face disciplinary action, which could result in dismissal for gross misconduct.

Apart from the whistle-blowing policy, we also organize regular internal trainings to our employees for understanding of the anti-corruption laws related our business.

During the year, no legal case regarding corrupt practices was brought against the Group or its employees. Also, no whistleblowing concerning a criminal offence or misconduct was reported.

Protection of data

The Group places the highest priority on protecting the privacy of its customers, partners and staff in the collection, processing and use of their personal data. The Group adheres to the applicable data protection regulations, including the Personal Data (Privacy) Ordinance in Hong Kong and the Personal Date Protection Act in Singapore and ensures appropriate technical measures are in place to protect personal data against unauthorised use or access. The Group also ensures that customers' personal data is securely stored to prevent against loss, unauthorised access, use, modification or disclosure, and processed only for the purpose for which it has been collected.

Supply chain management

Due to the nature of its principal business activities, the Group had no major suppliers during the year ended 31 December 2022. To integrate the environmental vision into the procurement of office supplies, priority is given to environmentally friendly products, such as refillable ballpoint pens and mechanical pencils. During the procurement process, the Group evaluates and assesses the suppliers' quality of services and products, their experience and track record, and review from public domain as to any reporting violation to ESG rules and regulations.

ENVIRONMENTAL PROTECTION

We implement policies and practices that help conserve resources, improve energy efficiency and raise environmental awareness among our staff. We are committed to building an environmentally-friendly corporation that pays close attention to conserving the Earth's natural resources. We strive to minimize our environmental impacts attributable to its operations while ensuring high standards in our service quality.

Environmental, Social And Governance Report

Use of resources

Due to the nature of office's operations and business, the major resources consumed by the Group are electricity and paper. We focus on paper and toner usage throughout all of our daily operation and we have always been devoted to reduce energy consumption as we closely monitor energy consumption at our offices.

Energy conservation

As an environmentally friendly corporate, we encourage our employees to switch off lights and electronic equipment when not in use, and maximize the use of natural lighting to reduce energy consumption. We divide the office area into different light zones using independent lighting switches, adopt energy efficient lighting system and adopt computer equipment virtualization. According to the Group's business operation, the greenhouse gas ("GHG") emission produced by the Group is mainly due to the indirect emissions (Scope 2) resulted from the consumption of electricity for Group's operation.

The Group has maintained three offices of which two of them are located in Hong Kong with an area of approximately 486 square meters in total and one of them is located in Singapore with an area of approximately 149 square meters during the year under review, and electricity from which are purchased from The Hongkong Electric Co., Ltd in Hong Kong and Tuas Power Supply Pte. Limited in Singapore respectively. Hence, there is no potential risk for power supply shortage. Payment for water usage has been included in the management fee to the landlord, thus related consumption data cannot be obtained. Meanwhile, the Group did not have problems on shortage of water supply. During the year, the total electricity consumption was approximately 13,978kWh and 910kWh in Hong Kong and Singapore respectively, and the energy consumption intensity was approximately 28.8kWh/m^2 and 6.1kWh/m^2 in Hong Kong and Singapore respectively, based on the office area, generating approximately 9,924kg CO_2e GHG emissions in Hong Kong and 646kg CO_2e GHG emissions in Singapore.

During the year, the Group's consumption in electricity was:

Electricity	Hong Kong	Singapore	**2022 Total**	2021 Total
Consumption (kWh)	13,978	910	**14,888**	12,117
Intensity (per sq. m)	28.8	6.1	**23.5**	52.7

Waste management

Since the Group's business does not involve manufacturing activities, solid waste is mainly generated in daily office operations. We have adopted measures including reduce, reuse and recycle, principle as our waste management strategy. We deploy recycling boxes to collect used paper products, such as waste paper, letter and envelope and arrange recycle company to collect toner cartridges for recycling. We implement the policy of double-sided printing and copying and disseminate information by electronic means whenever possible to reduce paper consumption. Our employees are encouraged to use reusable products instead of non-refillable stationeries and office supplies. Apart from nonhazardous waste, our major hazardous waste, toner cartridges are also collected for recycling. For 2022, approximately 5 toners have been used. (2021: approximately 5 toners).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2022, we purchased A4 sized around 80 gsm photocopying paper of around 75 reams (2021: around 110 reams). The Group did not have any other major consumption on any other kind of papers.

During the year, the Group's paper usage was:

Paper	**2022**	2021
Consumption (ream — A4 sized 80 gsm photocopying paper)	**75**	110
Intensity (per employee)	**4.4**	5.8

The Group is not aware of any material non-compliance with the Waste Disposal Ordinance in Hong Kong and other applicable laws and regulations both in Hong Kong and Singapore that have a significant impact relating to air and greenhouse gas emissions, discharging into water and land, generation of hazardous and non-hazardous waste of the Group in 2022.

Green operation

The Group has made steady progress in reducing its carbon footprints across its businesses. In terms of transportation, our employees are encouraged to take public transportation or share transport while telephone conference is held where possible to avoid any unnecessary overseas business travel. Direct flights are chosen to reduce carbon emission caused by any inevitable business travel.

Climate change

One of the major reasons for climate change which is global warming driven by human emissions of greenhouse gases has raised the public's concern for many years. The results of extreme weather events have threatened the human lives and economic activities. Through management's discussion, the Group identifies the global warming issue and concerns about its impacts, and commits to reduce the emissions of greenhouse gases by encouraging our employees to switch off lights and electronic equipment when not in use, travel to work by public transportation and recycle the working papers.

Contribute to the community

The Group is committed to good corporate citizenship and community services and believed that the ongoing effort in serving the community will benefit the society. We will continue our contribution to the harmonious society in various ways, and encourage employees to support those in need through donations and participations in charitable activities.

Environmental, Social And Governance Report

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KPI B8.2	Resources contributed to the focus area	Contribute to the Community	29

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices.

Throughout the financial year ended 31 December 2022, the Group had complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code and Report"), except for the deviation to Code Provisions A.2.1 as explained in this report.

The board of Directors (the "Board") has continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The code provision A.2.1 of the CG Code and Report states that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Lee Chun Wai is the Chairman and the Chief Executive Officer of the Company. As the Company's size is not relatively large and thus is not justified in separating the role of chairman and chief executive officer of the Company. The Group has in place internal control system to perform the check and balance function.

The responsibilities of Mr. Lee Chun Wai is to decide the agenda of each Board meeting, taking into account, where appropriate, matters proposed by other directors for inclusion in the agenda and to ensure the Board works effectively and performs its responsibilities, and all key and appropriate issues are discussed by the Board. Mr. Lee Chun Wai is responsible for providing leadership, vision and direction in the development of the business as well as the day-to-day management of the business of the Group.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Company is governed by the Board, which has assumed the responsibility for the Group's leadership and control. The Directors are collectively responsible for promoting the Group's success by directing and supervising the Group's affairs. The Board set strategies and directions for the Group's affairs and activities with a view to develop its business and to enhance shareholders value.

