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

(Incorporated in Bermuda with limited liability)

(Stock code: 1196)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “Board”) of directors (the “Directors”) of Realord Group Holdings Limited (the Company, together with its subsidiaries, the “Group”) is pleased to present the audited consolidated results of the Group for the year ended 31 December 2022 (the “FY2022”) together with the comparative figures for the year ended 31 December 2021 (the “FY2021”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue			
– Goods and services		1,126,123	1,147,736
– Rental income		14,924	10,328
– Interest income		57,763	37,015
		<hr/>	<hr/>
Total revenues	3	1,198,810	1,195,079
Cost of sales		(911,412)	(922,294)
		<hr/>	<hr/>
Gross profit		287,398	272,785
Other income	5a	33,379	53,310
Other gains/(losses), net	5b	341,862	(117,619)
Provision for properties under development		(100,247)	–
Impairment losses, net		(47,537)	(3,646)
Gain on fair value changes of investment properties, net	11	997,731	1,265,256
Selling and distribution expenses		(100,010)	(69,442)
Administrative expenses		(313,623)	(276,371)
Finance costs	7	(727,849)	(695,806)
		<hr/>	<hr/>
Profit before income tax		371,104	428,467
Income tax credit/(expenses)	8	234,058	(312,533)
		<hr/>	<hr/>
Profit for the year	6	605,162	115,934
		<hr/> <hr/>	<hr/> <hr/>
Profit/(Loss) for the year attributable to:			
– Owners of the Company		114,892	122,197
– Non-controlling interests		490,270	(6,263)
		<hr/>	<hr/>
		605,162	115,934
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic (HK cents)	10	7.98	8.49
		<hr/> <hr/>	<hr/> <hr/>
Diluted (HK cents)		7.96	8.47
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	<u>605,162</u>	<u>115,934</u>
Other comprehensive income/(expense)		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gains on property, plant and equipment revaluation, net	1,054	9,054
Income tax relating to (losses)/gains on property, plant and equipment revaluation	(785)	258
Actuarial gain on a defined benefit plan	276	4,524
Changes in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	234	828
Changes in fair value of assets classified as held for sale	970	–
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(711,245)</u>	<u>262,271</u>
Other comprehensive (expense)/income for the year, net of income tax	<u>(709,496)</u>	<u>276,935</u>
Total comprehensive (expense)/income for the year	<u><u>(104,334)</u></u>	<u><u>392,869</u></u>
Total comprehensive (expense)/income for the year attributable to:		
– Owners of the Company	(524,714)	368,069
– Non-controlling interests	<u>420,380</u>	<u>24,800</u>
	<u><u>(104,334)</u></u>	<u><u>392,869</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		705,083	688,920
Prepaid lease payments		4,425	5,023
Investment properties	11	8,591,359	10,628,833
Goodwill		320,937	320,937
Other intangible assets		53,758	50,206
Equity instruments at FVTOCI		4,041	12,978
Prepayments, deposits and other receivables		205,922	181,138
Pension scheme assets		23,160	23,101
		<hr/> 9,908,685 <hr/>	<hr/> 11,911,136 <hr/>
Current assets			
Inventories		47,161	98,829
Properties under development		5,535,564	3,229,062
Trade receivables	12	570,604	355,226
Receivables arising from securities broking	12	518,400	290,443
Loan receivables	12	409,761	190,437
Prepayments, deposits and other receivables		343,906	405,167
Proposed development project		2,016,712	1,676,166
Financial assets at fair value through profit or loss ("FVTPL")		71,229	81,206
Amounts due from related parties		1,703	1,598
Tax recoverable		5,167	5,836
Cash held on behalf of clients		126,742	143,835
Restricted bank balances and deposits		142,143	102,153
Bank balances and cash		171,900	229,645
		<hr/> 9,960,992 <hr/>	<hr/> 6,809,603 <hr/>
Asset classified as held for sale		<hr/> – <hr/>	<hr/> 26,646 <hr/>
		<hr/> 9,960,992 <hr/>	<hr/> 6,836,249 <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current liabilities			
Trade payables	13	97,100	54,926
Payables arising from securities broking	13	129,102	148,176
Contract liabilities		50,936	13,183
Insurance contracts liabilities		1,154	1,174
Other payables and accruals		383,685	172,725
Bank borrowings	14	5,366,919	511,206
Other borrowings	15	238,891	2,203
Amounts due to related parties		453,496	109,238
Lease liabilities		69,466	62,294
Tax payable		8,311	7,502
		<u>6,799,060</u>	<u>1,082,627</u>
Net current assets		<u>3,161,932</u>	<u>5,753,622</u>
Total assets less current liabilities		<u><u>13,070,617</u></u>	<u><u>17,664,758</u></u>
Equity			
Share capital	16	144,071	143,971
Reserves		3,468,397	3,989,101
		<u>3,612,468</u>	<u>4,133,072</u>
Equity attributable to owners of the Company		3,612,468	4,133,072
Non-controlling interests		1,552,587	1,132,207
		<u>5,165,055</u>	<u>5,265,279</u>
Non-current liabilities			
Other payables and accruals		7,120	4,663
Loans from ultimate holding company		2,394,760	1,127,196
Bank borrowings	14	4,543,885	9,967,718
Other borrowings	15	548	537
Lease liabilities		46,450	43,043
Deferred tax liabilities		912,799	1,256,322
		<u>7,905,562</u>	<u>12,399,479</u>
		<u><u>13,070,617</u></u>	<u><u>17,664,758</u></u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), the accounting principles generally accepted in Hong Kong, the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

As at 31 December 2022, the Group had net current assets of HK\$3,161,932,000, in which the total current assets of HK\$9,960,992,000 mainly comprised (i) properties under development and proposed development project of HK\$5,535,564,000 and HK\$2,016,712,000 respectively; and (ii) restricted bank balances and deposits and bank balances and cash with aggregate carrying amount of HK\$314,043,000. In addition, the total current liabilities of approximately HK\$6,799,060,000, which mainly comprised bank and other borrowings of approximately HK\$5,605,810,000, as at 31 December 2022.

In view of the above, the directors of the Company have reviewed the Group’s cash flows projection covering a period not less than twelve months from 31 December 2022 which have taken into account the following measures:

- (a) subsequent to the end of the reporting period, the Group is in the process to sign the bank facility letters for extending the repayment date of bank borrowings with carrying amount of approximately HK\$4,105,824,000 classified under current liabilities as at 31 December 2022 for two years, and the directors of the Company conclude that there is no unforeseeable obstacle for such extension; and
- (b) the continuous financial supports from Dr. Lin and ultimate holding company, which is beneficially owned by Dr. Lin.

Based on the above, in the opinion of the directors of the Company, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 December 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

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

2. APPLICATION OF AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

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.

New and amendments to HKFRSs in issue but not yet effective

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

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

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

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

3. REVENUE

The Group recognises revenue from the following major sources:

- (i) Revenue from sale of motor vehicle parts is recognised at a point in time when the control of goods has been transferred to customers upon delivery;
- (ii) Revenue from dismantling and trading of scrap materials is recognised at a point in time when the control of the specific type of scrap materials, either dismantled or not, as requested by the customers, has been transferred to them upon delivery;
- (iii) Revenue from sale of hangtags, labels, shirt paper boards and plastic bags is recognised at a point in time when the customer obtains control of the distinct goods;
- (iv) Revenue from sale of goods at the department stores is recognised at a point in time when the control of goods has been transferred to customers upon purchase the goods at the department stores;
- (v) Revenue from rendering of financial printing, digital printing and other related services is recognised over time using the output method because the customer simultaneously receives and consumes the benefits as the Group performs;
- (vi) Revenue from rendering of corporate finance advisory, asset management and other related services is recognised over time using the output method because the customer simultaneously receives and consumes the benefits as the Group performs or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date;
- (vii) Revenue from consultancy services on citizenship by investment programme ("CBI Programme") is recognised at a point in time when the CBI services have rendered to the clients;
- (viii) Revenue from commission from securities broking is recognised at a point in time upon execution of orders for purchase or sale of securities on behalf of clients;
- (ix) Revenue from commission from counter and consignment sales at the department stores is recognised at a point in time and based on certain percentage of sales made by the customers in accordance with the terms of contracts;
- (x) Revenue from sale of box office tickets is recognised at a point in time when the relevant film is exhibited;
- (xi) Revenue from rental income is recognised on a straight-line basis over the term of the lease; and
- (xii) Revenue from interest income from money lending business and margin financing is recognised on a time proportion basis using the effective interest method.

3. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers

Type of goods and services	Property HK\$'000	Financial Services HK\$'000	Environmental Protection HK\$'000	Motor Vehicle Parts HK\$'000	Commercial Printing HK\$'000	Hangtag HK\$'000	Department Store HK\$'000	LAC HK\$'000	Cinema Operation HK\$'000	Total HK\$'000
Year ended 31 December 2022										
<i>Sales of goods</i>										
- Motor vehicle parts	-	-	-	140,952	-	-	-	-	-	140,952
- Scrap materials	-	-	704,978	-	-	-	-	-	-	704,978
- Hangtags, labels, shirt paper boards and plastic bags	-	-	-	-	-	145	-	-	-	145
- Department store goods	-	-	-	-	-	-	108,484	-	-	108,484
	-	-	704,978	140,952	-	145	108,484	-	-	954,559
<i>Rendering of services</i>										
- Printing services	-	-	-	-	59,122	-	-	-	-	59,122
- Financial services	-	30,146	-	-	-	-	-	-	-	30,146
- Consultancy services	-	-	-	-	-	-	-	5,936	-	5,936
- Commission from securities broking	-	37,888	-	-	-	-	-	-	-	37,888
- Commission income from counter and consignment sales	-	-	-	-	-	-	37,405	-	-	37,405
- Box office tickets	-	-	-	-	-	-	-	-	1,067	1,067
Revenue from contracts with customers	-	68,034	704,978	140,952	59,122	145	145,889	5,936	1,067	1,126,123
Revenue from gross rental income	14,503	-	-	-	-	-	421	-	-	14,924
Revenue from interest income from margin financing	-	31,349	-	-	-	-	-	-	-	31,349
Revenue from interest income from money lending business	-	26,414	-	-	-	-	-	-	-	26,414
Total	14,503	125,797	704,978	140,952	59,122	145	146,310	5,936	1,067	1,198,810
Geographical markets										
The PRC	14,194	-	450,292	13,761	-	-	-	-	1,067	479,314
Hong Kong	309	125,797	79,968	127,191	59,122	145	146,114	5,936	-	544,582
Japan	-	-	173,349	-	-	-	-	-	-	173,349
Other countries	-	-	1,369	-	-	-	196	-	-	1,565
Total	14,503	125,797	704,978	140,952	59,122	145	146,310	5,936	1,067	1,198,810
Timing of revenue recognition										
A point in time	-	37,888	704,978	140,952	-	145	145,889	5,936	1,067	1,036,855
Over time	-	30,146	-	-	59,122	-	-	-	-	89,268
	-	68,034	704,978	140,952	59,122	145	145,889	5,936	1,067	1,126,123
Revenue out of the scope of HKFRS 15										
Rental income	14,503	-	-	-	-	-	421	-	-	14,924
Interest income	-	57,763	-	-	-	-	-	-	-	57,763
Total	14,503	125,797	704,978	140,952	59,122	145	146,310	5,936	1,067	1,198,810

3. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

Type of goods and services	Property HK\$'000	Financial Services HK\$'000	Environmental Protection HK\$'000	Motor Vehicle Parts HK\$'000	Commercial Printing HK\$'000	Hangtag HK\$'000	Department Store HK\$'000	Total HK\$'000
Year ended 31 December 2021								
<i>Sales of goods</i>								
- Motor vehicle parts	-	-	-	216,163	-	-	-	216,163
- Scrap materials	-	-	672,848	-	-	-	-	672,848
- Hangtags, labels, shirt paper boards and plastic bags	-	-	-	-	-	187	-	187
- Department store goods	-	-	-	-	-	-	71,842	71,842
	-	-	672,848	216,163	-	187	71,842	961,040
<i>Rendering of services</i>								
- Printing services	-	-	-	-	58,307	-	-	58,307
- Financial services	-	59,528	-	-	-	-	-	59,528
- Commission from securities broking	-	46,100	-	-	-	-	-	46,100
- Commission income from counter and consignment sales	-	-	-	-	-	-	22,761	22,761
Revenue from contracts with customers	-	105,628	672,848	216,163	58,307	187	94,603	1,147,736
Revenue from gross rental income	9,887	-	-	-	-	-	441	10,328
Revenue from interest income from margin financing	-	19,269	-	-	-	-	-	19,269
Revenue from interest income from money lending business	-	17,746	-	-	-	-	-	17,746
Total	9,887	142,643	672,848	216,163	58,307	187	95,044	1,195,079
Geographical markets								
The PRC	9,596	-	366,285	16,950	-	-	-	392,831
Hong Kong	291	142,643	91,270	199,213	58,307	187	94,918	586,829
Japan	-	-	211,760	-	-	-	-	211,760
Other countries	-	-	3,533	-	-	-	126	3,659
Total	9,887	142,643	672,848	216,163	58,307	187	95,044	1,195,079
Timing of revenue recognition								
A point in time	-	46,100	672,848	216,163	-	187	94,603	1,029,901
Over time	-	59,528	-	-	58,307	-	-	117,835
	-	105,628	672,848	216,163	58,307	187	94,603	1,147,736
Revenue out of the scope of HKFRS 15								
Rental income	9,887	-	-	-	-	-	441	10,328
Interest income	-	37,015	-	-	-	-	-	37,015
Total	9,887	142,643	672,848	216,163	58,307	187	95,044	1,195,079

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group is organised into business units based on their products and services and has nine (2021: eight) operating segments as follows:

- (i) property investment, development and commercial operation (“Property Segment”);
- (ii) provision of corporate finance advisory, asset management, securities brokerage services, margin financing and money lending (“Financial Services Segment”);
- (iii) environmental protection industry, mainly dismantling and trading of scrap materials (“Environmental Protection Segment”);
- (iv) distribution and sale of motor vehicle parts (“Motor Vehicle Parts Segment”);
- (v) provision of financial printing, digital printing and other related services (“Commercial Printing Segment”);
- (vi) operation of department stores offering a wide range of consumer products, comprises of sale of goods, income from counter and consignment sale and the revenue from other sources, including securities trading, rental income from sublease of properties and the provision of general and life insurances (“Department Store Segment”);
- (vii) development of project in Grenada which integrates a collection of international school campuses, apartments for student, commercial complex, hotel resorts, residential villas and other ancillary facilities (“LAC Segment”);
- (viii) sales of hangtags, labels, shirt paper boards and plastic bags principally to manufacturers of consumer products (“Hangtag Segment”); and
- (ix) operation of a cinema located in the PRC with the exhibition of the film (“Cinema Operation Segment”).

During the year ended 31 December 2022, the Group commenced the business of cinema operation and it is considered as a new operating segment by the CODM.

During the year ended 31 December 2021, the Group has two new operating segments as “Department Store Segment” and “Latin America and the Caribbean Segment” (“LAC Segment”) through business combination and capital contribution from controlling shareholder respectively. Further details are set out in notes 17 and 18 respectively.

During the year ended 31 December 2022, Hangtag Segment and Cinema Operation Segment were being reported as “Others” as none of these segments met the quantitative thresholds for the reporting segments in both current and prior years. No prior year segment disclosures have been re-presented as the Cinema Operation Segment included in “Others” has not yet commenced its business during the year ended 31 December 2021.

4. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results

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

	Property	Financial Services	Environmental Protection	Motor Vehicle Parts	Commercial Printing	Department Store	LAC	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 December 2022									
<i>Segment revenue</i>									
- Sales to external customers	14,503	125,797	704,978	140,952	59,122	146,310	5,936	1,212	1,198,810
- Inter-segment sales	2,520	6,954	-	-	944	285	-	-	10,703
	17,023	132,751	704,978	140,952	60,066	146,595	5,936	1,212	1,209,513
Elimination of inter-segment sales									(10,703)
Revenue									<u>1,198,810</u>
Segment results	(1,379,530)	21,315	(6,501)	5,682	(2,375)	(33,614)	1,799,839	(374)	404,442
Bank interest income									1,395
Dividend income									2,887
Unrealised fair value loss on financial assets at FVTPL									(8,721)
Realised loss on disposal of financial assets at FVTPL									(24)
Net foreign exchange gain									358,098
Revaluation deficit on property, plant and equipment									(8,145)
Corporate expenses									(47,829)
Finance costs									<u>(330,999)</u>
Profit before income tax									<u>371,104</u>

4. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

	Property <i>HK\$'000</i>	Financial Services <i>HK\$'000</i>	Environmental Protection <i>HK\$'000</i>	Motor Vehicle Parts <i>HK\$'000</i>	Commercial Printing <i>HK\$'000</i>	Department Store <i>HK\$'000</i>	Others- Hangtag <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2021								
<i>Segment revenue</i>								
- Sales to external customers	9,887	142,643	672,848	216,163	58,307	95,044	187	1,195,079
- Inter-segment sales	<u>2,520</u>	<u>19,238</u>	<u>-</u>	<u>-</u>	<u>1,561</u>	<u>-</u>	<u>-</u>	<u>23,319</u>
	12,407	161,881	672,848	216,163	59,868	95,044	187	1,218,398
Elimination of inter-segment sales								<u>(23,319)</u>
Revenue								<u>1,195,079</u>
Segment results	792,282	45,917	9,392	8,679	(4,063)	(19,165)	(145)	832,897
Bank interest income								15,930
Dividend income								1,084
Claim for legal case								13,888
Unrealised fair value loss on financial assets at FVTPL								(3,025)
Realised gain on disposal of financial assets at FVTPL								637
Net foreign exchange loss								(139,021)
Revaluation surplus on property, plant and equipment								23,396
Corporate expenses								(64,342)
Finance costs								<u>(252,977)</u>
Profit before income tax								<u>428,467</u>

Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned by/(loss from) each segment without allocation of bank interest income, claim for legal case, certain dividend income, unrealised fair value loss on financial assets at FVTPL, realised (loss)/gain on disposal of financial assets at FVTPL, net foreign exchange gain/(loss), revaluation (deficit)/surplus on property, plant and equipment, corporate expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

	Property	Financial	Environmental	Motor	Commercial	Department		Others	Total
	Services	Protection	Vehicle	Printing	Store	LAC			
	HK\$'000	HK\$'000	HK\$'000	Parts	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2022									
Segment assets	14,501,390	1,318,369	499,646	155,999	25,552	791,937	2,243,238	5,365	19,541,496
Corporate and unallocated assets									328,181
Total assets									<u>19,869,677</u>
Segment liabilities	7,775,088	522,733	124,198	5,675	28,082	247,219	71,548	156	8,774,699
Corporate and unallocated liabilities									<u>5,929,923</u>
Total liabilities									<u>14,704,622</u>
As at 31 December 2021									
Segment assets	15,679,437	858,871	456,644	145,921	16,818	916,932	356,496	41	18,431,160
Corporate and unallocated assets									316,225
Total assets									<u>18,747,385</u>
Segment liabilities	6,699,762	304,165	66,403	26,328	19,865	317,223	31,560	22	7,465,328
Corporate and unallocated liabilities									<u>6,016,778</u>
Total liabilities									<u>13,482,106</u>

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

- (i) all assets are allocated to operating segments other than equity instruments at FVTOCI, pension scheme assets, amounts due from related parties, financial assets at FVTPL, tax recoverable, bank balances and cash and other unallocated head office and corporate assets as these assets are managed on a group basis.
- (ii) all liabilities are allocated to operating segments other than certain other payables and accruals, certain bank borrowings, amounts due to related parties, tax payable, deferred tax liabilities, certain other borrowings, loans from ultimate holding company and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

5a. OTHER INCOME

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	1,395	15,930
Dividend income	2,887	4,074
Imputed interest income on gift receivable from Win Dynamic Limited (“Win Dynamic”) (note 21)	16,113	9,314
Interest income on credit-impaired loan receivables	6,083	7,818
Government grants	4,795	344
Claim for legal case (note (i))	–	13,888
Others	2,106	1,942
	<u>33,379</u>	<u>53,310</u>

Notes:

- (i) The amount represented the reimbursement of HK\$13,888,000 (2022: Nil) recovered during the year ended 31 December 2021 in respect of the provision for legal claim brought against the Group for the outstanding agency fee and interests accrued thereon for the acquisition of a subsidiary during the year ended 31 December 2016.

