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## **Oshidori International Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 622)**

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

The board of directors (the “**Board**”) of Oshidori International Holdings Limited (the “**Company**”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>			
Advisory, commission income and other fee income		<b>3,992</b>	8,855
Net gain (loss) on sales of financial assets at fair value through profit or loss (“FVPL”)		<b>25,085</b>	(3,225,077)
Interest income		<b>57,754</b>	99,145
Dividend income		<b>22,362</b>	15,222
		<hr/>	<hr/>
<b>Total revenue</b>	<i>3</i>	<b>109,193</b>	(3,101,855)
Other income	<i>4</i>	<b>21,168</b>	27,318
Other net (losses) gains	<i>6</i>	<b>(12,782)</b>	196,555
Net unrealised fair value loss on financial assets at FVPL	<i>8</i>	<b>(92,557)</b>	(97,400)
Loss on disposal of loan receivables		<b>(20,086)</b>	–
Reversal (Provision) of impairment loss in respect of loan receivables, net	<i>20(c)</i>	<b>13,688</b>	(7,941)
Depreciation and amortisation expenses	<i>8</i>	<b>(31,067)</b>	(32,162)
Employee benefits expenses	<i>8</i>	<b>(24,534)</b>	(29,202)
Other expenses	<i>8</i>	<b>(59,935)</b>	(196,214)
Share of results of associates	<i>16</i>	<b>5,664</b>	(283,393)
Share of results of a joint venture	<i>17</i>	<b>34,853</b>	–
Finance costs	<i>7</i>	<b>(22,893)</b>	(26,793)
		<hr/>	<hr/>
<b>Loss before taxation</b>	<i>8</i>	<b>(79,288)</b>	(3,551,087)
Income tax (expense) credit	<i>9</i>	<b>(1,800)</b>	405,359
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(81,088)</b>	(3,145,728)

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Other comprehensive loss:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value change on equity investments measured at fair value through other comprehensive income (“ <b>Designated FVOCI</b> ”)	<i>14</i>	<u>(402,241)</u>	<u>(1,061,279)</u>
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation to presentation currency		<u>611</u>	<u>330</u>
<b>Total other comprehensive loss for the year</b>		<u>(401,630)</u>	<u>(1,060,949)</u>
<b>Total comprehensive loss for the year</b>		<u>(482,718)</u>	<u>(4,206,677)</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>	<i>11</i>		
Basic		<u>(1.33)</u>	<u>(51.46)</u>
Diluted		<u>(1.33)</u>	<u>(51.46)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property and equipment		146,235	162,035
Investment property	12	102,750	102,750
Right-of-use assets	13	7,303	10,554
Designated FVOCI	14	3,186,010	2,781,999
Debt investment at amortised cost	15	100,000	–
Financial assets at FVPL	22	2,485	2,497
Interests in associates	16	173,682	50,736
Interests in a joint venture	17	149,853	–
Intangible assets	18	15,614	9,866
Other deposits	19	5,472	1,354
Loan receivables	20	31,917	12,405
		<b>3,921,321</b>	3,134,196
<b>Current assets</b>			
Trade, loan and other receivables	20	1,017,671	1,427,067
Income tax recoverable		6,264	2,666
Promissory note receivable	21	–	144,000
Financial assets at FVPL	22	390,314	725,245
Bank balances – trust and segregated accounts		49,745	27,203
Cash and cash equivalents		368,819	848,645
		<b>1,832,813</b>	3,174,826
<b>Current liabilities</b>			
Trade and other payables	23	173,450	309,585
Lease liabilities	24	6,173	6,623
Income tax payable		862	1,377
Interest-bearing borrowings	25	294,023	246,568
		<b>474,508</b>	564,153
<b>Net current assets</b>		<b>1,358,305</b>	2,610,673
<b>Total assets less current liabilities</b>		<b>5,279,626</b>	5,744,869

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities	24	<u>1,311</u>	<u>4,023</u>
<b>NET ASSETS</b>		<u><b>5,278,315</b></u>	<u>5,740,846</u>
<b>Capital and reserves</b>			
Share capital		<b>305,463</b>	305,463
Reserves		<u><b>4,972,852</b></u>	<u>5,435,383</u>
<b>TOTAL EQUITY</b>		<u><b>5,278,315</b></u>	<u>5,740,846</u>

## 1. GENERAL

Oshidori International Holdings Limited (the “**Company**”) is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company and its subsidiaries (together the “**Group**”) principally engages in investment holdings, tactical and/or strategical investments, and the provisions of (i) securities brokerage services, (ii) margin financing services, (iii) placing and underwriting services, (iv) corporate finance advisory services, (v) investment advisory and asset management services, and (vi) credit and lending services.