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The composition of the Board and biographies of the Directors are set out on page 9 of this report. The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

The Board met sixteen times during the year ended 31 December 2022. Its composition and the attendance of individual directors at these board meetings were as follows:

Name	**Numbers of attendance**
Executive Directors	
Mr. Lee Chun Wai	16/16
Mr. Lee Chan Wah (appointed on 14 February 2022)	14/14
Mr. Lam Yick Hing (resigned on 1 April 2022)	0/4
Non-executive Director	
Dr. Leung Kin Cheong Laurent (re-designated from an executive Director to a non-executive Director on 14 February 2022)	15/16
Independent Non-executive Directors	
Ms. Lau Mei Suet (appointed on 28 January 2022)	15/15
Mr. Choi Tak Fai	16/16
Ms. Lee Pui Ching	16/16
Mr. Lee Wing Lun (resigned on 28 January 2022)	0/1

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

In compliance with Rules 5.01 and 5.02 of the GEM Listing Rules, the Company has three independent non-executive Directors (the"INED(s)") who, together with the executive Directors, are responsible for formulating the Group's development strategies. They ensure that the Board prepares its financial and other mandatory reports in strict compliance with required standards, and ensure that the Company maintains appropriate system to protect the interests of the Company and its, shareholders. The Board has received an annual confirmation of independence from each of the INEDs. The Group considered the INEDs to be independent in accordance with each and every guideline set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

Corporate Governance Report

The Board has established three committees: Nomination Committee, Remuneration Committee and Audit Committee. All of the committees have terms of reference which accord with the principles set out in the CG Code and Report. More details of these committees are set out in separate sections in this report.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

APPOINTMENTS, RE-ELECTION AND REMOVAL

Code provision A.4.3 of the CG Code, became effective on 1 April 2012, an independent non-executive director serves more than nine (9) years, his further appointment should be subject to a separate resolution to be approved by shareholders.

In accordance with the Articles of Association of the Company, (i) all Directors will be subject to retirement by rotation on every three years and the new Directors appointed by the Board to fill a causal vacancy during the year shall be subject to re-election by the shareholders of the Company at the next following general meeting after appointment; and (ii) one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to one-third but not less than one-third), shall retire from office by rotation and being eligible offer themselves for re-election at each annual general meeting.

The Board recommended the re-appointment of the retiring Directors standing for re-election at the forthcoming annual general meeting of the Company. Details of the information of the retiring Directors standing for reelection are set out in the circular accompany the notice of the annual general meeting.

BOARD DIVERSITY

Pursuant to the code provision A.5.6 became effective on 1 September 2013, the nomination committee (or the Board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report.

The Company is dedicated to having a diverse Board which can enable corporate issues be considered from different perspectives and appropriate level of examination and evaluation be conducted. The Company aims to achieve diversity of its board members through consideration of a number of factors, including but not limited to skills, regional and educational background and professional and industry experience.

The Company recognized and embraced the benefits of having a diverse board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the board. In designing the board's composition, board diversity has been considered from a number of measurable aspects including gender, age, ethnicity, knowledge and length of services. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the board.

Corporate Governance Report

The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. The Board may adopt and/or amend from time to time such diversity perspectives and/or measurable objectives that are appropriate to the Company's business and Board succession planning.

TRAINING AND SUPPORT OF DIRECTORS

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the CG Code and Report effective on 1 April 2012 on Directors' training. All Directors have participated in continuous professional development by the following means to develop and refresh their knowledge.

Name of Directors	Training received
Lee Chun Wai	— Reading materials/in house briefing on regulatory and corporate governance matters
Lee Chan Wah	— Reading materials/in house briefing on regulatory and corporate governance matters
Leung Kin Cheong Laurent	— Reading materials/in house briefing on regulatory and corporate governance matters
Lau Mei Suet	— Reading materials/in house briefing on regulatory and corporate governance matters
Choi Tak Fai	— Reading materials/in house briefing on regulatory and corporate governance matters
Lee Pui Ching	— Reading materials/in house briefing on regulatory and corporate governance matters

BOARD PROCESS

Proposed regular board meeting dates are informed to each Director in advance. Formal notice of at least 7 clear business days will be given in respect of a regular meeting. For special board meeting, reasonable notice will be given. Directors participated, either in person or through other electronic means of communication in the Board meetings.

Corporate Governance Report

The Board of directors meets regularly at least 4 times a year. The Directors participated in person or through other means of communication. All notices of board meetings were given to all Directors, who were given an opportunity to include matters in the agenda for discussion.

All Directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. Directors can also seek independent professional advice in performing their duties at the Company's expense, if necessary. Minutes of each board meeting will be kept and are open for inspection at any reasonable time on request by any Director.

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 (where applicable) of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the "Code").

The Company has made specific enquiry of all Directors of the Company, and the Directors have confirmed compliance with the Code during the year ended 31 December 2022.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code. No incident of non-compliance was noted by the Company for the year ended 31 December 2022.

BOARD COMMITTEES & CORPORATE GOVERNANCE FUNCTIONS

The board has established three board committees, namely, the remuneration committee, the nomination committee and the audit committee, for overseeing particular aspects of the Company's affairs. All board committees have been established with defined written terms of reference, which are posted on the website of the Stock Exchange https://www.hkexnews.hk and the Company's website at http://www.hklistco.com/8340. All the board committees should report to the board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of board committees follow in line with, so far as practicable, those of the board meetings set out in above.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 22 April 2008 with written terms of reference. The Nomination Committee has 3 members, comprising Mr. Lee Chun Wai (Executive Director), Ms. Lee Pui Ching (Independent Non-executive Director) and Ms. Lau Mei Suet (Independent Non-executive Director). The Committee is chaired by Mr. Lee Chun Wai.

Corporate Governance Report

The terms of reference of the Nomination Committee have been determined with reference to the CG Code and Report.

The Nomination Committee is responsible for identifying potential new directors and recommends to the Board for decision. A director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment. Under the Articles of Association of the Company, all directors are subject to retirement by rotation and re-election by shareholders every 3 years.

Potential new directors are selected on the basis of their qualifications, skill and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board.

BOARD NOMINATION POLICY

The Company adopted a nomination policy in compliance with the CG Code with effect from 1 January 2020, which establishes written guidelines to nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess a balance of skills, experience and diversity of perspectives appropriate to the Group's business to enable the Board to make sound and well considered decisions.

NOMINATION PROCESS

The nomination committee shall assess whether any vacancy on the Board has been created or is expected as required. The nomination committee utilizes various methods for identifying director candidates, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. All director candidates, are evaluated by the nomination committee based upon the director qualifications. If one or more desirable candidates has been identified, the nomination committee should rank them by order of preference based on the needs of the Company and reference check of each candidate. The nomination committee should then recommend to the Board to appoint the appropriate candidate for directorship. For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the nomination committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. For re-election of director, the nomination committee and the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board to determine whether the retiring director continues to meet the criteria as set out above.

Corporate Governance Report

SELECTION CRITERIA

The nomination committee will take into account whether a candidate has (i) professional ethics and integrity of the director candidates; (ii) the qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy; (iii) potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity; (iv) willingness and ability to devote adequate time to discharge duties as a member of the Board; and (v) independence and the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Potential new directors are selected on the basis of their qualifications, skill and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board.

During the year ended 31 December 2022, the Nomination Committee held two meetings mainly reviewing the size, structure and composition as well as the diversity of the Board, assessing the independence of the independent non-executive Directors, the Directors to be re-elected at the 2022 AGM before putting forth for discussion and approval by the Board and the appointment of Mr. Lee Chan Wah as an executive Director and Ms. Lau Mei Suet as an independent non-executive Director. The attendance is as follows:

Name of member	**Numbers of attendance**
Mr. Lee Chun Wai (Committee Chairman)	2/2
Ms. Lee Pui Ching	2/2
Ms. Lau Mei Suet	1/2

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 22 April 2008 with written terms of reference. The Remuneration Committee has 3 members, comprising Ms. Lau Mei Suet (Independent Non-executive Director and chairlady of the Remuneration Committee), Mr. Lee Chun Wai (Executive Director) and Ms. Lee Pui Ching (Independent Non-executive Director). The remuneration committee is responsible for formulating and making recommendations to the Board in relation to the remunerations policy.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2022, the Remuneration Committee held three meetings for reviewing the remuneration packages of the Directors and senior management and making their recommendations to the Board on the remuneration packages of the Directors. The attendance is as follows:

Name of member	Numbers of attendance
Ms. Lau Mei Suet (appointed on 28 January 2022) (Committee Chairlady)	2/2
Mr. Lee Chun Wai	3/3
Ms. Lee Pui Ching	3/3
Mr. Lee Wing Lun (resigned on 28 January 2022)	0/1

AUDIT COMMITTEE

The Company's Audit Committee was formed on 22 April 2008 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's internal control procedures and annual report, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the board of Directors. The Audit Committee currently comprises three Independent Non-executive Directors, Ms. Lau Mei Suet, Mr. Choi Tak Fai and Ms. Lee Pui Ching. The Audit Committee members have reviewed this Annual Report and have provided advice and comments thereon.