5b. OTHER GAINS/(LOSSES), NET

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/Gain on disposal of property, plant and equipment	(710)	394
Unrealised fair value loss on financial assets at FVTPL	(8,721)	(3,025)
Realised (loss)/gain on disposal of financial assets at FVTPL	(24)	637
Net foreign exchange gain/(loss)	358,098	(139,021)
Revaluation (deficit)/surplus on property, plant and equipment	(8,145)	23,396
Recovery of receivables arising from securities broking previously written-off	1,364	–
	<u>341,862</u>	<u>(117,619)</u>

6. PROFIT FOR THE YEAR

The Group's profit for the year is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	5,600	5,400
Depreciation of:		
– Owned assets	34,945	36,688
– Right-of-use assets	78,283	54,545
– Prepaid lease payments	125	128
Amortisation of other intangible assets	10,972	3,854
Impairment loss on property, plant and equipment, included in administrative expenses	–	1,992
Direct operating expenses (including repair and maintenance):		
– Arising from leased investment properties	5,516	1,247
– Arising from vacant investment properties	1,959	2,104
Cost of inventories recognised as expenses	879,817	865,854
Short-term lease payments	20,073	2,619
Claim for legal case	–	(13,888)
Covid-19-related rent concessions	(720)	(5,237)
	<u>5,600</u>	<u>5,400</u>

Note: As at 31 December 2022 and 2021, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

The amount of the retirement benefits included the net pension scheme cost of HK\$217,000 (2021: HK\$1,008,000) during the year ended 31 December 2022.

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings and overdrafts	572,676	617,059
Interest on other borrowings	5,085	1,132
Interest on loans from ultimate holding company	131,432	70,023
Interest on amounts due to related parties	3,391	–
Interest on loan from a related company	6,746	–
Finance charges on lease liabilities	7,681	5,123
Imputed interest on deferred consideration	838	2,469
	<u>727,849</u>	<u>695,806</u>

8. INCOME TAX (CREDIT)/EXPENSES

Hong Kong

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2022.

The PRC

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2021: 25%) for the year ended 31 December 2022.

Japan

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rate for these taxes is 33.5% (2021: 29%) for the year ended 31 December 2022.

	2022	2021
	HK\$'000	HK\$'000
Current tax		
Hong Kong		
– Provision for the year	6,799	2,828
– Under-provision in prior years	2,402	834
Japan		
– Provision for the year	568	840
– Over-provision in prior years	(1,027)	–
Others		
– Provision for the year	23	–
	8,765	4,502
Deferred tax		
– (Credit)/Charge for the year	(242,823)	308,031
Income tax (credit)/expenses	(234,058)	312,533

9. DIVIDEND

No dividend was paid or proposed to ordinary shareholders of the Company during the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share calculation (profit attributable to owners of the Company)	<u>114,892</u>	<u>122,197</u>
Number of shares		
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	1,440,397,551	1,438,485,222
Effect of dilutive potential ordinary shares:		
– Share options	<u>2,305,171</u>	<u>3,690,501</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share calculation	<u>1,442,702,722</u>	<u>1,442,175,723</u>

11. INVESTMENT PROPERTIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
As at 1 January	10,628,833	11,839,176
Additions	22,142	42,177
Disposals	(23,090)	–
Capital contribution from controlling shareholder (note 18)	–	345,787
Transfer to properties under development	(2,207,400)	(3,229,062)
Transfer to property, plant and equipment	(26,205)	–
Gain on fair value changes recognised in profit or loss, net	997,731	1,265,256
Exchange realignment	<u>(800,652)</u>	<u>365,499</u>
As at 31 December	<u>8,591,359</u>	<u>10,628,833</u>

12. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING/LOAN RECEIVABLES

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates/date of rendering of services:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	121,459	154,679
31 to 60 days	33,946	21,311
61 to 90 days	36,893	17,478
91 to 365 days	279,807	105,062
Over 1 year	98,499	56,696
	<u>570,604</u>	<u>355,226</u>
Receivables arising from securities broking conducted in the ordinary course of business:		
– Clearing house	42,784	3,062
– Cash clients accounts receivable	19,711	11,238
– Loans to margin clients	457,211	276,231
Less: allowance for credit losses	(1,306)	(88)
	<u>518,400</u>	<u>290,443</u>
Receivables arising from money lending conducted in the ordinary course of business:		
– Loan receivables	458,927	206,999
Less: allowance for credit losses	(49,166)	(16,562)
	<u>409,761</u>	<u>190,437</u>
	<u>1,498,765</u>	<u>836,106</u>

13. TRADE PAYABLES/PAYABLES ARISING FROM SECURITIES BROKING

The following is an ageing analysis of trade payables based on invoice dates:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current to 30 days	77,281	40,772
31 to 60 days	3,992	938
61 to 90 days	1,003	766
Over 90 days	<u>14,824</u>	<u>12,450</u>
	97,100	54,926
Payables arising from securities broking conducted in the ordinary course of business:		
– Cash clients accounts payable	<u>129,102</u>	<u>148,176</u>
	226,202	203,102

14. BANK BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank borrowings		
– Secured	9,910,804	6,902,234
– Unsecured	<u>–</u>	<u>3,576,690</u>
	9,910,804	10,478,924

The contractual maturity dates of the bank borrowings are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Carrying amount of bank borrowings are repayable:		
– Within one year	4,846,640	134,553
– More than one year but not more than two years	2,749,012	5,261,756
– More than two years but not more than five years	557,469	3,248,117
– Over five years	<u>1,237,404</u>	<u>1,457,845</u>
	9,390,525	10,102,271
Carrying amount of bank borrowings that contains a repayment on demand clause and shown under current liabilities:		
– Within one year	<u>520,279</u>	<u>376,653</u>
	9,910,804	10,478,924
Less: amounts due within one year shown under current liabilities	<u>(5,366,919)</u>	<u>(511,206)</u>
Amounts shown under non-current liabilities	4,543,885	9,967,718

15. OTHER BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Borrowings from financial institutions:		
– Secured	57,890	–
Other borrowings:		
– Unsecured	2,795	2,740
– Secured	73,000	–
Notes payable:		
– Unsecured	105,754	–
	239,439	2,740

The contractual maturity dates of the other borrowings are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Carrying amount of other borrowings are repayable:		
– Within one year	108,001	–
– More than one year but not more than two years	548	537
	108,549	537
Carrying amount of other borrowings that contains a repayment on demand clause and shown under current liabilities		
– Within one year	130,890	2,203
	239,439	2,740
Less: amounts due within one year shown under current liabilities	(238,891)	(2,203)
Amounts shown under non-current liabilities	548	537

16. SHARE CAPITAL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Authorised:		
20,000,000,000 (2021: 20,000,000,000) ordinary shares of HK\$0.10 each	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
1,440,709,880 (2021: 1,439,709,880) ordinary shares of HK\$0.10 each	<u>144,071</u>	<u>143,971</u>

A summary of movements in the Company's share capital is as follows:

	Number of ordinary shares in issue	Share capital <i>HK\$'000</i>
As at 1 January 2021	1,438,209,880	143,821
Exercise of share options (note (a))	<u>1,500,000</u>	<u>150</u>
As at 31 December 2021 and 1 January 2022	1,439,709,880	143,971
Exercise of share options (note (b))	<u>1,000,000</u>	<u>100</u>
As at 31 December 2022	<u>1,440,709,880</u>	<u>144,071</u>

Notes:

- (a) On 24 September 2021 and 29 December 2021, the Company issued 1,000,000 and 500,000 ordinary shares, respectively, due to the exercise of share options under share option scheme approved by the shareholders at the annual general meeting of the Company held on 10 August 2012 ("2012 Scheme") by the option holders. The new shares rank pari passu with existing shares in all respects.
- (b) On 25 April 2022, the Company issued 1,000,000 ordinary shares due to the exercise of share options under the 2012 Scheme by the option holders. The new shares rank pari passu with existing shares in all respects.

17. BUSINESS COMBINATIONS

For the year ended 31 December 2022

On 18 February 2022, non-wholly owned subsidiaries of the Group entered into a share purchase agreement and share transfer agreement with independent third parties to acquire the entire issued share capital of Realord Century Service Company Limited (formerly known as Hartman Education Service Limited) and its subsidiary, Hartman Culture Development (Shanghai) Co., Ltd.* (哈特曼文化發展(上海)有限公司) (collectively referred to the “Realord Century Group”) and Realord Century Business Service (Shenzhen) Co., Ltd.* (偉祿世紀商務服務(深圳)有限公司) (formerly known as Hartman Immigration Consultancy Service (Shenzhen) Co., Ltd.* (哈特曼移民諮詢服務(深圳)有限公司)) (together with the Realord Century Group together as the “Hartman Education Group”) at a total cash consideration of HK\$1,876,000. The principal activity of the Hartman Education Group is provision of consultancy services on CBI Programme as a marketing agent. The acquisition was made as to obtain the marketing resources of the CBI Programme under the LAC Segment. The transactions were completed on 28 February 2022. Such series of acquisitions have been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of the Hartman Education Group at the acquisition date were as follows:

	<i>HK\$'000</i>
Plant and equipment	231
Other intangible assets	14,524
Prepayments, deposits and other receivables	485
Bank balances and cash	470
Other payables and accruals	(11,437)
Deferred tax liabilities	(2,397)
	<hr/>
Total identifiable net assets at fair value	<u>1,876</u>

* For identification purpose only

17. BUSINESS COMBINATIONS (Continued)
For the year ended 31 December 2022 (Continued)

Goodwill arising on acquisition

	<i>HK\$'000</i>
Consideration transferred	1,876
Less: fair value of net identifiable assets acquired	<u>(1,876)</u>
	<u><u>-</u></u>

Net cash outflows on acquisition

	<i>HK\$'000</i>
Bank balances and cash acquired	470
Less: cash consideration paid	<u>(1,876)</u>
	<u><u>(1,406)</u></u>

Acquisition-related costs have been excluded from the consideration transferred and have been recognised as administrative expenses in the consolidated statement of profit or loss. In the opinion of the directors of the Company, the acquisition-related cost is insignificant to be disclosed.

17. BUSINESS COMBINATIONS (Continued)

For the year ended 31 December 2021

Acquisition of the Sincere Group

On 18 May 2021, the Group completed an acquisition of 79.51% equity interests in The Sincere Company, Limited (“Sincere”) (Stock code: 244) and its subsidiaries (collectively referred to as the “Sincere Group”) from the independent third parties, for total cash consideration of HK\$411,088,000. The acquisition has been accounted for using the acquisition method.

The principal activities of Sincere Group mainly consisted of the operation of department stores, securities trading, sublease of properties and the provision of general and life insurances. The acquisition was made as part of the Group strategy to diversify its business and tap into the department store business in Hong Kong.