Certain group entities are licenced under the Hong Kong Securities and Futures Ordinance with the following regulated activities:

Type 1: Dealing in securities

Type 2: Dealing in futures contracts

Type 4: Advising on securities

Type 6: Advising on corporate finance

Type 8: Securities margin financing

Type 9: Asset management

In October 2020, a group entity applied for licence for Type 8 (securities margin financing) regulated activity and a licence was granted during the year ended 31 December 2022.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## 2. PRINCIPAL ACCOUNTING POLICIES

### **Basis of preparation**

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

### **Adoption of new/revised HKFRSs**

#### *Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021*

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

#### *Amendments to HKAS 16: Proceeds before Intended Use*

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

#### *Amendments to HKAS 37: Cost of Fulfilling a Contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

### *Amendments to HKFRS 3: Reference to the Conceptual Framework*

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

### *Annual Improvements Project – 2018-2020 Cycle*

#### *HKFRS 1: Subsidiary as a First-time Adopter*

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent’s date of transition to HKFRSs.

#### *HKFRS 9: Fees in the “10 per cent” Test for Derecognition of Financial Liabilities*

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

#### *HKFRS 16: Lease Incentives*

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.



### 3. REVENUE

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Advisory, commission income and other fee income	<i>(b)</i>	<u>3,992</u>	<u>8,855</u>
Net gain (loss) on sales of financial assets at FVPL	<i>(a)</i>	<u>25,085</u>	<u>(3,225,077)</u>
Interest income from:			
– margin clients		18,907	25,060
– loan receivables		33,680	65,779
– unlisted callable fixed coupon notes at FVPL		–	8,306
– debt investment at amortised cost		<u>5,167</u>	<u>–</u>
		<u>57,754</u>	<u>99,145</u>
Dividend income from:			
– financial assets at FVPL		18,298	9,269
– Designated FVOCI		<u>4,064</u>	<u>5,953</u>
		<u>22,362</u>	<u>15,222</u>
		<u><b>109,193</b></u>	<u><b>(3,101,855)</b></u>

*Notes:*

- (a) The amount represented the proceeds from the sale of financial assets at FVPL of approximately HK\$266,894,000 (2021: approximately HK\$748,076,000) less relevant costs and carrying value of the investments sold of approximately HK\$241,809,000 (2021: approximately HK\$3,973,153,000).
- (b) In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	<b>Financial services</b> <i>(as defined in note 5)</i>	
	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Timing of revenue recognition:</i>		
Fee and commission income		
– at a point in time	2,288	4,440
Advisory and other fee income		
– over time	<u>1,704</u>	<u>4,415</u>
Total revenue from contracts with customers within HKFRS 15	<u><b>3,992</b></u>	<u><b>8,855</b></u>

#### 4. OTHER INCOME

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income on:			
– bank deposits		<b>2,898</b>	3,645
– promissory note receivable	<i>21</i>	–	7,854
– financial assets at FVPL	<i>22(b)</i>	<b>11,000</b>	3,664
– others		<b>4</b>	3
		<b>13,902</b>	15,166
Property licence fee income		<b>2,400</b>	200
Government subsidies	<i>(a)</i>	<b>727</b>	–
Handling fee income		<b>332</b>	4,679
Scrip fee income		<b>816</b>	2,388
Others		<b>2,991</b>	4,885
		<b>21,168</b>	27,318

*Note:*

- (a) During the year, the Group recognised government subsidies of approximately HK\$727,000 (2021: Nil) in respect of the 2022 Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government due to the COVID-19 pandemic.