During the financial year ended 31 December 2022, the Audit Committee held five meetings for reviewing the first quarterly, interim, third quarterly and annual results of the Group and the appointment of the external auditor. The Audit Committee was in the opinion that the preparation of the quarterly, interim and annual results is in compliance with the applicable accounting standards, the GEM Listing Rules and any other applicable laws and has been adequately disclosed. The Audit Committee is also supposed to review the risk management and internal control systems of the Group from time to time. The attendance is as follows:

Name of member	Numbers of attendance
Ms. Lau Mei Suet (Committee Chairlady)	5/5
Mr. Choi Tak Fai	5/5
Ms. Lee Pui Ching	5/5

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the accounts of the Company. The Directors have prepared the financial statements on the assumption that the Group will continue as a going concern by taking into consideration that the holding company has agreed to provide adequate financial support to the Group to enable it to meet all its financial obligations as they fall due. The Directors are not aware of any other material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

Corporate Governance Report

The responsibilities of the external auditor about their financial reporting are set out in the Independent Auditor's Report on pages 45 to 50 of this report.

AUDITOR'S REMUNERATION

During the year, the fees in respect of the audit services provided to the Group by the Company's auditor, McMillan Woods (Hong Kong) CPA Limited, amounted to HK$270,000.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company does not have an internal audit department and is currently of the view that there is no immediate need to set up an internal audit department within the Group in light of the size, nature and complexity of the Group's business. The Board has overall and ongoing responsibility for the internal control system and risk management procedures of the Company. The Board puts particular emphasis on determining the risk-tolerance levels in achieving the Group's strategic objectives. It has developed a sound and effective internal control system underpinning the risk management framework and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. The internal control and risk management system of the Group is designed for the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure maintenance of proper books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. In addition to internal controls through the Group's internal staff, the audit committee will review annually to ensure the effective and adequate internal controls system. The Group is committed to the identification, monitoring and management of risks associated with its business activities.

The Board reviews the effectiveness of the Group's material internal controls and considers the Group's internal control system is designed to manage reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties. The Board is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient. Based on information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

The Company maintains a framework for the handling and dissemination of inside information and the disclosure policy of the framework sets out the procedures and internal controls to ensure inside information remains confidential until such information is appropriately disclosed and the announcement of such information is made in a timely manner in compliance with the SFO and the GEM Listing Rules.

SHAREHOLDERS RELATIONS

The Group is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders.

Corporate Governance Report

The Board strives to encourage and maintain constant dialogue with its shareholders through various means. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries. The Company also updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company has provided an effective communication platform to the public and the shareholders.

INVESTOR RELATIONS

The Company has disclosed all necessary information to the shareholders and established a range of communication channels between itself, its shareholders and investors which in compliance with GEM Listing Rules. During the year under review, there is no change in the Company's constitutional documents.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders are requested to follow article 64 of the Articles of Association of the Company, general meetings shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Corporate Governance Report

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

The provisions for a shareholder to propose a person for election as a director of the Company are laid down in article 113 of the Company's Articles of Association. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the head office or at the Registration Office. The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Shareholders may send written enquiries to the Company, for the attention of company secretary, by fax: (852) 3795 2636 or mail to Units 502A, 503 and 503A, 5/F, Tower 2, Admiralty Centre, No. 18 Harcourt Road, Hong Kong.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the GEM Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders as well as the public to make rational and informed decisions.

INDEPENDENT AUDITOR'S REPORT

McMillanWoods
Professionalism at the forefront

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZIJING INTERNATIONAL FINANCIAL HOLDINGS LIMITED (FORMERLY KNOWN AS VINCO FINANCIAL GROUP LIMITED)
(Incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Zijing International Financial Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 51 to 105, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are revenue recognition in respect of provision of corporate financial advisory services and impairment assessment of trade receivables.

Independent Auditor's Report

Revenue recognition in respect of provision of corporate financial advisory services

Refer to notes 4(iv) and 5(a) to the consolidated financial statements for related disclosures. The Group's accounting policy on revenue recognition is set out in note 2(o)(i) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group provides corporate financial advisory services to customers and the revenue is recognised over time using output method based on the measurement of performance completed to date and milestones reached. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group, and the recognition and measurement of revenue require significant estimation.	Our audit procedures to assess the recognition of revenue including the following: • We evaluated the Group's revenue recognition policies, including the measurement and timing of revenue recognition, as well as managements estimation of variable consideration; • We evaluated the design and implementation of revenue controls in respect of the corporate financial advisory services; • We compared, on a sample basis, revenue transactions recorded during the year with the underlying contracts, milestones reached, bank-in slips for settled balances and assessed the business substance of the underlying transactions and whether the related revenue had been recognised in accordance with the Group's revenue recognition policies; and • For the projects in progress as at the year end, we assessed the measurement of performance completed to date and milestones reached by examining the individual projects' predetermined timetable, checking the milestone payments, discussing with Group management for the status of the projects in progress and reviewing the public announcements and documentation of the projects with reference to the terms in the contracts.

Independent Auditor's Report

Impairment of trade receivables

Refer to notes 4(ii), 16 and 24(b)(i) to the consolidated financial statements and the accounting policy note 2(i)(i).

The Key Audit Matter	How the matter was addressed in our audit
The Group has significant trade receivables balance as at year end. Given the size of the balances and the risk that some of the trade receivables may not be recoverable, judgement is required to evaluate whether any allowance should be made to reflect the risk. Loss allowance for trade receivables is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified assessing the impairment of trade receivables as a key audit matter because the assessment of the impairment of trade receivables and recognition of loss allowance are inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.	Our audit procedures in relation to management's assessment on impairment of trade receivables included: • Understood and validated the credit control procedures performed by management, including its procedures on periodic review on aged receivables and assessment on impairment of these receivables; • Tested on the accuracy of ageing profile on trade receivables by checking to the underlying sales contracts and invoices; • Assessed the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances; and • Tested subsequent settlement of trade receivables balances on a sample basis.

INDEPENDENT AUDITOR'S REPORT

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 29 March 2022.

Other information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors and audit committee for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Independent Auditor's Report

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

Independent Auditor's Report

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Wong Ka Bo, Jimmy
Audit Engagement Director
Practising Certificate Number P07560

24/F., Siu On Centre, 188 Lockhart Road,
Wanchai, Hong Kong

29 March 2023

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	5(a)	**16,764**	18,581
Other income	5(a)	**233**	1
Depreciation	7(b)	**(3,952)**	(1,863)
Staff costs	7(a)	**(13,831)**	(8,141)
Impairment losses on trade receivables		**(581)**	(64)
Other operating expenses		**(5,893)**	(2,523)
(Loss)/profit from operations		**(7,260)**	5,991
Finance cost	6	**(309)**	(100)
(Loss)/profit before taxation	7	**(7,569)**	5,891
Income tax expense	8(a)	**—**	(58)
(Loss)/profit for the year attributable to owners of the Company		**(7,569)**	5,833
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		**185**	—
Other comprehensive income for the year, net of tax		**185**	—
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(7,384)**	5,833
			(Restated)
(Loss)/earnings per share (expressed in HK cents per share)	13		
— Basic and diluted		**(11.83)**	9.11

The notes on pages 55 to 105 form part of these financial statements.