The fair values of the identifiable assets and liabilities of the Sincere Group at the acquisition date were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	224,539
Other intangible assets	10,664
Equity instruments at FVTOCI	29,625
Pension scheme assets	19,585
Inventories	42,618
Trade receivables	1,200
Financial assets at FVTPL	12,863
Prepayments, deposits and other receivables	40,926
Restricted bank balances and deposits	102,039
Bank balances and cash	112,260
Trade payables	(32,774)
Contract liabilities	(618)
Insurance contracts liabilities	(1,293)
Other payables and accruals	(47,843)
Bank borrowings	(151,166)
Other borrowings	(154,693)
Lease liabilities	(83,876)
Deferred tax liabilities	(1,780)
	<hr/>
Total identifiable net assets at fair value	<u><u>122,276</u></u>

17. BUSINESS COMBINATIONS (Continued)
For the year ended 31 December 2021 (Continued)

Acquisition of the Sincere Group (Continued)

Goodwill arising on acquisition

	<i>HK\$'000</i>
Consideration transferred	411,088
Add: non-controlling interests (note)	94,736
Less: gift receivable from Win Dynamic (note 21)	(150,001)
Less: fair value of identifiable net assets acquired	(122,276)
	<hr/>
Goodwill	<u>233,547</u>

Net cash outflows on acquisition

	<i>HK\$'000</i>
Bank balances and cash acquired	112,260
Less: cash consideration paid	(411,088)
	<hr/>
	<u>(298,828)</u>

Note:

The non-controlling interests arising from the acquisition of the Sincere Group comprised of (i) the proportionate share of the fair value of the acquiree's identifiable net assets at the acquisition date amounting to HK\$272,277,000; and (ii) the non-controlling interests of the Sincere Group at the date of the acquisition.

Goodwill arose in the acquisition of the Sincere Group because the cost of the combination included a control premium.

Acquisition-related costs amounting to HK\$14,550,000 have been excluded from the consideration transferred and have been recognised as administrative expenses in the consolidated statement of profit or loss.

17. BUSINESS COMBINATIONS (Continued)

For the year ended 31 December 2021 (Continued)

Acquisition of the Sincere Group (Continued)

Partial disposal of equity interest in subsidiaries without loss of control

In addition, the placing was completed on 30 July 2021 and following the completion, the number of shares of Sincere held by the Group decreased from 1,044,695,362 shares to 985,471,362 shares, representing a decrease of shareholding from 79.51% to 75.00% of the total number of issued shares of Sincere.

The Group disposed of its 4.51% equity interest in Sincere at a consideration of HK\$33,853,000 while remaining the control over Sincere immediately after such disposal. The carrying amount of the non-controlling interests in Sincere on the date of disposal was HK\$94,513,000. Accordingly, the Group recognised an increase in non-controlling interests of HK\$9,371,000 and an increase in capital reserve of HK\$24,482,000. The effect of changes in the ownership interest in Sincere is summarised as follows:

	<i>HK\$'000</i>
Consideration received from non-controlling interests	33,853
Less: carrying amount of the 4.51% equity interest to be disposed of	<u>(9,371)</u>
Gain on disposal recognised within the equity	<u><u>24,482</u></u>

Effect of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2021

	<i>HK\$'000</i>
Total comprehensive income for the year attributable to owners of the Company	368,069
Changes in equity attributable to owners of the Company arising from the partial disposal of equity interest in subsidiaries without loss of control	<u>24,482</u>
Net effect for transactions with non-controlling interests on changes in equity attributable to owners of the Company	<u><u>392,551</u></u>

18. CAPITAL CONTRIBUTION FROM CONTROLLING SHAREHOLDER

On 31 December 2021, Dr. Lin Xiaohui (“Dr. Lin”) and the Company entered into a deed of gift, pursuant to which, Dr. Lin had irrevocably undertaken to transfer to the Group, and the Group had agreed to accept, the gift interest of being 70.5% equity interests in Caribbean Education Industry Group Limited and its subsidiaries (collectively referred to as the “Caribbean Group”) at nil consideration. The Caribbean Group is principally engaged in property development in Grenada.

The Caribbean Group did not carry out any significant business transactions prior to the date of acquisition and only owned two pieces of lands situated in Grenada. Therefore, the Group considered such acquisition would be an acquisition of assets in substance and the corresponding amount of the net assets acquired by the Group would be recognised as “capital contribution from controlling shareholder” in equity.

The non-controlling interests recognised at the acquisition date are measured by reference to the proportionate share of the carrying amount of the Caribbean Group.

Further details are set out in the announcements of the Company dated 1 December 2021 and 31 December 2021.

The carrying amount of assets acquired at the date of acquisition was as follows:

	<i>HK\$'000</i>
Property, plant and equipment	1,997
Investment properties (note 11)	345,787
Prepayments, deposits and other receivables	8,712
Amounts due from related parties	1,006
Bank balances and cash	1,146
Other payables and accruals	(10,942)
Amounts due to related parties	(19,628)
Lease liabilities	(1,996)
	<hr/>
	326,082
Less: non-controlling interests	(97,189)
	<hr/>
Net assets acquired	228,893
	<hr/> <hr/>
Net cash inflows on acquisition	
	<i>HK\$'000</i>
Bank balances and cash acquired	1,146
	<hr/> <hr/>

19. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contracted, but not provided for:		
– Capital injection in a joint venture engaged in securities brokerage business	392,604	427,980
– Investment property	249,600	249,600
– Properties under development	121,271	–
– Leasehold improvements	22,765	1,101
	<u>786,240</u>	<u>678,681</u>

20. CONTINGENT LIABILITIES

Claim from former director of Sincere

As set out in the announcement of Sincere dated 11 June 2021, Sincere received a statutory demand (the “Statutory Demand”) dated 4 June 2021 from the legal adviser acting on behalf of Mr. Philip KH Ma (“Mr. Philip Ma”), the former chairman, chief executive officer and director of Sincere, pursuant to Section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of Laws of Hong Kong), demanding Sincere to pay the amount of HK\$8,244,000, which is asserted to be outstanding remunerations under an employment contract due to Mr. Philip Ma, within 21 days from the date of service of the Statutory Demand, failing which Mr. Philip Ma may present a winding up petition against Sincere.

As disclosed in the announcement of Sincere dated 23 June 2021, Sincere has sought legal advice in respect of the Statutory Demand and was advised that the Statutory Demand is a nullity. Sincere was also advised that it has a bona fide dispute to the sum demanded by Mr. Philip Ma. Sincere had, through its legal advisers, requested Mr. Philip Ma to (i) withdraw the Statutory Demand; and (ii) undertake not to issue any winding-up petition against Sincere in reliance on the Statutory Demand.

On 21 June 2021, Sincere received a Forms of Claim dated 17 June 2021 by Mr. Philip Ma with the Labour Tribunal (the “LBTC Claim”). According to the said Form of Claim, Mr. Philip Ma claims against Sincere for unpaid director’s fees and management fees allegedly due from four subsidiaries of Sincere in the total sum of approximately HK\$8,244,000, which is the same amount as that demanded by him in the Statutory Demand. Sincere further received a letter from Mr. Philip Ma’s legal advisers on 21 June 2021 stating that Mr. Philip Ma will not present a winding-up petition against Sincere in respect of the alleged outstanding remunerations stated in the Statutory Demand pending the determination of the Labour Tribunal.

Call-over hearings in respect of the LBTC Claim were held at the Labour Tribunal on 8 July 2021 and 1 November 2021. Mr. Philip Ma increased his claim in the LBTC Claim to include additional claims that Sincere owed him an alleged partial unpaid director’s fees for the year ended 31 December 2022 and payment in lieu of annual leave entitlement; and in respect of the certain subsidiaries of Sincere, Mr. Philip Ma also included his claim for director’s fees and management fees for the period between March to June 2021 and certain entertainment allowance.

20. CONTINGENT LIABILITIES (Continued)

Claim from former director of Sincere (Continued)

The LBTC Claim was subsequently transferred to Court of First Instance of the High Court of Hong Kong, in which Mr. Philip Ma claimed a total sum of approximately HK\$12,064,000 by including the additional claims in the aforesaid paragraph and subsequently revised the claims to approximately HK\$12,442,000. Sincere has instructed its legal advisers to defend Mr. Philip Ma's claims and make a counterclaim with a total sum of approximately HK\$71,600,000 in the High Court. In the High Court proceedings, exchange of pleadings has taken place and further procedural directions are expected to be made by the Court in April 2023. The case has not yet been fixed for trial.

21. LITIGATION

Deed and purported cancellation

On 29 October 2020, Win Dynamic, the then controlling shareholder of Sincere, executed a deed in favour of Sincere at no consideration (the "Deed"). Pursuant to the Deed, Win Dynamic has irrevocably undertaken to Sincere to gift to Sincere the sum falling to be paid by the Company to Win Dynamic upon its acceptance of the Offer relating to all the 662,525,276 shares of Sincere held by it, which was expected to amount to approximately HK\$260,443,000 (after deducting Win Dynamic's ad valorem stamp duty). As disclosed in the announcement of Sincere dated 29 October 2020, Sincere at that time intended that this gift from Win Dynamic, when received, would be applied as working capital of the Sincere Group.

On 4 February 2021, Sincere announced that the board of directors of Sincere (the "Sincere Board") had received a letter from Win Dynamic dated 3 February 2021 stating Win Dynamic's declaration that the Deed was null and void and cancelled with immediate effect, for the reason that it was executed by Win Dynamic under undue influence and duress, given without separate legal representation or proper advice, and was an undervalue transaction pursuant to section 265D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Purported Cancellation").

As stated in the Sincere's announcement dated 4 February 2021, the Sincere Board (with Mr. Philip Ma and Mr. Charles M W Chan (collectively the "Dissenting Directors") disagreeing) did not admit that the Deed was null or void or had been cancelled. For the interest of Sincere and its shareholders as a whole, the Sincere Board had resolved to include the review of the implication of the Purported Cancellation to the term of reference of the independent committee of the Sincere Board comprising independent non-executive directors, namely Mr. King Wing Ma, Mr. Eric K K Lo, Mr. Peter Tan and Mr. Anders W L Lau (collectively the "Sincere IBC"). The Sincere IBC had thereafter sought separate legal advice in respect of the Purported Cancellation.

In response to a letter from the legal adviser of the Sincere IBC to Win Dynamic requesting for evidence to support its reason for the Purported Cancellation, Win Dynamic responded in its reply letter that its professional adviser had advised it not to provide to Sincere any information relating to the Deed.