#### 5. SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

The Group's reportable and operating segments are as follows:

Financial services	Provision of securities brokerage, margin financing, placing and underwriting, investment advisory, assets management and corporate finance advisory services
Tactical and/or strategical investments	Investment in financial instruments
Credit and lending services	Provision of credit and lending services

*Segment revenue and results*

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

*For the year ended 31 December 2022*

	<b>Financial services HK\$'000</b>	<b>Tactical and/or strategical investments HK\$'000</b>	<b>Credit and lending services HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>Revenue</b>				
Advisory, commission income and other fee income	3,992	–	–	3,992
Net gain on sales of financial assets at FVPL	–	25,085	–	25,085
Interest income	18,907	5,167	33,680	57,754
Dividend income	–	22,362	–	22,362
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	22,899	52,614	33,680	109,193
Net unrealised fair value loss on financial assets at FVPL	–	(92,557)	–	(92,557)
	<hr/>	<hr/>	<hr/>	<hr/>
Segment revenue	<u>22,899</u>	<u>(39,943)</u>	<u>33,680</u>	<u>16,636</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Segment profit (loss)	<u>8,815</u>	<u>(73,866)</u>	<u>5,311</u>	<u>(59,740)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Unallocated other income				17,257
Unallocated other net losses				(12,455)
Share of results of associates				5,664
Share of results of a joint venture				34,853
Unallocated finance costs				(1,770)
Central corporate expenses				<u>(63,097)</u>
				<hr/>
Loss before taxation				<u>(79,288)</u>

For the year ended 31 December 2021

	Financial services <i>HK\$'000</i>	Tactical and/or strategical investments <i>HK\$'000</i>	Credit and lending services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
Advisory, commission income and other fee income	8,855	–	–	8,855
Net loss on sales of financial assets at FVPL	–	(3,225,077)	–	(3,225,077)
Interest income	25,060	8,306	65,779	99,145
Dividend income	–	15,222	–	15,222
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	33,915	(3,201,549)	65,779	(3,101,855)
Net unrealised fair value loss on financial assets at FVPL	–	(92,838)	–	(92,838)
	<hr/>	<hr/>	<hr/>	<hr/>
Segment revenue	<u>33,915</u>	<u>(3,294,387)</u>	<u>65,779</u>	<u>(3,194,693)</u>
Segment profit (loss)	<u>23,450</u>	<u>(3,547,191)</u>	<u>37,374</u>	<u>(3,486,367)</u>
Unallocated other income				7,393
Unallocated other net losses				(2,665)
Unallocated unrealised fair value loss on financial assets at FVPL				(4,562)
Unallocated share of results of associates				254
Unallocated finance costs				(319)
Central corporate expenses				<u>(64,821)</u>
Loss before taxation				<u><u>(3,551,087)</u></u>

Segment revenue includes revenue from financial services, tactical and/or strategical investments and credit and lending services. In addition, the chief operating decision makers also consider net unrealised fair value loss on financial assets at FVPL as segment revenue.

The accounting policies of the segment reporting are set out as the Group's accounting policies. Segment result represents the loss incurred or profit earned by each segment without allocation of certain other income, certain other net losses, certain unrealised fair value loss on financial assets at FVPL, share of results of associates, share of results of a joint venture, certain finance costs and the central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

## 6. OTHER NET (LOSSES) GAINS

		2022	2021
	Notes	HK\$'000	HK\$'000
Fair value loss on investment property	12	–	(7,221)
Net gain on acquisition and disposal of an associate		–	287,722
Gain on bargain purchase from acquisition of an associate		1,748	2,482
Gain on deemed disposal of an associate		734	–
Impairment loss on other receivables		–	(20,000)
Profit from disposal of a Designated FVOCI under the tactical and/or strategical investments segment		–	20,862
Loss on redemption of financial assets at FVPL		–	(110,162)
Net exchange (loss) gain		(15,264)	6,010
Recovery of doubtful consideration receivable on disposal of a subsidiary judged by the court		–	16,862
		<u>(12,782)</u>	<u>196,555</u>

## 7. FINANCE COSTS

		2022	2021
		HK\$'000	HK\$'000
Bank interest expense		–	4
Interest on bank loan		1,251	–
Interest on other loans		12,804	11,500
Interest on margin financing		8,318	14,970
Imputed interest on lease liabilities		520	319
		<u>22,893</u>	<u>26,793</u>

## 8. LOSS BEFORE TAXATION

This is stated after charging:

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Employee benefits expenses (including directors' emoluments)</b>			
Salaries and other benefits		<b>22,100</b>	26,561
Retirement benefit scheme contributions		<b>309</b>	516
Share-based payment expenses		<b>2,125</b>	2,125
		<b>24,534</b>	29,202
<b>Net unrealised fair value loss on financial assets at FVPL</b>			
		<b>92,557</b>	97,400
<b>Depreciation and amortisation expenses</b>			
Depreciation on property and equipment		<b>22,995</b>	22,998
Depreciation on right-of-use assets	<i>13</i>	<b>7,572</b>	8,664
Amortisation on intangible assets	<i>18</i>	<b>500</b>	500
		<b>31,067</b>	32,162
<b>Other expenses</b>			
Auditor's remuneration		<b>2,310</b>	2,280
Business development expenses	<i>(a)</i>	<b>8,158</b>	140,141
Business registration fee, statutory fees and listing fees		<b>1,192</b>	1,022
Financial information charge		<b>1,780</b>	1,945
Handling and settlement expenses		<b>809</b>	2,353
Investment transaction cost		<b>2,381</b>	6,695
Legal and professional fees		<b>8,636</b>	6,696
Marketing expenses		<b>8,502</b>	6,649
Other operating expenses		<b>8,105</b>	8,485
Share-based payment expenses to service providers		<b>18,062</b>	18,062
Short-term leases	<i>13</i>	–	200
Withholding tax related to recovery of doubtful consideration receivable on disposal of a subsidiary judged by the court		–	1,686
		<b>59,935</b>	196,214

*Note:*

- (a) The amount represented the expenditures incurred by the Group for participating in the selection process to become the integrated resort operator for the Nagasaki Prefecture which is organised by the Government of Japan since 2020. However, the Group withdrew from the project in August 2021 due to the restrictive and unreasonable rules and measures constantly imposed by the Nagasaki Prefecture.

## 9. INCOME TAX EXPENSE (CREDIT)

The profits tax rate for the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 December 2022 and 2021, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax		
– Current year	<b>1,456</b>	4,143
– Under (Over) provision in prior year	<b>344</b>	(797)
	<b>1,800</b>	3,346
<b>Deferred taxation</b>		
Origination and reversal of temporary difference	–	(408,705)
Income tax expense (credit)	<b>1,800</b>	(405,359)

## 10. DIVIDENDS

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

## 11. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on loss attributable to the equity holders of the Company and the weighted average number ordinary shares in issue during the year as follows:

### Loss

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to equity shareholders of the Company, for the purpose of basic and diluted loss per share	<u><u>(81,088)</u></u>	<u><u>(3,145,728)</u></u>

### Number of shares

	<b>2022</b>	2021
Weighted average number of ordinary shares, for the purpose of basic and diluted loss per share	<u><u>6,109,259,139</u></u>	<u><u>6,112,500,783</u></u>

	<i>HK cents</i>	<i>HK cents</i>
Basic loss per share	<u><u>(1.33)</u></u>	<u><u>(51.46)</u></u>
Diluted loss per share	<u><u>(1.33)</u></u>	<u><u>(51.46)</u></u>

### Note:

The computation of diluted loss per share for the year ended 31 December 2022 and for the year ended 31 December 2021 did not assume the exercise of certain share option and the issue of certain shares under the share award scheme since their assumed exercise and issue for both years would have an anti-dilutive effect on the basic loss per share amount presented.



## 12. INVESTMENT PROPERTY

	2022 HK\$'000	2021 HK\$'000
<b>At fair value</b>		
At the beginning of the reporting period	102,750	–
Additions – Acquisition of a subsidiary	–	109,971
Changes in fair value recognised in profit or loss	–	(7,221)
	<u>102,750</u>	<u>102,750</u>
<b>At the end of the reporting period</b>	<b>102,750</b>	<b>102,750</b>
	<u>102,750</u>	<u>102,750</u>
Unrealised loss on investment property revaluation included in other net gains	–	(7,221)
	<u>–</u>	<u>(7,221)</u>

At the end of the reporting period, the investment property of HK\$102,750,000 located in Hong Kong is held with the remaining lease term of 104 (2021: 105) years.

The property interests in investment properties thereon (including the whole or part of undivided share in the underlying land) in Hong Kong is held by the Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront. Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to the rateable values, for example, there are no ongoing payments to be made under the terms of the land lease.

The fair value of the investment property is determined by the valuation performed by an independent professional valuer by adopting the direct comparison method based on price information of comparable properties and adjusted to reflect the locations of the subject property.

The investment property was pledged by bank loan as at 31 December 2022. Details are set out in note 25.