Consolidated Statement Of Financial Position

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	14(a)	**1,171**	27
Right-of-use assets	14(b)	**6,677**	4,900
Rental and other deposits paid	16	**698**	1,052
		8,546	5,979
Current assets			
Trade and other receivables	16	**10,103**	5,396
Cash and cash equivalents	17(a)	**13,508**	27,131
		23,611	32,527
Current liabilities			
Accrued expenses and other payables		**1,217**	220
Provision	20	**140**	—
Contract liabilities	18	**—**	1,685
Lease liabilities	19	**2,311**	2,853
Tax payable		**58**	58
		3,726	4,816
Net current assets		**19,885**	27,711
Total assets less current liabilities		**28,431**	33,690
Non-current liabilities			
Lease liabilities	19	**4,376**	2,051
Provision	20	**—**	200
		4,376	2,251
NET ASSETS		**24,055**	31,439
Capital and reserves			
Share capital	21	**6,400**	6,400
Reserves	22	**17,655**	25,039
TOTAL EQUITY		**24,055**	31,439

Approved and authorised for issue by the board of directors on 29 March 2023 and signed on its behalf by:

Mr. Lee Chun Wai Director	**Mr. Lee Chan Wah** Director

The notes on pages 55 to 105 form part of these financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2022

	Attributable to the owners of the Company						
		Reserves					
	Share capital HK$'000	**Share premium** HK$'000	**Merger reserve** HK$'000	**Exchange reserve** HK$'000	**Retained earnings/ (Accumulated losses)** HK$'000	**Subtotal** HK$'000	**Total equity** HK$'000
Balance at 1 January 2021	6,400	11,887	9,900	—	(2,581)	19,206	25,606
Changes in equity for 2021:							
Profit for the year	—	—	—	—	5,833	5,833	5,833
Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	5,833	5,833	5,833
Balance at 31 December 2021 and 1 January 2022	6,400	11,887	9,900	—	3,252	25,039	31,439
Changes in equity for 2022:							
Loss for the year	—	—	—	—	(7,569)	(7,569)	(7,569)
Other comprehensive income	—	—	—	185	—	185	185
Total comprehensive loss for the year	—	—	—	185	(7,569)	(7,384)	(7,384)
Balance at 31 December 2022	6,400	11,887	9,900	185	(4,317)	17,655	24,055

The notes on pages 55 to 105 form part of these financial statements.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Operating activities			
(Loss)/profit before taxation		**(7,569)**	5,891
Adjustment for:			
Depreciation of property, plant and equipment	*14(a)*	**296**	29
Depreciation of right-of-use assets	*14(b)*	**3,656**	1,834
Finance cost		**309**	100
Loss on disposal of property, plant and equipment		**—**	42
Impairment losses on trade receivables		**581**	64
Bank interest income		**(2)**	(1)
Changes in working capital:			
Increase in trade and other receivables		**(5,065)**	(5,579)
Increase in accrued expenses and other payables		**996**	20
(Decrease)/increase in contract liabilities		**(1,685)**	1,445
Cash (used in)/generated from operating activities		**(8,483)**	3,845
Tax paid		**—**	—
Net cash (used in)/generated from operating activities		**(8,483)**	3,845
Investing activities			
Payment for acquisition of property, plant and equipment		**(1,294)**	—
Payment for deposit paid for purchase of plant and equipment		**—**	(118)
Deposit paid for restoration costs	*20*	**(60)**	—
Bank interest received		**2**	1
Net cash used in investing activities		**(1,352)**	(117)
Financing activities			
Capital element of lease rental paid	*17(b)*	**(3,648)**	(1,819)
Interest element of lease rental paid	*17(b)*	**(309)**	(100)
Net cash used in financing activities		**(3,957)**	(1,919)
Net (decrease)/increase in cash and cash equivalents		**(13,792)**	1,809
Effect of foreign exchange rate changes		**169**	—
Cash and cash equivalents at 1 January	*17(a)*	**27,131**	25,322
Cash and cash equivalents at 31 December	*17(a)*	**13,508**	27,131

The notes on pages 55 to 105 form part of these financial statements.

Notes To The Financial Statements

1. GENERAL INFORMATION

Zijing International Financial Holdings Limited, formerly known as Vinco Financial Group Limited (the "Company") was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 May 2008. The addresses of the registered office and principal place of business of the Company are Winward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Units 502A, 503 and 503A, 5/F, Tower 2, Admiralty Centre, No. 18 Harcourt Road, Hong Kong respectively. The principal activity of the Company is investment holding and those of its subsidiaries are engaged in the provision of financial services in Hong Kong and Singapore.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group is disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

b) Basis of preparation of the financial statements

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

The measurement basis used in the preparation of the financial statements is the historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

c) Subsidiaries *(Continued)*

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see Note 2(i)(ii)), unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

d) Foreign currency translation

i) Functional and presentation currency

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

ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) *Foreign currency translation* *(Continued)*

iii) *Translation on consolidation* *(Continued)*

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

e) *Property, plant and equipment*

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)):

— right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest (see Note 2(f)); and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(f)).

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

Furniture and fixtures	5–10 years
Office equipment	5 years
Leasehold improvements	Over the lease term
Properties leased for own use	Over the lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

f) *Leased assets*

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

(i) *As a lessee*

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

f) *Leased assets* *(Continued)*

(i) As a lessee *(Continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(e) and 2(i)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to receivables carried at amortised cost (see Notes 2(o)(ii) and 2(i)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

f) Leased assets *(Continued)*

(i) As a lessee *(Continued)*

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

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

g) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(h)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 2(i)(i)).

h) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(o)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in Note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(g)).

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) *Contract assets and contract liabilities* *(Continued)*

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

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(o)(ii)).

i) *Credit losses and impairment of assets*

i) *Credit losses from financial instruments and contract assets*

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

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

— contract assets as defined in HKFRS 15 (see Note 2(h)).

Measurement of ECLs

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

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

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

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

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

i) *Credit losses from financial instruments and contract assets* *(Continued)*

Measurement of ECLs *(Continued)*

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

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

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

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

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

i) *Credit losses from financial instruments and contract assets* *(Continued)*

Significant increases in credit risk *(Continued)*

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

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(o)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

i) Credit losses from financial instruments and contract assets *(Continued)*

Basis of calculation of interest income *(Continued)*

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

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

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

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 360 days past due or when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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

ii) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets;

— prepayments; and

— investments in subsidiaries in the Company's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

i) Credit losses and impairment of assets (Continued)

ii) Impairment of non-financial assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

j) Payables and accruals

Payables and accruals are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

k) Cash and cash equivalents

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

l) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

m) *Income tax* *(Continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

m) *Income tax* *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

n) *Provisions, contingent liabilities and onerous contracts*

(i) *Provisions and contingent liabilities*

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

n) Provisions, contingent liabilities and onerous contracts *(Continued)*

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

o) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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

(i) Income from provision of corporate financial advisory services

Income from provision of corporate financial advisory services is recognised over time based on contractual terms specified in the underlying agreements as the customers simultaneously receives and consumes the benefits providing by the entity's performance and the revenue can be measured reliably.

The Group also provides sponsoring services to clients for their fund raising activities. The Group considers that all the services promised in a particular contract of being a sponsor are interdependent and interrelated and should be therefore accounted for as a single performance obligation. As there is enforceable right to payment for the Group for the performance of services completed up to date based on the contracts with customers regarding sponsor, the revenue is recognised over time based on the stage of completion of the contract, the services transferred to customers up to date.

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

o) *Revenue and other income* *(Continued)*

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(i)(i)).