21. LITIGATION (Continued)

Deed and purported cancellation (Continued)

The Company was informed, amongst other things, that the Sincere Board (except for the Dissenting Directors) (i.e. the Sincere IBC) did not admit that the Purported Cancellation was valid or effective. In response to an email from the legal adviser of the Sincere IBC to the legal adviser of the Company requiring the proceeds received by Win Dynamic from its sale of shares of Sincere to the Company to be paid to Sincere and not Win Dynamic, the legal adviser of the Company responded, amongst other things, that the Company would conduct the Offer, including but not limited to the settlement of the cash consideration for the valid acceptances of the Offer, in accordance with the terms and conditions of the Offer and in compliance with the Code on Takeovers and Mergers.

On 12 May 2021, Sincere was informed by the legal adviser of the Company that the Company had issued a writ of summons with an indorsement of claim (the “Writ”) in the High Court of the Hong Kong Special Administrative Region (the “Court”) against Win Dynamic on 10 May 2021 in relation to the Purported Cancellation (the “Action”). The Company claimed against Win Dynamic, among others, for an order of specific performance requiring Win Dynamic to forthwith pay Sincere the net proceeds in respect of Sincere’s shares tendered by Win Dynamic for acceptance of the Offer, after deducting the seller’s ad valorem stamp duty payable by it, amounted to approximately HK\$260,435,000 (the “WD Proceeds”), or such other sum as the Court may determine.

The Company also applied to the Court for an interlocutory injunction against Win Dynamic (the “Injunction Application”) on 11 May 2021 which was heard by the Court on 14 May 2021. Upon hearing submissions from the parties, the Court has adjourned the hearing of the Injunction Application to a date to be fixed for substantive argument, and the Court has granted an interim-interim injunction, which shall remain in force pending the substantive determination of the Injunction Application, restraining Win Dynamic from, among others, (a) removing from Hong Kong any of its assets which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, up to the value of the WD Proceeds; or (b) in any way disposing of or dealing with or diminishing the value of any of its assets, which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, and whether or not Win Dynamic assets a beneficial interest in them up to the value of the WD Proceeds.

21. LITIGATION (Continued)

Deed and purported cancellation (Continued)

Sincere on 16 July 2021 resolved that it was in the interest of Sincere and its shareholders to commence legal proceedings against Win Dynamic in relation to the Purported Cancellation. Subsequently, Sincere had agreed to be joined as a party to the proceedings initiated by the Company. Accordingly, the Company sought the consent from Win Dynamic to join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant in the proceedings. As such, on 6 October 2021, the Company and Win Dynamic had jointly applied to the Court for, among others, (i) leave to join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant; and (ii) leave to amend the Writ and the statement of claim in relation to the Purported Cancellation (the “Joinder Application”).

On 9 November 2021, the Court had granted an order in terms of the Joinder Application that, amongst other things, the Company was granted with leave to (i) join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant in the Action; and (ii) amend the Writ and the statement of claim in relation to the Purported Cancellation (the “Joinder Order”).

On 15 November 2021, the Company and Sincere instructed their solicitors to issue the amended Writ and the amended statement of claim against Win Dynamic and Mr. Philip Ma pursuant to the Joinder Order, and serve the same on Mr. Philip Ma on the same day. Sincere claimed against Win Dynamic and Mr. Philip Ma for, among others, (i) an order of specific performance of the Deed requiring Win Dynamic to forthwith pay Sincere the WD Proceeds, or such other sum as the Court may determine; and (ii) a declaration that the Deed is valid and binding, and Mr. Philip Ma had breached his contractual and/or fiduciary duties to Sincere.

By an acknowledgment of service of amended writ of summons filed and served on 1 December 2021, Mr. Philip Ma stated that he intended to contest the Action.

Win Dynamic and Mr. Philip Ma had filed and served their Defence and Counterclaim in the Action on 18 January 2022 and 14 March 2022 respectively. Win Dynamic and Mr. Philip Ma averred, among others, that the Company and Sincere were not entitled to any remedy against them. They further counterclaimed against the Company and Sincere for, among others, a declaration that the Deed is null and void and/or unenforceable, or alternatively, that the Deed was lawfully rescinded, cancelled or revoked by Win Dynamic and is of no legal effect.

Further details are disclosed in the announcements of Sincere dated 29 October 2020 and 4 February 2021, the offer document of the Company dated 5 May 2021 (the “Offer Document”) and the response document of Sincere dated 20 May 2021 (the “Response Document”).

21. LITIGATION (Continued)

Deed and purported cancellation (Continued)

The Company and Sincere had filed and served their Reply and Defence to WD's Counterclaim on 10 May 2022, and their Reply and Defence to Mr. Philip Ma's Counterclaim on 8 June 2022 respectively.

The Company and Sincere had filed and served their Re-Amended Statement of Claim on 14 November 2022.

Win Dynamic had filed and served its Amended Defence and Counterclaim and Mr. Philip Ma had filed and served his Amended Defence and Counterclaim on 9 December 2022.

The Company and Sincere had filed and served their Amended Reply and Defence to the Counterclaim of Win Dynamic, and their Amended Reply and Defence to the Counterclaim of Mr. Philip Ma on 9 February 2023.

During the period from 1 March 2021 to 31 December 2021, Sincere has sought legal advice in respect of this litigation and was advised that (i) the Deed is enforceable; and (ii) Sincere has legal and contractual rights over the WD Proceeds. Therefore, the WD Proceeds is initially recognised as "Gift receivable from Win Dynamic" under "Prepayments, deposits, other receivables and other assets" with an amount of HK\$150,001,000, being the fair value of the WD Proceeds which is determined based on a credit-adjusted effective interest rate of 9.66%, with a corresponding gift receivable from the then controlling shareholder of Sincere recognised under "General and other reserves".

As at 31 December 2022, the carrying amount of gift receivable from Win Dynamic amounted to HK\$174,401,000, net of ECL allowance of HK\$1,027,000 (2021: HK\$158,870,000, net of ECL allowance of HK\$445,000). During the year ended 31 December 2022, the Sincere Group has also recognised imputed interest income on gift receivable from Win Dynamic under "Other income" of HK\$16,113,000 (2021: HK\$9,314,000).

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of the Group during the year mainly included property investment, development and commercial operation (the “Property Segment”); financial services, included corporate finance advisory, asset management, securities brokerage services, margin financing and money lending (the “Financial Services Segment”); environmental protection industry, mainly dismantling, processing, trading and sales of scrap materials (the “EP Segment”); distribution and sales of motor vehicle parts (the “MVP Segment”); financial printing, digital printing and other related services (the “Commercial Printing Segment”); the operation of department stores, securities trading and the provision of general and life insurances (the “Department Store Segment”); and development of project in Grenada which integrates a collection of international school campuses, apartments for student, commercial complex, hotel resorts, residential villas and other ancillary facilities (“Latin America and Caribbean Segment” or “LAC Segment”).

Overall Financial Review

For the year ended 31 December 2022 (the “FY2022”), the Group recorded a total revenue of approximately HK\$1,198.8 million, representing an increase of approximately 0.3% as compare to that of the year ended 31 December 2021 (the “FY2021”) of approximately HK\$1,195.1 million. The Group recorded a net profit of approximately HK\$605.2 million in FY2022, which represented an increase of approximately HK\$489.3 million as compared to a net profit of approximately HK\$115.9 million in FY2021.

Revenue

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

	FY2022		FY2021		Increase/(decrease) in revenue	
	<i>HK\$’ million</i>	<i>% to total revenue</i>	<i>HK\$’ million</i>	<i>% to total revenue</i>	<i>HK\$’ million</i>	<i>% of changes</i>
Property Segment	14.5	1.2%	9.9	0.8%	4.6	46.5%
Financial Services Segment	125.8	10.5%	142.7	11.9%	(16.9)	(11.8%)
EP Segment	705.0	58.8%	672.8	56.3%	32.2	4.8%
MVP Segment	141.0	11.8%	216.2	18.1%	(75.2)	(34.8%)
Commercial Printing Segment	59.1	4.9%	58.3	4.9%	0.8	1.4%
Department Store Segment	146.3	12.2%	95.0	8.0%	51.3	54.0%
LAC Segment	5.9	0.5%	–	0.0%	5.9	N/A
Others	1.2	0.1%	0.2	0.0%	1.0	500.0%
Total	<u>1,198.8</u>	<u>100.0%</u>	<u>1,195.1</u>	<u>100.0%</u>	3.7	0.3%

The Group's revenue in FY2022 was approximately HK\$1,198.8 million, representing a slight increase of approximately HK\$3.7 million or 0.3% from approximately HK\$1,195.1 million in FY2021. The changes in revenue is mainly attributable to the net effect of (i) increase in the revenue of Department Store Segment of approximately HK\$51.3 million resulting from the consolidation of revenue upon completion of acquisition of The Sincere Company, Limited (the "Sincere") and its subsidiaries (collectively referred to as the "Sincere Group") since May 2021; (ii) increase in the revenue of EP Segment of approximately HK\$32.2 million mainly due to the increase in demand for copper; (iii) decrease in revenue in MVP Segment of approximately HK\$75.2 million; and (iv) decrease in revenue in Financial Services Segment of approximately HK\$16.9 million. Reasons for the changes in the relevant segment revenues are set out in the section of financial review of each segment.

Other income

Other income mainly represented imputed interest income on gift receivable from Win Dynamic Limited ("Win Dynamic"), interest income on credit-impaired loan receivables, government grants, and bank interest income. The decrease in other income from HK\$53.3 million in FY2021 to HK\$33.4 million in FY2022 was mainly resulted from the net effect of (i) the decrease in bank interest income of approximately HK\$14.5 million from HK\$15.9 million in FY2021 to HK\$1.4 million in FY2022 due to the decrease in investment in short-term time deposits in bank during FY2022; (ii) the claim for a legal case in respect of Qiankeng Property of approximately HK\$13.9 million in FY2021 which was not recurred in FY2022; and (iii) the increase in imputed interest income on gift receivable from Win Dynamic by approximately HK\$6.8 million from HK\$9.3 million in FY2021 to HK\$16.1 million in FY2022, which was recognised since the consolidation of result upon completion of acquisition of Sincere Group since May 2021.