### Leasing arrangement – as licensor

The Group's investment property interests held under leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

The Group granted a licence to the licensee to use the investment property for residential use for a licence period of 3 months with renewal in every 3 months. The licence does not include purchase or termination options. The licence income from investment property are set out in note 4.

The investment property is subjected to residual value risk. The licence agreement, as a result, includes a provision on residual value guarantee based on which the Group has the right to charge the licensee for any damage to the investment property at the end of the licence period.

The undiscounted licence fees to be received from the investment property within one year as at the end of the reporting period amount to HK\$400,000 (2021: HK\$400,000).

### 13. RIGHT-OF-USE ASSETS

	<b>Buildings</b> <i>HK\$'000</i>
Reconciliation of carrying amount – year ended 31 December 2021	
At beginning of the reporting period	9,900
Additions	9,318
Depreciation	<u>(8,664)</u>
At the end of the reporting period	<u><u>10,554</u></u>
<b>Reconciliation of carrying amount – year ended 31 December 2022</b>	
At beginning of the reporting period	10,554
Additions	4,321
Depreciation	<u>(7,572)</u>
<b>At the end of the reporting period</b>	<u><u>7,303</u></u>
At 31 December 2021	
Cost	27,955
Accumulated depreciation	<u>(17,401)</u>
Net carrying amount	<u><u>10,554</u></u>
<b>At 31 December 2022</b>	
Cost	27,865
Accumulated depreciation	<u>(20,562)</u>
<b>Net carrying amount</b>	<u><u>7,303</u></u>

The Group leases various premises for its daily operations. Lease terms are 2 years with no renewal or termination option.

The Group has recognised the following amounts for the year:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Lease payments:		
Short-term leases	—	200
Expenses recognised in profit or loss	—	200
Lease payments on lease liabilities	<b>8,003</b>	9,050
Total cash outflow for leases	<b>8,003</b>	9,250

#### 14. DESIGNATED FVOCI

	<i>Notes</i>	<b>2022</b>	2021
		<b>HK\$'000</b>	HK\$'000
Equity securities – listed			
Listed in Hong Kong		<b>2,417,797</b>	2,709,569
Listed in the United States		<b>24,670</b>	24,589
	<i>(a)</i>	<b>2,442,467</b>	2,734,158
Equity securities – unlisted	<i>(a)</i>	<b>673,543</b>	47,841
Deferred day-one loss	<i>(b)</i>	<b>70,000</b>	—
		<b>743,543</b>	47,841
		<b>3,186,010</b>	2,781,999

*Notes:*

- (a) At the date of initial recognition, the Group irrevocably designated certain investments in equity securities as Designated FVOCI because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

During the year ended 31 December 2022, the net unrealised fair value loss on Designated FVOCI of approximately HK\$402,241,000 (2021: approximately HK\$1,061,279,000) was recognised in other comprehensive income.

During the year ended 31 December 2022, Designated FVOCI with fair value of approximately HK\$187,251,000 (2021: HK\$456,491,000) was disposed which is in line with the Group's inherent investment strategy. The cumulative loss of approximately HK\$24,554,000 (2021: cumulative loss of approximately HK\$261,963,000) that was previously included in the investment revaluation reserve (non-recycling) was transferred directly to retained earnings during the year ended 31 December 2022.

- (b) On 17 February 2022, the Group entered into a subscription agreement with Future Capital, an independent third party incorporated in the Cayman Islands, to subscribe 3,750 newly issued shares, which represents 17.81% equity interests of Future Capital, at a consideration of HK\$750,000,000 which was settled by cash. Future Capital and its subsidiaries principally engage in property investment holding in Hong Kong. The transaction was completed on the same day. The Group irrevocably designated the investment in Future Capital as Designated FVOCI because the Group intends to hold for long term strategic purposes. At the initial recognition as Designated FVOCI, the fair value of investment in Future Capital was HK\$680,000,000, which was determined based on valuation carried out by independent professional valuer. As the fair value determination is not evidenced by a quoted price in an active market or based on a valuation technique that uses only data from observable markets, the Group should defer the difference of HK\$70,000,000 between the transaction price and fair value of investment in Future Capital at acquisition date as a day-one loss. Such deferred day-one loss will be recognised to profit or loss until (a) the fair value is evidenced by a quoted price in active market, (b) the valuation can be determined using market observable inputs or (c) realised through settlement. During the year, the fair value loss on investment in Future Capital of approximately HK\$31,000,000 was recognised in other comprehensive income.