(iii) Government grants

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

p) *Borrowing costs*

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

q) *Related parties*

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

   i) has control or joint control over the Group;

   ii) has significant influence over the Group; or

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

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

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

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

Notes To The Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

q) Related parties *(Continued)*

b) (Continued)

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

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

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

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

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

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

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

r) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the executive directors of the Company, being the chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

s) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

NOTES TO THE FINANCIAL STATEMENTS

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

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 HKFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

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

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

The key sources of estimation uncertainty are as follows:

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

If circumstances indicate that the carrying amount of property, plant and equipment and right-of-use assets may not be recoverable, the assets may be considered "impaired" and an impairment loss may be recognised in accordance with HKAS 36 "*Impairment of assets*". The carrying amounts of property, plant and equipment and right-of-use assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate fair values because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of revenue and the amount of operating costs. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and the amount of operating costs. Changes in these estimates and assumptions could have a significant impact on the carrying amounts of the assets and could result in impairment charge in the future periods.

Notes To The Financial Statements

4. ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

The key sources of estimation uncertainty are as follows: (Continued)

i) Impairment of property, plant and equipment and right-of-use assets *(Continued)*

The key assumptions used to determine the recoverable amount are disclosed and further explained in Note 14(c).

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2022 was approximately HK$1,971,000 and HK$6,677,000, respectively (2021: approximately HK$27,000 and HK$4,900,000).

ii) Impairment of trade receivables and rental and other deposits paid

The Group recognised ECL on trade receivables and rental and other deposits paid on individual basis. The estimation on ECL is required in assessing probability-weighted estimate of the credit loss within the relevant time band which is based on Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of condition at the end of each reporting period. If there is a significant increase in credit risk on the customers or debtors of the Group since initial recognition, additional ECL may be required.

The measurement of the expected loss allowance for trade and other receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Further details are set out in note 24(b)(i).

The carrying amount of trade receivables and rental and other deposits paid as at 31 December 2022 was approximately HK$10,546,000 (2021: HK$6,330,000).

iii) Provision for deferred tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and/or unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

There were no deferred tax assets/liabilities as at 31 December 2022 and 2021.

Notes To The Financial Statements

4. ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

The key sources of estimation uncertainty are as follows: (Continued)

iv) Revenue recognition

The revenue from the provision of corporate financial services in Hong Kong and Singapore is recognised over time. The Group uses the output method in accounting for its financial services contracts to deliver financial services. Use of the output method requires the Group to estimate the value of the services transferred to the customers by reference to the performance completed to date and the milestones reached. If there is a change in the estimates on the value of the transferred services, the amount of revenue recognised in the year would be higher or lower.

At contract inception, the Group estimates variable considerations to be included in the transaction price for the provision of corporate financial services with performance bonuses using the most likely amount approach. This approach is applied consistently and in making this assessment, the Group considers all the information that is reasonably available and identifies a reasonable number of possible consideration amounts. This information used is typically similar to the information that the Group's management uses during the bid-and-proposal process and in establishing prices for promised services. The Group also assesses whether the variable consideration is constrained. In making this assessment, the Group considers both the likelihood and magnitude of revenue reversal, including factors such as whether the amount of consideration is highly susceptible to factors outside the Group's influence and the timing required to resolve the uncertainty about the amount of consideration. At the end of each reporting period, the Group updates their estimate of the transaction price to reflect any changes in circumstances. Changes in the total transaction price are allocated to the performance obligations on the same basis as the initial allocation and reflected in the period that the transaction price changes.

During the years ended 31 December 2022 and 2021, there were no changes in circumstances which required the Group to change their estimated transaction price.

Notes To The Financial Statements

5. REVENUE, OTHER INCOME AND SEGMENT REPORTING

a) Revenue and other income

The principal activity of the Group is the provision of financial services in Hong Kong. Disaggregation of revenue is as follows:

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Income from provision of corporate financial advisory service recognised over time	**16,764**	18,581
Other income:		
Interest income on financial assets measured at amortised cost	**2**	1
Government grants (Note i)	**231**	—
	233	1
	16,997	18,582

Note:

(i) In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

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

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE, OTHER INCOME AND SEGMENT REPORTING *(Continued)*

b) *Segment reporting*

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance, this is also the basis upon which the Group is arranged and organised.

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

During the year ended 31 December 2022, the Group commenced to develop an asset management business in Hong Kong. This resulted in a new operating segment in 2022. The comparative figures have been restated to conform with current year's presentation.

The Group's operations are currently organised into two (2021: one) reporting and operating segments under HKFRS 8, namely corporate financial advisory services and asset management services.

Segment revenue and results

	Segment revenue Year ended 30 December		**Segment (losses) profits Year ended 30 December**	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Corporate financial advisory services	**16,764**	18,581	**5,924**	10,551
Asset management services	**—**	—	**(923)**	(1,165)
Total	**16,764**	18,581	**5,001**	9,386
Unallocated expenses			**(12,570)**	(3,495)
(Loss)/profit before taxation			**(7,569)**	5,891

Notes To The Financial Statements

5. REVENUE, OTHER INCOME AND SEGMENT REPORTING *(Continued)*

b) *Segment reporting* *(Continued)*

Other segment information

Other segment information included in the consolidated statement of profit or loss are as follows:

Amounts included in the measure of segment profit or loss:

For the year ended 31 December 2022

	Corporate financial advisory services HK$'000	Asset management services HK$'000	Unallocated HK$'000	Total HK$'000
Interest income (included in other income)	2	—	—	2
Government grants (included in other income)	63	48	120	231
Depreciation of property, plant and equipment	(247)	—	(49)	(296)
Depreciation of right-of-use assets	(2,674)	—	(982)	(3,656)
Staff costs	(3,396)	(962)	(9,473)	(13,831)
Finance costs	(234)	—	(75)	(309)
Impairment losses on trade receivables	(581)	—	—	(581)

Notes To The Financial Statements

5. REVENUE, OTHER INCOME AND SEGMENT REPORTING *(Continued)*

b) *Segment reporting (Continued)*

Other segment information (Continued)

For the year ended 31 December 2021

	Corporate financial advisory services HK$'000	Asset management services HK$'000	Unallocated HK$'000	Total HK$'000
Interest income (included in other income)	1	—	—	1
Depreciation of property, plant and equipment	(29)	—	—	(29)
Depreciation of right-of-use assets	(1,834)	—	—	(1,834)
Staff costs	(5,273)	(580)	(2,288)	(8,141)
Finance costs	(100)	—	—	(100)
Impairment losses on trade receivables	(64)	—	—	(64)

Notes To The Financial Statements

5. REVENUE, OTHER INCOME AND SEGMENT REPORTING *(Continued)*

b) *Segment reporting* *(Continued)*

Geographical information

The Group operates in two principal geographical areas — Hong Kong and Singapore.

Revenue from major customers

The Group's revenue from external customers by location of operations for years ended 31 December 2022 and 2021 are detailed below:

	Revenue from external customers Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
Hong Kong	**14,388**	18,581
Singapore	**2,376**	—
Total	**16,764**	18,581

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2022	2021
	HK$'000	HK$'000
Customer A	—	2,500
Customer B	—	2,000
Customer C	—	2,000

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

6. FINANCE COSTS

	2022	2021
	HK$'000	HK$'000
Interest on lease liabilities (Note 17(b))	**309**	100

Notes To The Financial Statements

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	2022 HK$'000	2021 HK$'000
a) Staff costs (including directors' remuneration):		
Contributions to defined contribution retirement plan (Note 11)	**332**	194
Salaries and other benefits	**13,499**	7,947
	13,831	8,141

	2022 HK$'000	2021 HK$'000
b) Other items:		
Auditor's remuneration		
— audit services	**270**	210
— non-audit service	**—**	60
	270	270
Depreciation of owned plant and equipment	**296**	29
Depreciation of right-of-use assets	**3,656**	1,834
Loss on disposal of property, plant and equipment	**—**	42
Impairment losses of trade receivables	**581**	64

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX

a) *Taxation in the consolidated statement of profit or loss and other comprehensive income*

The provision for Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year ended 31 December 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for 2022 also takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2022/2023 subject to a maximum reduction of HK$10,000 for each business. The Singapore Corporate Income Tax is determined by applying the Singapore tax rate of 17%.