Other gains or losses, net

Other net gains for FY2022 was approximately HK\$341.9 million as compared to other net losses of approximately HK\$117.6 million for FY2021. The other net gains in FY2022 mainly comprised the net foreign exchange gain of approximately HK\$358.1 million (FY2021: net foreign exchange loss of approximately HK\$139.0 million), unrealised fair value loss on financial assets at fair value through profit or loss ("FVTPL") of approximately HK\$8.7 million (FY2021: approximately HK\$3.0 million) and revaluation deficit on property, plant and equipment of approximately HK\$8.1 million (FY2021: revaluation surplus of approximately HK\$23.4 million).

Due to the depreciation of Renminbi during the FY2022, the Group recorded a net foreign exchange gain of approximately HK\$358.1 million which was resulted from the translation of liabilities denominated in Renminbi. On the contrary, the Group recorded a net foreign exchange loss of approximately HK\$139.0 million in FY2021 as a result of appreciation of Renminbi.

The Group invested in listed securities in Hong Kong, other club and school debentures in Hong Kong and other investment for investment purpose and classified as financial assets at FVTPL. As at 31 December 2022, the financial assets at FVTPL amounted to approximately HK\$71.2 million (31 December 2021: HK\$81.2 million). The unrealised fair value loss of the financial assets at FVTPL was mainly due to the decrease in the market value of the listed securities in Hong Kong.

The revaluation deficit on property, plant and equipment of approximately HK\$8.1 million (FY2021: revaluation surplus of approximately HK\$23.4 million) was resulted from revaluation loss on the leasehold land and buildings due to the gentle decline in property market in the People's Republic of China (the "PRC").

Provision for properties under development

In FY2022, the Group recorded provision for properties under development of approximately HK\$100.2 million (FY2021: Nil). Reasons for the provision for properties under development are set out in Financial Review of Property Segment below.

Provision for impairment losses, net

In FY2022, the Group recorded net provision of impairment losses of approximately HK\$47.5 million (FY2021: approximately HK\$3.6 million). The net provision of impairment losses represented the increase in expected credit losses of trade receivables of approximately HK\$13.1 million (FY2021: approximately HK\$9.1 million), receivables arising from securities broking of approximately HK\$1.2 million (FY2021: reversal of impairment loss of approximately HK\$1.9 million), loan receivables of approximately HK\$32.6 million (FY2021: reversal of impairment loss of approximately HK\$4.1 million) and other receivables of approximately HK\$0.6 million (FY2021: approximately HK\$0.5 million).

The expected credit losses of loan receivables of approximately HK\$32.6 million was provided based on assessment on individual basis by reference to any historical default or delay in payments, historical settlements record, current past due exposure and industrial economic factors of each client. The increase in the provision was mainly due to the increase in loans granted during the year. The gross balance of loan receivable as at 31 December 2022 was amounted to approximately HK\$458.9 million (31 December 2021: HK\$207.0 million).

Gain on fair value changes of investment properties, net

The net gain on fair value changes of investment properties decreased by approximately HK\$267.5 million in FY2022 as compared to that of FY2021 was mainly attributable by the loss on fair value change on investment properties in both Hong Kong and the PRC of approximately HK\$849.1 million (FY2021: net gain on fair value changes of approximately HK\$1,265.3 million) due to the gentle decline in property markets in both Hong Kong and the PRC, which was offset by the fair value gain on investment properties in Grenada by approximately HK\$1,846.8 million primarily due to the appreciation of the project value in Grenada. Reasons for the changes for fair value are set out in Financial Review of Property Segment and LAC Segment below.

Selling and distribution expenses

Selling and distribution expenses increased by approximately HK\$30.6 million was mainly arising from the increase in (i) business development expenses, staff costs and depreciation of right-of-use assets for the retail shops upon the completion of acquisition of Sincere Group since May 2021 and (ii) amortisation of other intangible assets of customer relationship arising from the acquisition of Realord Century Service Company Limited (formerly known as Hartman Education Service Limited) and its subsidiary, Hartman Culture Development (Shanghai) Co., Ltd.* (哈特曼文化發展(上海)有限公司) (collectively referred to the “Realord Century Group”) and Realord Century Business Service (Shenzhen) Co., Ltd.* (偉祿世紀商務服務(深圳)有限公司) (formerly known as Hartman Immigration Consultancy Service (Shenzhen) Co., Ltd.* (哈特曼移民諮詢服務(深圳)有限公司)) (together with the Realord Century Group together as the “Hartman Education Group”) since February 2022.

Administrative expenses

Administrative expenses mainly represented staff costs, depreciation of right-of-use assets and legal and professional fees. Administrative expenses increased by approximately HK\$37.2 million which was mainly arising from the consolidation of administrative expenses for the LAC Segment and the Department Store Segment of approximately HK\$45.0 million and HK\$21.6 million upon the completion of acquisition of the Caribbean Education Industry Group Limited and its subsidiaries (collectively referred to as the “Caribbean Group”) and Sincere Group since December 2021 and May 2021 respectively. The increase in administrative expenses was partially offset by the decrease in legal and professional fees by approximately HK\$22.5 million which was mainly due to the one-off legal and professional fees incurred for the acquisition of Sincere Group in FY2021.

Finance costs

The finance costs increased by approximately HK\$32.0 million mainly due to the net effect of (i) increase of interest on loans from ultimate holding company by approximately HK\$61.4 million which was arising from the increase in loans from ultimate holding company from approximately HK\$1,127.2 million as at 31 December 2021 to approximately HK\$2,394.8 million as at 31 December 2022; and (ii) decrease in interest on bank borrowings and overdrafts of approximately HK\$44.4 million due to the decrease in loan interest expenses incurred for the PRC borrowings as a result of depreciation of RMB.

Net profit

The Group’s net profit was approximately HK\$605.2 million in FY2022, representing an increase of approximately HK\$489.3 million, as compared to the Group’s net profit of approximately HK\$115.9 million in FY2021. The improvement in the net profit was resulted from the net effect of: (i) gain on fair value change on the investment properties in Grenada of approximately HK\$1,846.8 million (FY2021: Nil); (ii) net foreign exchange gain of the Group resulted from translation of the Group’s liabilities denominated in Renminbi of approximately HK\$358.1 million for FY2022, as compared to the net foreign exchange loss of approximately HK\$139.0 million in FY2021.

* For identification purpose only

The aforesaid effect was partially offset by (i) loss on fair value changes (net of deferred tax credit) on the investment properties in both Hong Kong and the PRC of approximately HK\$643.2 million (FY2021: gain on fair value changes (net of deferred tax expense) of approximately HK\$955.4 million); (ii) provision for properties under development (net of deferred tax credit) of approximately HK\$75.2 million (FY2021: Nil); (iii) increase in net impairment loss from approximately HK\$3.6 million in FY2021 to HK\$47.5 million in FY2022 as mentioned above; and (iv) increase in selling and distribution expenses, administrative expenses and finance costs by approximately HK\$30.6 million, HK\$37.2 million and HK\$32.0 million respectively as mentioned above.

Financial Review of Each Segment

Property Segment

The revenue of the Property Segment was mainly derived from the rental income of the Group's investment properties. The Group generated rental income of approximately HK\$14.5 million in FY2022 (FY2021: approximately HK\$9.9 million). The increase in rental income was mainly due to the increase in number of tenants of Sincere Mall.

In FY2022, the Property Segment suffered a segment loss of approximately HK\$1,379.5 million (FY2021: segment profit of approximately HK\$792.3 million).

The segment loss was mainly resulted from the net losses on fair value changes in the investment properties of approximately HK\$849.1 million (FY2021: net gains on fair value change of approximately HK\$1,265.3 million) and provision for impairment loss on properties under development of the Qiangkeng Property of approximately HK\$100.2 million (FY2021: Nil).

The property markets in both Hong Kong and the PRC were gently declined primarily due to the epidemics of COVID-19 over the past three years and the credit crunch in the PRC property market. The market prices of residential and commercial properties in both Hong Kong and the PRC were facing downturn pressure. As a result, the Property Segment suffered a decrease in fair value in the investment properties including but not limited to Realord Villa and Realord Technology Park. Besides, the Group also recorded a provision for properties under development of the Qiangkeng Property.

In FY2021, the gain on fair value changes of investment properties was mainly resulted from Realord Technology Park since the Group obtained the permit from relevant government authorities in respect of the increase in construction scale of Phase II in August 2021.

The Financial Services Segment

The Financial Services Segment generated a revenue of approximately HK\$125.8 million in FY2022, which decreased by approximately HK\$16.9 million or 11.8% as compared to that of approximately HK\$142.7 million in FY2021. The decrease in segment revenue was due to (i) decrease in financial service income for rendering corporate finance advisory, underwriting, asset management and other related service of approximately HK\$29.4 million; and (ii) decrease in commission income from securities broking of approximately HK\$8.2 million, which was partially offset by the increase in interest income from margin financing and money lending business of approximately HK\$12.0 million and HK\$8.7 million respectively. In FY2022, activities in Hong Kong's financial market have been slowed down significantly due to unfavourable factors like the epidemics of COVID-19 and rising interest rates to suppress inflation in different countries.

The segment recorded a segment profit of approximately HK\$21.3 million in FY2022, representing a decrease of approximately HK\$24.6 million or 53.6% as compared to approximately HK\$45.9 million in FY2021. The decrease in segment profit of the Financial Services Segment was mainly attributable to the net effect of: (i) decrease in revenue of approximately HK\$16.9 million; (ii) increase in provision of expected credit losses on loan receivables of HK\$32.6 million (FY2021: reversal of impairment losses of approximately HK\$4.1 million) due to the increase in loans granted during the year; (iii) decrease of referral expenses and commission expenses for placement, underwriting and initial public offering ("IPO") projects of approximately HK\$18.8 million; and (iv) decrease in professional fees for consultancy services for the asset management business of approximately HK\$4.4 million.

The EP Segment

During FY2022, the demand for copper in the PRC increased significantly. The EP Segment's revenue increased from approximately HK\$672.8 million in FY2021 to approximately HK\$705.0 million in FY2022.

As the overall copper price is higher than that in FY2021 and the continuing increased the scale and established suppliers' network of the Group in FY2022, the EP segment generated revenue of approximately HK\$705.0 million, representing an increase of 4.8% as compared to approximately HK\$672.8 million in FY2021. The increase in revenue was partially offset by the depreciation of average rate of Renminbi and Japanese Yen during FY2022. However, the segment recorded a segment loss of approximately HK\$6.5 million in FY2022 as compared to segment profit of approximately HK\$9.4 million in FY2021. The recorded segment loss was mainly attributable to the lower of gross profit margin and increase in expected credit losses from trade receivables due to long outstanding trade receivables resulting from the delay in repayments from customers during the economic downturn environment.