## 15. DEBT INVESTMENT AT AMORTISED COST

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Senior notes	<b>100,000</b>	–

As at 31 December 2022, the Group held senior notes issued by a company listed in Hong Kong which bear interest at 9.5% per annum payable semi-annually and will be due on 30 June 2025 (2021: N/A).

## 16. INTERESTS IN ASSOCIATES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Unlisted shares</b>		
Shares of net assets	<u>173,682</u>	<u>50,736</u>

Details of the associates at the end of the reporting period are as follows:

Name of entities	Place of incorporation/ operation	Class of shares held	Proportion of value of issued share capital directly held by the Group		Principal activities
			2022	2021	
			%	%	
Eternal Billion Holding Group Limited ("Eternal")	BVI	Ordinary	25	25	Investment holding
Hope Capital Limited ("Hope Capital")	BVI	Ordinary	23.19	30	Investment holding
HEC Securities Company Limited ("HEC Securities")	BVI	Ordinary	25	–	Investment holding

## 17. INTERESTS IN A JOINT VENTURE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Unlisted shares</b>		
Shares of net assets	<u>149,853</u>	<u>–</u>

Details of the joint venture at the end of the reporting period are as follows:

Name of entities	Place of incorporation/ operation	Class of shares held	Proportion of value of issued share capital directly held by the Group		Principal activities
			2022	2021	
			%	%	
Golden Thread Investments Limited ("Golden Thread")	Republic of the Marshall Islands	Ordinary	35	–	Engaged in a single purpose project for property assets-based financing business

## 18. INTANGIBLE ASSETS

	<b>Trading rights</b> <i>HK\$'000</i> <i>(Note a and c)</i>	<b>Membership debenture</b> <i>HK\$'000</i> <i>(Note b and c)</i>	<b>Club membership</b> <i>HK\$'000</i> <i>(Note d)</i>	<b>Total</b> <i>HK\$'000</i>
<b>Reconciliation of carrying amount – year ended 31 December 2021</b>				
At the beginning of the reporting period	3,908	–	4,958	8,866
Additions – Transferred from deposits included in “trade, loan and other receivables”	1,500	–	–	1,500
Amortisation	–	–	(500)	(500)
At the end of the reporting period	<u>5,408</u>	<u>–</u>	<u>4,458</u>	<u>9,866</u>
<b>Reconciliation of carrying amount – year ended 31 December 2022</b>				
At the beginning of the reporting period	5,408	–	4,458	9,866
Additions	–	6,248	–	6,248
Amortisation	–	–	(500)	(500)
<b>At the end of the reporting period</b>	<b><u>5,408</u></b>	<b><u>6,248</u></b>	<b><u>3,958</u></b>	<b><u>15,614</u></b>
<b>At 31 December 2021</b>				
Cost	5,408	–	5,000	10,408
Accumulated amortisation and impairment losses	–	–	(542)	(542)
	<u>5,408</u>	<u>–</u>	<u>4,458</u>	<u>9,866</u>
<b>At 31 December 2022</b>				
Cost	5,408	6,248	5,000	16,656
Accumulated amortisation and impairment losses	–	–	(1,042)	(1,042)
	<u>5,408</u>	<u>6,248</u>	<u>3,958</u>	<u>15,614</u>

*Notes:*

- (a) Trading rights that confer eligibility on the Group to trade on the Stock Exchange and the Futures Exchange. The trading rights have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, the trading rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until its useful life is determined to be finite.
- (b) The membership debenture has no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, membership debenture is considered by the management of the Group as having indefinite useful life. The membership debenture will not be amortised until its useful life is determined to be finite.
- (c) No impairment losses on trading rights and membership debenture have been recognised for the year ended 31 December 2022.
- (d) Club membership has a validity of 10 years and the Group has determined that this asset has a useful life of 10 years. It is tested for impairment where an indicator of impairment appears.

**19. OTHER DEPOSITS**

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Statutory and other deposits with exchanges and clearing houses	<b>5,472</b>	1,354

The deposits are non-interest bearing.