No provision for Hong Kong Profits tax and Singapore Corporate Income Tax have been provided for in the financial statements as the Group had no estimated assessable profit for the year ended 31 December 2022.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to income tax in these jurisdictions.

b) *Reconciliation between tax expense and accounting (loss)/profit at applicable tax rate:*

	2022 **HK$'000**	2021 HK$'000
(Loss)/profit before taxation	**(7,569)**	5,891
Notional tax on (loss)/profit before taxation, calculated at applicable tax rate	**(1,249)**	972
Tax effect of non-taxable income	**(802)**	—
Tax effect of non-deductible expenses	**825**	23
Utilisation of tax losses previously not recognised	**(3)**	(968)
Statutory tax concession	**—**	(78)
Tax effect of unused tax losses not recognised	**1,242**	93
Effect of income tax on a concessionary rate in foreign subsidiaries	**(13)**	—
Others	**—**	16
Income tax expense	**—**	58

c) *Deferred tax assets and liabilities not recognised*

At 31 December 2022, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$14,106,000 (2021: HK$6,596,000) as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

Apart from tax losses, there were no significant unrecognised deferred tax assets as at 31 December 2022 and 2021.

Notes To The Financial Statements

9. DIRECTORS' EMOLUMENTS

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

Year ended 31 December 2022

	Note	Directors' fees HK$'000	Bonuses HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors						
Mr. Lee Chun Wai, Chief Executive Officer	*(i)*	—	600	1,860	18	2,478
Mr. Lam Yick Hing	*(x)*	—	—	426	6	432
Mr. Lee Chan Wah	*(ix)*	105	80	960	18	1,163
Non-executive Director						
Dr. Leung Kin Cheong Laurent	*(v)*	—	—	1,763	18	1,781
Independent Non-executive Directors						
Mr. Lee Wing Lun	*(vii)*	10	—	—	—	10
Mr. Choi Tak Fai	*(iii)*	108	—	—	—	108
Ms. Lee Pui Ching	*(xi)*	120	—	—	—	120
Ms. Lau Mei Suet	*(viii)*	111	—	—	—	111
		454	680	5,009	60	6,203

Notes To The Financial Statements

9. DIRECTORS' EMOLUMENTS *(Continued)*

Year ended 31 December 2021

	Note	Directors' fees HK$'000	Bonuses HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors						
Mr. Lee Chun Wai, Chief Executive Officer	*(i)*	—	200	460	12	672
Mr. Lam Yick Hing	*(x)*	—	107	1,278	18	1,403
Dr. Leung Kin Cheong Laurent	*(v)*	—	—	159	—	159
Mr. Chung Ho Yan	*(ii)*	—		606	6	612
Independent Non-executive Directors						
Mr. Lee Wing Lun	*(vii)*	43	—	—	—	43
Mr. Tam King Ho, Howard	*(vi)*	34	—	—	—	34
Mr. Law Chor Yam	*(iv)*	15	—	—	—	15
Mr. Choi Tak Fai	*(iii)*	63	—	—	—	63
Ms. Lee Pui Ching	*(xi)*	6	—	—	—	6
		161	307	2,503	36	3,007

Notes:

(i) Appointed on 17 May 2021

(ii) Resigned on 17 May 2021

(iii) Appointed on 31 May 2021

(iv) Resigned on 31 May 2021

(v) Appointed on 14 December 2021 and re-designated as non-executive director on 14 February 2022

(vi) Resigned on 14 December 2021

(vii) Resigned on 28 January 2022

(viii) Appointed on 28 January 2022

(ix) Appointed on 14 February 2022

(x) Resigned on 1 April 2022

(xi) Appointed on 14 December 2021

NOTES TO THE FINANCIAL STATEMENTS

9. DIRECTORS' EMOLUMENTS *(Continued)*

During the years ended 31 December 2022 and 2021, no emoluments were paid by the Group to any directors of the Company as an inducement to join or upon joining the Company or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the years ended 31 December 2022 and 2021.

Save for disclosed above and in note 26 to the consolidated financial statement, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2021: three) are directors of the Company whose emoluments are disclosed in note 9 above. Additionally, one (2021: none) of the other individual is a director of an indirectly wholly-owned subsidiary of the Company, which is incorporated in Singapore. The aggregate of the emoluments in respect of other two (2021: two) individuals are as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries and other emoluments	**2,228**	1,431
Contributions to retirement benefits scheme	**87**	24
	2,315	1,455

The emoluments of two (2021: two) individuals with the highest emoluments are within the following bands:

	2022 **Number of individuals**	2021 Number of individuals
HK$Nil–HK$1,000,000	**1**	2
HK$1,500,001–HK$2,000,000	**1**	—

There was no amount paid during the years ended 31 December 2022 and 2021 to the five highest paid employees as inducement to join on upon joining the Group or as compensation for loss of office.

NOTES TO THE FINANCIAL STATEMENTS

11. DEFINED CONTRIBUTION RETIREMENT PLAN

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The Group's subsidiary operating in Singapore, in compliance with the applicable regulations of Singapore, participated in a defined contribution scheme operated by the local government. The subsidiary is required to contribute an amount based on the employees' salaries. The Group contributes up to 17% of the eligible employees' salaries to the defined contribution scheme, with each employee's qualifying salary capped at Singapore dollar 6,000 per month.

12. DIVIDENDS

The board did not recommend the payment of a final dividend for the years ended 31 December 2022 and 2021.

13. (LOSS)/EARNINGS PER SHARE

a) *Basic (loss)/earnings per share*

The calculation of basic (loss)/earnings per share is based on the loss attributable to the owners of the Company of approximately HK$7,569,000 (2021: profit attributable to the owners of the Company of approximately HK$5,833,000 and the weighted average of 64,000,000 (2021: 64,000,000 (restated)) ordinary shares in issue during the year.

b) *Diluted (loss)/earnings per share*

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2022 and 2021, and diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

Notes To The Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT

a) Reconciliation of carrying amount

	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost				
At 1 January 2021	117	105	633	855
Disposals	(117)	(105)	—	(222)
At 31 December 2021	—	—	633	633
Additions (Note i)	155	94	1,163	1,412
Exchange realignment	3	—	30	33
At 31 December 2022	158	94	1,826	2,078
Accumulated depreciation				
At 1 January 2021	108	68	581	757
Charge for the year	—	4	25	29
Written back on disposal	(108)	(72)	—	(180)
At 31 December 2021	—	—	606	606
Charge for the year	26	15	255	296
Exchange realignment	—	—	5	5
At 31 December 2022	26	15	866	907
Carrying amount				
At 31 December 2022	132	79	960	1,171
At 31 December 2021	—	—	27	27

Note i: Included in the amount is a non-cash transaction of approximately HK$118,000 (2021: HK$ Nil) which was prepaid in the previous year.

Notes To The Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

b) *Right-of-use assets*

The analysis of the net book value of right-of-use assets by class of underlying asset is as follow:

	2022 **HK$'000**	2021 HK$'000
Properties leased for own use	**6,677**	4,900

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022 **HK$'000**	2021 HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	**3,656**	1,834
Interest on lease liabilities (Note 6)	**309**	100
Expense relating to short-term leases	**12**	70

During the year the additions to right-of-use assets related to the capitalised lease payments payable under new tenancy agreements was HK$5,384,000 (2021: HK$6,557,000). The leases typically run for an initial period of 2-3 years.