The MVP Segment

The revenue of the MVP Segment decreased by approximately 34.8% in FY2022 to approximately HK\$141.0 million (FY2021: approximately HK\$216.2 million). The segment recorded a segment profit of approximately HK\$5.7 million in FY2022, as compared to approximately HK\$8.7 million in FY2021. The segment revenue and segment profit decreased mainly due to the lockdown of certain PRC cities during the outbreak of COVID-19 epidemic in PRC during the year.

The Commercial Printing Segment

The uncertain business environment caused by the outbreak of COVID-19 epidemic in FY2021 and FY2022 adversely affected the capital market sentiment, and hence the demand for services was kept at a low growth rate. Despite of the challenging business environment, the revenue from the Commercial Printing Segment slightly increased by approximately 1.4% to approximately HK\$59.1 million in FY2022 (FY2021: approximately HK\$58.3 million). The Commercial Printing Segment recorded a segment loss of approximately HK\$2.4 million (FY2021: approximately HK\$4.1 million). The decrease in segment loss of the Commercial Printing Segment was mainly due to the subsidies from the Employment Support Scheme under the Anti-epidemic Fund set up by the Hong Kong Government in FY2022, whereas no such subsidies in FY2021.

The Department Store Segment

During FY2022, the Department Store Segment was continuously affected by the persistence impact of the COVID-19 pandemic. The Department Store Segment recorded a segment revenue of approximately HK\$146.3 million (FY2021: HK\$95.0 million) and suffered segment loss of approximately HK\$33.6 million (FY2021: HK\$19.2 million).

The increase in segment loss was due to the consolidation of the full year results of Sincere Group in FY2022 even though the loss of Sincere Group has been diminishing since the Group completed the acquisition of Sincere Group in May 2021.

The LAC Segment

The revenue generated from consultancy services under CBI programme was HK\$5.9 million in FY2022. The segment profit of LAC was approximately HK\$1,799.8 million mainly due to the gain on fair value changes of investment properties in Grenada.

The principal business of the LAC Segment is the development of a project in Grenada (comprising 3 lots of land with admeasurement 450 acres situated at the Mt. Hartman area in the parish of Saint George) (the “Grenada Project”). During the year, the LAC Segment continued its construction and established a development plan on the Grenada Project. The Group has also developed the sale channels in various geographic regions including Beijing, Shanghai, Shenzhen, Hong Kong, Vietnam, the United States of America and Dubai with commencement of the development, the investment properties in Grenada has been reclassified as “properties under development”. Before the change in the classification, the LAC Segment recorded net gain on fair value change of approximately HK\$1,846.8 million for the appreciation of the project value in Grenada during the year.

The increase in fair value of the projects was mainly resulted from the increase in demand for citizenship by investment.

Liquidity, Financial Resources and Capital Structure

The Group generally finances its operations with internally generated cash flow, cash reserve, banking facilities, other loans and facility provided by the ultimate holding company. The Group is financially sound with healthy cash position. The Group's cash and bank balances as at 31 December 2022 amounted to approximately HK\$171.9 million (31 December 2021: approximately HK\$229.6 million) which were mainly denominated in HK\$ and RMB (31 December 2021: HK\$ and RMB).

The gearing ratio of the Group as at 31 December 2022 was approximately 358.5% (31 December 2021: 280.9%), which is calculated based on the interest-bearing borrowings denominated in HK\$ and RMB (31 December 2021: HK\$ and RMB) of approximately HK\$12,950.0 million (31 December 2021: approximately HK\$11,608.9 million) and divided by the equity attributable to owners of the Company of approximately HK\$3,612.5 million (31 December 2021: approximately HK\$4,133.1 million). The interest bearing borrowings carried interest rate ranging from 3.025% to 8.625% per annum (31 December 2021: 2.15% to 7.60% per annum) with maturity ranging from within 1 year to 28 years (31 December 2021: within 1 year to 29 years).

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

Foreign Exchange

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

The Group is exposed to foreign exchange risk arising from exposure in the US Dollars, Euro, Japanese Yen, Renminbi and East Caribbean Dollars against Hong Kong Dollars. The management has continuously monitored the level of exchange rate exposure and shall adopt financial hedging instruments for hedging purpose when necessary. The Group did not use any financial instruments for hedging purpose in FY2022.

Financial Guarantees and Charges On Assets

As at 31 December 2022, corporate guarantees amounting to approximately HK\$9,107.0 million (31 December 2021: approximately HK\$10,096.4 million) were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to approximately HK\$8,957.0 million (31 December 2021: approximately HK\$9,405.2 million) was given to banks in the PRC by the Company for the provision of general banking facilities granted to its PRC subsidiaries. Besides, the general banking facilities granted to the subsidiaries of the Company were secured by legal charges on certain investment properties, leasehold land and buildings, properties under development and proposed development project (2021: certain investment properties, leasehold land and buildings and properties under development) owned by the Group with a total net book value of approximately HK\$8,512.0 million (31 December 2021: approximately HK\$10,184.0 million), approximately HK\$556.7 million (31 December 2021: approximately HK\$562.4 million), approximately HK\$3,328.2 million (31 December 2021: approximately HK\$3,229.1 million) and approximately HK\$2,016.7 million (31 December 2021: Nil) respectively. Meanwhile, corporate guarantees amounting to approximately HK\$9,592.4 million (31 December 2021: approximately HK\$10,093.1 million) were given to banks by the directors and controlling shareholders of the Company for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to approximately HK\$230.5 million (31 December 2021: approximately HK\$9.2 million) was given to banks in the PRC by the related parties of the Group for the provision of general banking facilities granted to its PRC subsidiaries. In addition, the general banking facilities granted to the subsidiaries of the Company were secured by securities collateral pledged to the Group by margin clients with market value of approximately HK\$400.7 million (31 December 2021: approximately HK\$359.3 million), the Group's marketable securities with an aggregate fair value of approximately HK\$2.2 million (31 December 2021: approximately HK\$3.4 million) and shares of certain subsidiaries. Besides, certain bank borrowings were secured by the Group's restricted bank balances and deposits of approximately HK\$84.3 million (31 December 2021: approximately HK\$102.2 million).

For the other loans from financial institutions as at 31 December 2022, corporate guarantees amounting to approximately HK\$57.9 million (31 December 2021: Nil) were given to the financial institutions by the Company for the provision of loans granted to the subsidiaries. Besides, the loans granted to the subsidiaries of the Company were secured by legal charges on certain investment properties with carrying amount of approximately HK\$79.4 million (31 December 2021: Nil). In additions, certain other borrowings to the subsidiaries of the Company were under repurchase arrangement by using the securities collateral pledged to the Group by margin clients with market value of approximately HK\$149.6 million (31 December 2021: Nil).

Business Review of Each Segment

During the year ended 31 December 2022, the global economy and business performance did not recover as expected due to the continuous outbreak of COVID-19 pandemic. The global economy was influenced by the unstable international geopolitics and the expectation of raising interest rate. Simultaneously, the economy in PRC was affected by the strict regulation and supervision of various industries.

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

The Property Segment

The Group holds three investment property projects namely Realord Villas and Zhangkengjing Property in Longhua District, and Realord Technology Park in Guangming District in Shenzhen, the PRC. The Group also holds proposed development project and properties under development namely Laiying Garden in Nanshan District and Qiankeng Property in Longhua District respectively in Shenzhen, the PRC. There are mainly five property projects on hand as at 31 December 2022 (31 December 2021: five).

During FY2022, there are various development progress on five property projects. Firstly, for Realord Villas, up to the date of report, the number of tenants of shopping mall increased to 45 including children's amusement park, education training centres, restaurants, fitness studios and etc. Secondly, for Realord Technology Park, the total construction scale is approximately 81,000 square meters and the development plan of Phase II will be started once government approval is granted. Thirdly, for Qiankeng Property, the construction scale is approximately 112,000 square meters and the redevelopment works will be commenced once permits are obtained from relevant government authorities. Fourthly, for Zhangkengjing Property, the application of change of land use from industrial use to residential apartments and commercial use is still under review as at the reporting date. Fifthly, for Laiying Garden, the demolition of the residential units and the infrastructures is completed and the redevelopment work is expected to be commenced once permits from relevant government authorities are granted.

The Financial Services Segment

In FY2022, activities in Hong Kong's financial market have been slowed down significantly due to unfavourable factors like the epidemics of COVID-19 and rising interest rates to suppress inflation in different countries. However, the Financial Services Segment is committed to providing diversified and premium services to customers in the primary and secondary markets. The interest income of margin financing is rising continuously, which drives the Financial Services Segment has been steady growth in the sluggish market. Moreover, our new mobile trading system has been launched and provides customers with a fast and stable trading experience, which helps build up our brand. The Group, together with 5 other independent third parties, had also applied for approval from the China Securities Regulatory Commission ("CSRC") to establish a security company in Guangzhou Pilot Free Trade Zone, which is currently under review by CSRC. The Company will update the shareholders on the application's progress when and as appropriate.

Margin financing business

Business model

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

As at 31 December 2022, approximately 53.0% (31 December 2021: 70.9%), 34.3% (31 December 2021: 29.0%) and 12.7% (31 December 2021: 0.1%) of the total loan balance to margin financing clients of HK\$457.2 million (31 December 2021: HK\$276.2 million) were from individual investors, corporate investors and professional investors as defined under Part 1 of Schedule 1 of Section 397 of the Securities and Futures Ordinance (Cap.571D), respectively.

Credit policy

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

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

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

- (ii) assessment of the repayment ability and credit quality of client based on:
 - (a) for individual client, his/her occupation, proof of income, proof of assets, proof of financial standing, historical trading pattern, and historical settlement records with the Group (if applicable); and
 - (b) for corporate client, its latest available financial statements, leverage level, assets quality, external credit rating, historical trading pattern, and historical settlement records with the Group (if applicable).