## 20. TRADE, LOAN AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Trade receivables</b>			
Trade receivables arising from the business of securities brokerage			
– cash clients		<b>98</b>	99
– margin clients	<i>(b)</i>	<b>668,167</b>	440,457
– Others		<b>2,121</b>	–
		<hr/>	<hr/>
	<i>(a)</i>	<b>670,386</b>	440,556
		<hr/>	<hr/>
Trade receivable arising from the provision of corporate finance advisory services			
		–	310
		<hr/>	<hr/>
		<b>670,386</b>	440,866
		<hr/>	<hr/>
<b>Loan receivables</b>			
Loan and interest receivables from independent third parties			
		<b>340,648</b>	1,027,435
Less: Loss allowance		<b>(34,650)</b>	(49,034)
		<hr/>	<hr/>
	<i>(c)</i>	<b>305,998</b>	978,401
Less: Non-current portion		<b>(31,917)</b>	(12,405)
		<hr/>	<hr/>
Current portion		<b>274,081</b>	965,996
		<hr/>	<hr/>
<b>Other receivables</b>			
Deposits with securities brokers	<i>(d)</i>	<b>9,663</b>	1,781
Other receivables, deposits and prepayments		<b>63,541</b>	38,424
Less: Loss allowance		–	(20,000)
		<hr/>	<hr/>
		<b>73,204</b>	20,205
		<hr/>	<hr/>
	<i>(e)</i>	<b>1,017,671</b>	1,427,067
		<hr/> <hr/>	<hr/> <hr/>



*Notes:*

- (a) No aging analysis by invoice date is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of brokerage business. The Group offsets certain trade receivables and trade payables when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.
- (b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 30% (2021: 8% to 30%) per annum for year ended 31 December 2022. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$1,927,536,000 (2021: approximately HK\$2,153,150,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. During the years ended 31 December 2022 and 2021, no margin loans were granted to the directors of the Company or directors of subsidiaries.
- (c) As at 31 December 2022, the Group's net loan receivables included both fixed and variable rate loan advances to independent third parties of which approximately HK\$70,790,000 (2021: approximately HK\$129,988,000) were secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 5% to 15% (2021: 5% to 15%) per annum and had contractual loan period between 12 months and 7 years (2021: between 18 months and 7 years) under the Group's credit and lending services. The remaining balance included fixed rate (2021: both fixed and variable rate) loan advances to independent third parties of which approximately HK\$235,208,000 (2021: HK\$848,413,000) were unsecured, bearing interest ranging from 5% to 15% (2021: 3% to 36%) per annum. The contractual loan period for majority of the unsecured loan receivables from third parties is between 6 months and 5 years (2021: between 6 months and 5 years).

**Ageing analysis**

Ageing analysis of loan receivables (net of loss allowance) prepared based on loan commencement date set out in the relevant contracts is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 1 month	12,290	353,249
1 to 3 months	9,902	78,625
4 to 6 months	19,746	34,097
7 to 12 months	160,615	327,858
Over 12 months	<u>103,445</u>	<u>184,572</u>
At the end of the reporting period	<u><u>305,998</u></u>	<u><u>978,401</u></u>

Ageing analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Not yet past due	<b>245,598</b>	913,911
7 to 12 months past due	<b>60,400</b>	64,490
	<u>          </u>	<u>          </u>
At the end of the reporting period	<b>305,998</b>	978,401
	<u>          </u>	<u>          </u>

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their background, and financial position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. During the year ended 31 December 2022, net reversal of impairment loss of approximately HK\$13,688,000 (2021: net impairment loss of approximately HK\$7,941,000) was recognised for the loan receivables.

- (d) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.
- (e) The trade, loan and other receivables are expected to be recovered within one year, except for the deposits of approximately HK\$10,168,000 (2021: approximately HK\$13,436,000).

## **21. PROMISSORY NOTE RECEIVABLE**

As at 31 December 2021, the amount represented a zero-coupon promissory note at principal amount of HK\$144,000,000 maturing on 31 March 2022. The promissory note was early settled on 10 January 2022.