Details of total cash outflow for leases and the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 17(c), 19 and 25, respectively.

c) *Impairment assessment*

In accordance with the Group's accounting policies, the Group reviews the carrying amount of its property, plant and equipment to determine whether there is any indication of that these assets have suffered an impairment loss. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made at the reporting period.

During the year, the Group recorded a loss before tax of approximately HK$7,569,000 (2021: profit before tax of approximately HK$5,891,000). In view of the decrease in the businesses and operations of the Group, the directors of the Company carried out a review of the recoverable amounts of the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

c) *Impairment assessment* *(Continued)*

The recoverable amount of the property, plant and equipment and right-of-use assets containing the cash-generating unit in corporate financial advisory services has been determined by value in use approach adopted by an independent qualified valuer, based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of property, plant and equipment and right-of-use assets:

— Average revenue of approximately HK$21,431,000 with reference to the past performance and its expectation for market development;

— Discount rate of 21.33% is used with reference to the current market data for the relevant industry and comparable companies; and

— No terminal growth rate was used in the value-in-use calculation as the material assets have a definite useful life which the forecast period closely approximates.

The values assigned to the above key assumption on market development of corporate financial advisory services, discount rates and inflation rate are consistent with external information sources.

Based on the impairment assessment, as at 31 December 2022, the carrying amount of the cash-generating unit contained in property, plant and equipment and right-of-use assets is less than the recoverable amount. Accordingly, no impairments on property, plant and equipment and right-of-use assets was recognised.

NOTES TO THE FINANCIAL STATEMENTS

15. SUBSIDIARIES

The following list contains the particulars of the subsidiaries at 31 December 2022.

Name of company	Place of incorporation and operation	Issued ordinary share capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Zijing Capital Limited (formerly known as Vinco Capital Limited) ("Zijing Capital")	Hong Kong	HK$13,000,000	100%	100%	—	Provision of financial services
Expert Idea Global Limited	British Virgin Islands ("BVI")	US$1	100%	100%	—	Investment holding
Zijing Asset Management Limited (formerly known as Lingnan Asset Management Limited) ("Zijing Asset Management")	Hong Kong	HK$1	100%	—	100%	Provision of asset management service
Zijing Advisory Limited (formerly known as Lingnan Advisory Limited)	Hong Kong	HK$100	100%	—	100%	Provision of financial service
Zijing International Pte. Limited	Singapore	SGD200,000	100%	—	100%	Provision of financial service

Notes To The Financial Statements

16. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**9,865**	5,440
Less: allowance for doubtful debts	**(645)**	(64)
	9,220	5,376
Prepayments and deposits	**1,581**	1,072
	10,801	6,448
Analysed as:		
Non-current	**698**	1,052
Current	**10,103**	5,396
	10,801	6,448

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on invoice dates, which approximate the revenue recognition dates, and net of allowance is as follows:

	2022 HK$'000	2021 HK$'000
Within 3 months	**3,894**	4,376
After 3 months	**5,326**	1,000
	9,220	5,376

Trade receivables are due within 90 days (2021: 0–30 days) from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 24(b)(i).

17. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

a) *Cash and cash equivalents comprise:*

	2022 HK$'000	2021 HK$'000
Cash at bank	**13,508**	27,131

As at 31 December 2022, cash at bank carry interest at market rates which is 0.001% (2021: 0.001%) per annum.

Notes To The Financial Statements

17. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

b) *Reconciliation of liabilities arising from financing activities*

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

	Lease liabilities HK$'000 (Note 19)
At 1 January 2022	4,904
Changes from financing cash flows:	
Capital element of lease rentals paid	(3,648)
Interest element of lease rentals paid	(309)
Total changes from financing cash flows	(3,957)
Other changes:	
Increase in lease liabilities from entering into new leases during the period	5,384
Interest expenses (Note 6)	309
Exchange realignment	47
Total other changes	5,693
At 31 December 2022	6,687
At 1 January 2021	166
Changes from financing cash flows:	
Capital element of lease rentals paid	(1,819)
Interest element of lease rentals paid	(100)
Total changes from financing cash flows	(1,919)
Other changes:	
Increase in lease liabilities from entering into new leases during the period	6,557
Interest expenses (Note 6)	100
Total other changes	6,657
At 31 December 2021	4,904

NOTES TO THE FINANCIAL STATEMENTS

17. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

c) *Total cash outflow for leases*

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2022 **HK$'000**	2021 HK$'000
Within operating cash flows	**12**	70
Within financing cash flows	**3,957**	1,919
Amounts related to lease rentals paid	**3,969**	1,989

18. CONTRACT LIABILITIES

	2022 **HK$'000**	2021 HK$'000
Provision of corporate financial advisory services		
— Billings in advance of performance	—	1,685

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

— Provision of corporate financial advisory services

The Group charges the customers for the corporate financial advisory services a non-refundable services fee in advance in accordance with the contract terms. This receipt in advance is recognised as a contract liabilities until the service is performed over times.

Movements in contract liabilities

	2022 **HK$'000**	2021 HK$'000
Balance at 1 January	**1,685**	240
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**1,685**	(240)
Increase in contract liabilities as a result of billing in advance of the provision of corporate financial advisory services	—	1,685
Balance at 31 December	—	1,685

Notes To The Financial Statements

18. CONTRACT LIABILITIES *(Continued)*

Movements in contract liabilities *(Continued)*

As at 31 December 2022, HK$Nil of receipt in advance are expected to be recognised as income within one year (2021: HK$1,685,000).

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

19. LEASE LIABILITIES

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

	2022		2021	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**2,311**	**2,631**	2,853	2,968
After 1 year but within 2 years	**2,396**	**2,596**	1,028	1,074
After 2 years but within 5 years	**1,980**	**2,076**	1,023	1,039
	4,376	**4,672**	2,051	2,113
	6,687	**7,303**	4,904	5,081
Less: total future interest expenses		**(616)**		(177)
Present value of lease liabilities		**6,687**		4,904

Notes To The Financial Statements

20. PROVISIONS

The movements in the provision for reinstatement costs are as follows:

	2022 HK$'000	2021 HK$'000
At the beginning of the year	**200**	200
Payments made during the year	**(60)**	—
At the end of year	**140**	200
Less: Non-current portion	**—**	(200)
Portion classified as current liabilities	**140**	—

Under the terms of the tenancy agreement signed with the landlord, the Group shall remove and re-instate the rental premise at the Group's cost upon expiry of the relevant tenancy agreements. Provision is therefore made for the best estimate of the expected reinstatement costs to be incurred.

21. SHARE CAPITAL

	2022 Number of share	2022 HK$'000	2021 Number of share	2021 HK$'000
Authorised:				
Ordinary shares of HK$0.1 each (2021: HK$0.01 each)	**20,000,000,000**	**2,000,000**	200,000,000,000	2,000,000
Ordinary shares, issued and fully paid:				
Ordinary shares of HK$0.1 each (2021: HK$0.01 each)	**64,000,000**	**6,400**	640,000,000	6,400

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

NOTES TO THE FINANCIAL STATEMENTS

21. SHARE CAPITAL *(Continued)*

The movements in authorised and issued share capital of the Company during the year were as follows:

	Authorised shares		Issued shares	
	No. of shares	Total	No. of shares	Total
		HK$'000		HK$'000
At 1 January 2021, 31 December 2021 and 1 January 2022	200,000,000,000	2,000,000	640,000,000	6,400
Share consolidated (Note)	(180,000,000,000)	—	(576,000,000)	—
At 31 December 2022	20,000,000,000	2,000,000	64,000,000	6,400

Note:

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 2 November 2022 ("EGM"), the shareholders of the Company ("Shareholders") have approved the consolidation of every ten shares of HK$0.01 each into one consolidated share of HK$0.1 each ("Consolidated Share(s)") in the issued and unissued share capital of the Company with effect from 4 November 2022 ("Share Consolidation").

22. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Nature and purpose of reserves

Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands.