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

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

Key internal control measures

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

- (i) on a daily basis, a team comprising the head of customer service of the securities brokerage company and its responsible officer (who is also a member of the Credit Risk Team) for monitoring margin financing (the "Margin Monitoring Team") will generate a margin call report which shows the clients' margin status and identify if there is any shortfall in clients' collaterals;
- (ii) for any insufficient collaterals identified, the Margin Monitoring Team shall make immediate margin calls for additional collateral;
- (iii) in the event the clients fail to mitigate the shortfall of their collaterals, the Margin Monitoring Team shall make timely report to the responsible officers of securities brokerage company who will consider the necessary actions to take including but not limited to forced liquidation of the clients' position;
- (iv) the Margin Monitoring Team shall also closely monitor any unusual movements, corporate news or trading halts/suspensions of all underlying securities related to outstanding margin financing facilities in order to mitigate the clients' credit risk and report to the responsible officers of all relevant incidents as and when arise, for the responsible officers to consider further actions; and

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

Major terms of loans and concentration of loans on major clients

During the year ended 31 December 2022, the interest rate of the margin financing was charged at a range of 5% to 20.625% (31 December 2021: a range of 5% to 20%) subject to the credibility of the clients and quality of the securities collateral. The Group's largest margin client and the five largest margin clients accounted for approximately 10.6% (31 December 2021: 7.2%) and 34.4% (31 December 2021: 30.2%) of the total loan balance to margin clients as at 31 December 2022. As at 31 December 2022, the Group's largest margin client was a corporate client (31 December 2021: an individual client) and the Group's five largest margin clients included 1 individual client, 3 corporate clients and 1 professional investor (31 December 2021: 3 individual clients and 2 corporate clients).

Recoverability and impairment assessment

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

During the year ended 31 December 2022, provision of impairment losses on receivables arising from loans to margin clients of HK\$1.2 million (31 December 2021: reversal of impairment losses of HK\$1.9 million) was recognised. Provision of impairment loss was provided for margin loan balances with insufficient collaterals. As at 31 December 2022, 91% (31 December 2021: 99%) of the margin loan balances were secured by sufficient collaterals.

As a result of the decrease in the percentage of margin loan balances with sufficient collaterals from 99% as at 31 December 2021 to 91% as at 31 December 2022, provision of impairment losses was recognised for the year ended 31 December 2022. As at 31 December 2022, no specific provision was made on the margin loan receivables (31 December 2021: Nil).

Money lending business

Business model

The Group provides loans to clients with tailored made liquidity solutions and its clients are mainly solicited from business referrals of existing clients or business connections of the management team of the Group. Securities brokerage division also refers the brokerage clients who have financing needs to the money lending division with a view to providing one-stop financing solutions to the clients. The funding for this money lending business is from internal resources of the Group. As at 31 December 2022, approximately 61.1% (31 December 2021: 34.3%) and 38.9% (31 December 2021: 65.7%) of the total loan balance to money lending clients of HK\$458.9 million (31 December 2021: HK\$207.0 million) were individuals and corporate clients, respectively.

Credit policy

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

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

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

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

Key internal control measures

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

- (i) on monthly basis, the Money Lending Team will prepare a monthly loan profile summary which will be reviewed by the Money Lending CAC to identify if there is any loan overdue;
- (ii) for any loan being overdue, the Money Lending Team will immediately notify the Money Lending CAC, and provide regular updates on the progress of the collection of the outstanding balance of the loans and commence procedures to recover the outstanding balance, if applicable, in accordance with internal procedures; and
- (iii) the status of the loan portfolio shall be reported to the Board by the Money Lending CAC on semi-annual basis.

Major terms of loans and concentration of loans on major clients

During the year ended 31 December 2022, the interest rate of the money lending business was charged at a range from 8.5% to 36% per annum (31 December 2021: a range of 8.5% to 12% per annum) subject to the creditability of the clients, and the loan receivables from clients were generally unsecured and repayable with a term of one year or less. The Group's largest money lending client and the five largest money lending clients accounted for approximately 19.4% (31 December 2021: 43.0%) and 58.2% (31 December 2021: 87.9%) of the total loan balance to money lending clients as at 31 December 2022. As at 31 December 2022, the Group's largest money lending client was a corporate client (31 December 2021: a corporate client) and the Group's largest 5 money lending clients included 5 corporate clients (31 December 2021: 3 corporate clients and 2 individual clients).

Recoverability and impairment assessment

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

During the year ended 31 December 2022, provision of impairment losses on loan receivables of approximately HK\$32.6 million (FY2021: reversal impairment losses of HK\$4.1 million) was recognised. Provision of impairment loss was provided for the whole loan portfolio of the Group to recognise the expected credit losses of the receivables from money lending clients. Increase in overall gross balance of loan receivables and unfavourable factors affecting the whole financial market like the epidemics of COVID-19 and rising interest rates. As at 31 December 2022, none of the loan receivables had been overdue and no specific provision on the loan receivables had been made (31 December 2021: Nil).

The EP Segment

The EP Segment remained to be the Group's major revenue contributor which was benefited from the large scale of Realord EP Japan leased land in Osaka, Japan with approximately 19,609 square meters (4 pieces). The EP Segment is still looking into alternatives such as deploying additional operation points in Kyushu, Japan, searching for new sources of metal scraps throughout the Japan. The Group is also considering developing the European and American markets under the situation of sufficient funds to meet the economy recovery after the COVID-19 pandemic for sustainable growth of the EP business.

The MVP Segment

Due to the lockdown policies in certain PRC cities, the demand for motor vehicle parts was adversely affected during the year. In order to maintain sustainable growth in business, the Group has to further strengthen its relationship with suppliers and explore new customer bases. The Group remain positive of the prospects in the view that the epidemic prevention policies are relaxing.

The Commercial Printing Segment

The decrease in demand of commercial printing services was unavoidable during the COVID-19 pandemic. Though the Group has downsized its scale of operations in order to minimize the operating costs, the segment still recorded segment losses in FY2022. In order to maintain sustainable growth in business, the Group has to further strengthen its relationship with existing customers and explore new customer bases.

The Department Store Segment

During the year, performance of Department Store Segment was affected by the persistence impact of the Covid-19 pandemic. In addition, one of the department stores was closed during the FY2022. As a result, the Group had adopted pro-active measures to reduce operating expenses, such as staff cost and negotiating rental concession with the landlords.

Following by the gradual relaxation of anti-pandemic measures and most importantly, the reopening of boarder with PRC in early 2023, we expect that there will be a rebound on the local retail market in Hong Kong.

The Latin America and the Caribbean (“LAC”) Segment

The principal business of the LAC Segment is the development of the Grenada Project. The Grenada Project involves the development of a mixed property project consisting educational facilities, apartments for student, residential properties, hotel and resort facilities, commercial development and shopping facilities and, in a longer plan university, establishment(s) and related amenities.

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

Outlook and Corporate Strategy

The Property Segment

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

The Financial Services Segment

As the epidemic of COVID-19 has been improving, and together with the Chinese and Hong Kong governments have made a series of wise decisions to help the economy recover. Hong Kong’s financial market and economic development will remain stable. Therefore, the Financial Services Segment will continuously develop various investment products to meet the market’s demand and provide diversified and premium services to customers in the international capital market. At the same time, the Financial Services Segment is also proactively preparing to launch dark pools and US stock trading systems, and expand the sales and business teams to support our business development. Therefore, this segment is expected to achieve stable business growth in 2023.

The EP Segment, the MVP Segment, the Commercial Printing Segment and the Department Store Segment

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

The LAC Segment

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

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

The Caribbean region has long been popular with the Western countries such as Europe, the United States of America and Canada, and is an ideal place for vacations. In particular, Antigua and Barbuda, and Saint Kitts and Nevis are closer to the United States of America, and both countries have direct flights to Europe, the United States of America and Canada. Before the outbreak of the epidemic, more than one million tourists visited these two countries every year, but the development of infrastructure such as hotels and tourism facilities lags behind. Tourists who travel to the Caribbean region are high-end consumer groups with relatively strong spending power. Thus, they generally demand higher qualities for hotels and tourism facilities. However, the tourism facilities have becoming obsolete, and the hotel buildings and supporting facilities have not been upgraded and renovated promptly. On the other hand, in view of the increasing awareness of global warming, these Caribbean countries, which are still mainly relying on traditional method of generating electricity, are encouraged to develop renewable energy. In view of these, the Group has identified four investment propositions to collaborate with the respective local governments to accelerate economic development of each country. These four areas include (i) the clean energy sector; (ii) the education sector; (iii) the tourism sector; and (iv) the retail sector. Environmental and economic benefits of using renewable energy include: (i) generating energy that produces no greenhouse gas emissions from fossil fuels and reduces some types of air pollution; (ii) diversifying energy supply and reducing dependence on imported fuels; and (iii) creating economic development and jobs in manufacturing and installation, etc.. Education, tourism and retail projects are organically integrated to create an ecosystem, providing employment opportunities, and boosting the local economy and people's quality of life. The Group would also be able to embrace corporate social responsibility alongside with its stakeholders. The Group is confident that it can obtain support from local governments with favorable policy and initiatives.

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

CONTINGENT LIABILITIES

Saved as disclosed in note 20 to the consolidated financial statements, the Group has no other significant contingent liabilities as at 31 December 2022.

LITIGATION

Saved as disclosed in note 21 to the consolidated financial statements, the Group has no other significant litigation as at 31 December 2022.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Saved as disclosed in notes 17 and 18 to the consolidated financial statements, no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2022.

EVENTS AFTER REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2022 and up to the date of this report.

DIVIDENDS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance practices. In the opinion of the Directors, the Company has complied all code provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2022.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a total workforce of 478, of whom 295, 135, 29 and 19 were based in Hong Kong, the PRC, Japan and Grenada. Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

ANNUAL GENERAL MEETING

The 2023 annual general meeting ("2023 AGM") will be held on Friday, 9 June 2023, and the notice of the 2023 AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 6 June 2023 to Friday, 9 June 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 5 June 2023.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2022.

AUDIT COMMITTEE AND REVIEW OF FINAL RESULTS

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022. The work performed by the Company's auditors in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this announcement.

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three members, namely Mr. Yu Leung Fai, Mr. Fang Jixin and Mr. Ho Chun Chung Patrick, who are all independent non-executive Directors. The Audit Committee has reviewed with the management about the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control system and financial reporting matters of the Group. The Audit Committee has also reviewed the consolidated financial statements of the Group for the year ended 31 December 2022.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the Company's website (<http://www.realord.com.hk>) and the Stock Exchange's website (<http://www.hkexnews.hk>).

The annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the abovementioned websites in due course.

APPRECIATION

On behalf of the Board, I would like to express its sincere gratitude to all our staff for their dedication and contribution, as well as to all our customers, suppliers, business associates and shareholders for their continuous support to the Group over the period.

By Order of the Board
Realord Group Holdings Limited
Lin Xiaohui
Chairman

Hong Kong, 28 March 2023

As at the date of this announcement, the executive Directors are Dr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong and the independent non-executive Directors are Mr. Yu Leung Fai, Mr. Fang Jixin and Mr. Ho Chun Chung Patrick.