Merger reserve

The merger reserve of the Group represents the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the shares used by the Company in exchange thereafter.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2 to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

23. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	**2022 HK$'000**	2021 HK$'000
Non-current asset			
Property, plant and equipment		**160**	—
Right-of-use assets		**1,963**	2,944
Rental and other deposits paid		**305**	423
Investments in subsidiaries		**3,100**	3,100
		5,528	6,467
Current assets			
Other prepayments and deposits		**110**	—
Due from subsidiaries		**15,042**	4,894
Cash and cash equivalents		**271**	10,339
		15,423	15,233
Current liabilities			
Accrued expenses		**270**	220
Lease liabilities		**1,028**	804
		1,298	1,024
Net current assets		**14,125**	14,209
Non-current liabilities			
Lease liabilities		**1,023**	2,051
NET ASSETS		**18,630**	18,625
Capital and reserves			
Share capital	*21*	**6,400**	6,400
Reserves		**12,230**	12,225
TOTAL EQUITY		**18,630**	18,625

Approved and authorised for issue by the board of directors on 29 March 2023 and signed on its behalf by:

Mr. Lee Chun Wai	**Mr. Lee Chan Wah**
Director	Director

NOTES TO THE FINANCIAL STATEMENTS

23. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION *(Continued)*

A summary of the Company's reserves is as follows:

		Reserves			
	Share capital HK$'000	**Share premium** HK$'000	**Retained earnings** HK$'000	**Subtotal** HK$'000	**Total equity** HK$'000
Balance at 1 January 2021	6,400	11,887	334	12,221	18,621
Changes in equity for 2021:					
Profit for the year	—	—	4	4	4
Other comprehensive income	—	—	—	—	—
Total comprehensive income for the year	—	—	4	4	4
Balance at 31 December 2021 and 1 January 2022	6,400	11,887	338	12,225	18,625
Changes in equity for 2022:					
Profit for the year	—	—	5	5	5
Other comprehensive income	—	—	—	—	—
Total comprehensive income for the year	—	—	5	5	5
Balance at 31 December 2022	6,400	11,887	343	12,230	18,630

Notes To The Financial Statements

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

a) *Financial Instruments by categories*

	2022 HK$'000	2021 HK$'000
Financial assets		
Trade receivables	**9,220**	5,376
Rental deposits paid	**1,326**	954
Cash and cash equivalents	**13,508**	27,131
Financial assets at amortised cost	**24,054**	33,461
Financial liabilities		
Accrued expenses	**417**	220
Other payable	**800**	—
Financial liabilities at amortised cost	**1,217**	220

b) *Financial risk management objectives and policies*

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risk are described below.

i) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies, for which the Group considers to represent low credit risk. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 10% (2021: 19%) of the total trade receivables was due from the largest trade debtor.

Notes To The Financial Statements

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

b) *Financial risk management objectives and policies (Continued)*

i) *Credit risk (Continued)*

The Group measure loss allowance for trade receivables at an amount equal to lifetime ECL. To measure the ECL, trade receivables have been assessed individually. In addition, the directors of the Company are of the opinion that there was no default occurred on trade receivables and the balances are still considered fully recoverable in accordance with the management's historical experience on the settlement pattern or record.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 days (2021: 0 to 30 days) from the date of billing. Debtors with balances that are more than 1 month past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2022 and 31 December 2021:

	2022		
	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000
0 to 90 days	**1.72%**	**3,962**	**68**
91 to 180 days	**3.48%**	**3,453**	**120**
181 to 365 days	**18.65%**	**2,450**	**457**
		9,865	**645**

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

b) *Financial risk management objectives and policies (Continued)*

i) *Credit risk (Continued)*

	2021		
	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000
0 to 30 days	1.25%	3,140	39
31 to 60 days	1.89%	1,300	25
61 to 90 days	N/A	—	—
91 to 120 days	0.00%	1,000	—
		5,440	64

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2022 HK$'000	2021 HK$'000
Balance at 1 January	**64**	—
Impairment losses recognised during the year	**(581)**	64
Balance at 31 December	**645**	64

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance:

— origination of new trade receivables net of those settled resulted in an increase in loss allowance of HK$581,000 (2021: HK$64,000).

Notes To The Financial Statements

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

b) *Financial risk management objectives and policies* (Continued)

ii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the parent company's board approval. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

As at 31 December 2022

	Within 1 year or on demand HK$'000	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**Total contractual undiscounted cash flows HK$'000**	**Carrying amount HK$'000**
Accrued expenses and other payables	**1,217**	**—**	**—**	**1,217**	**1,217**
Lease liabilities	**2,631**	**2,596**	**2,076**	**7,303**	**6,687**
	3,848	**2,596**	**2,076**	**8,520**	**7,904**

As at 31 December 2021

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
Accrued expenses	220	—	—	220	220
Lease liabilities	2,968	1,074	1,039	5,081	4,904
	3,188	1,074	1,039	5,301	5,124

Notes To The Financial Statements

24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

c) *Fair value*

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2022 and 2021.

d) *Capital management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's overall strategy remains unchanged throughout the year.

Zijing Capital and Zijing Asset Management, a wholly-owned subsidiary and an indirectly wholly-owned subsidiary of the Company, respectively, licensed by the Securities and Futures Commission ("SFC"), provides corporate financial advisory and asset management services to their customers, are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("FRR") at all times. The Group monitors the financial position of both companies in order to ensure that they maintain a liquid capital level adequate to support the level of activities and meet the capital requirements imposed by the SFC. During the years ended 31 December 2022 and 2021, both Zijing Capital and Zijing Asset Management complied with the liquid capital requirements imposed by the SFC.

The Group's externally imposed capital requirement is to maintain its listing status on the Stock Exchange, which requires having a public float of at least 25% of the shares.

Other than the above, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes To The Financial Statements

25. COMMITMENTS

As at 31 December 2022 and 2021, the Group has no capital commitment.

26. MATERIAL RELATED PARTY TRANSACTIONS

a) *Key management personnel remuneration*

All members of key management personnel are directors of the Company, and the remuneration for them is disclosed in note 9 and is as follows:

	2022	2021
	HK$'000	HK$'000
Short-term employee benefits	**6,143**	2,971
Post-employment benefits	**60**	36
	6,203	3,007

b) *Other related party transactions*

The Group paid salaries and allowances of approximately HK$906,000 and contributions to retirement benefits scheme of approximately HK$6,000 to a close family member of a director of the Company during the year ended 31 December 2021.

The directors confirmed that the above related party transactions were conducted in the ordinary and usual course of business and on normal commercial terms.

Notes To The Financial Statements

27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

28. EVENTS AFTER THE REPORTING PERIOD

On 27 February 2023, Aristo Securities Limited as the placing agent (the "Placing Agent") and the Company entered into a placing agreement (the "Placing Agreement") pursuant to which the Placing Agent has conditionally agreed to act as the placing agent of the Company for the purpose of procuring, on a best effort basis, the placing of a maximum of 12,800,000 placing shares (the "Placing Shares") to not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the placing price of HK$0.31 per Placing Share. The Placing Agreement lapsed on 17 March 2023. For further details, please refer to the Company's announcements dated 27 February 2023 and 17 March 2023.

Financial Summary

Annual results for the five years ended 31 December 2022

	For the year ended 31 December				
	2018	2019	2020	2021	**2022**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue (restated)	20,215	11,139	7,996	18,581	**16,764**
Net profit/(loss) attributable to owners of the Company	1,804	(6,692)	(2,773)	5,833	**(7,569)**

	As at 31 December				
	2018	2019	2020	2021	**2022**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	37,464	31,347	26,412	38,506	**32,157**
Total liabilities	2,393	2,968	806	7,067	**8,102**
Total equities	35,071	28,379	25,606	31,439	**24,055**