## 22. FINANCIAL ASSETS AT FVPL

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Mandatorily measured at FVPL			
– Listed shares in Hong Kong		<b>183,353</b>	496,498
– Listed shares in the United States		<b>865</b>	2,546
– Unlisted investment funds	<i>(a)</i>	<b>103,143</b>	123,260
– Financial assets arising from a financing arrangement	<i>(b)</i>	<b>105,438</b>	105,438
		<b>392,799</b>	727,742
Analysed as:			
Non-current		<b>2,485</b>	2,497
Current		<b>390,314</b>	725,245
		<b>392,799</b>	727,742

### *Notes:*

- (a) The unlisted investment funds are mainly subscribed from independent financial institutions in Hong Kong and overseas. The portfolios of these funds mainly comprise securities listed in Hong Kong and overseas and unlisted debt and equity securities in Asia-Pacific region. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment, except for certain unlisted investment funds which was held for long-term investment.
- (b) The amount represented the consideration of HK\$110,000,000 paid to an independent third party (“**Vendor**”) to acquire the entire interest of Siston Holdings Limited and its wholly owned subsidiary, High Step Investment Limited (together the “**Siston Group**”) on 31 August 2021. The principal activity of Siston Group is property investment.

On 1 September 2021, the Group signed a licence agreement and a call option agreement with the Vendor to grant the Vendor a licence to use the property for residential use only for a licence period of six months till 1 March 2022 and a right to repurchase the entire interest of the Siston Group at the original consideration of HK\$110,000,000 within one month after the expiry of licence agreement. On 9 February 2022 and 9 August 2022, new licence agreements and an addendum to call option agreement were signed to extend the licence period for another six months till 1 September 2022 and for another six months till 1 March 2023 respectively and amend the effective date of the call option to one month after the expiry of the new licence agreement.

The transfer of assets with the above arrangement does not satisfy the requirement of HKFRS 15 to be accounted for as a sales and purchase of assets and the relevant financial asset is accounted for under financial assets at FVPL. The fair value of the financial asset is determined based on valuation carried out by independent qualified professional valuer at the end of reporting period.

During the year ended 31 December 2022, licence fee of HK\$11,000,000 (2021: HK\$3,664,000) was classified as interest income from financial asset at FVPL.

### 23. TRADE AND OTHER PAYABLES

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Trade payables</b>			
Trade payables arising from the business of securities brokerage			
– cash clients	<i>(a)</i>	<b>808</b>	483
– margin clients	<i>(a)</i>	<b>46,147</b>	22,077
– HKSCC	<i>(b)</i>	<b>7,684</b>	42,927
		<hr/>	<hr/>
	<i>20(a)</i>	<b>54,639</b>	65,487
Secured margin loans from securities brokers	<i>(c)</i>	<b>101,028</b>	225,382
		<hr/>	<hr/>
		<b>155,667</b>	290,869
<b>Other payables</b>			
Other payables and accrued charges		<b>17,783</b>	18,716
		<hr/>	<hr/>
		<b>173,450</b>	309,585
		<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the directors of the Company, no aging analysis is disclosed as the aging analysis does not give additional value.
- (b) The settlement terms of trade receivables and payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of brokerage business.
- (c) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at a range from 3.35% to 8% per annum (2021: 1.87% to 12% per annum). The total market value of equity securities pledged as collateral in respect of the loans was approximately HK\$505,697,000 (2021: approximately HK\$1,420,924,000) as at 31 December 2022.

## 24. LEASE LIABILITIES

As at 31 December 2022, the weighted average discount rate applied was 5.99% (2021: 5.75%) per annum.

### *Commitments and present value of lease liabilities:*

	<b>Minimum lease payments 2022 HK\$'000</b>	<b>Present value of minimum lease payments 2022 HK\$'000</b>
Amounts payable:		
Within one year	6,419	6,173
In the second to fifth years inclusive	1,330	1,311
	<u>7,749</u>	<u>7,484</u>
Less: future finance charges	(265)	–
<b>Total lease liabilities</b>	<b><u>7,484</u></b>	<b><u>7,484</u></b>
	<b>Minimum lease payments 2021 HK\$'000</b>	<b>Present value of minimum lease payments 2021 HK\$'000</b>
Amounts payable:		
Within one year	7,053	6,623
In the second to fifth years inclusive	4,139	4,023
	<u>11,192</u>	<u>10,646</u>
Less: future finance charges	(546)	–
<b>Total lease liabilities</b>	<b><u>10,646</u></b>	<b><u>10,646</u></b>

## 25. INTEREST-BEARING BORROWINGS

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Secured bank loan	<i>(a)</i>	<b>53,199</b>	–
Unsecured other loans	<i>(b)</i>	<b>240,824</b>	246,568
		<b>294,023</b>	246,568

### *Notes:*

- (a) The bank loan as at 31 December 2022 is secured by the Group's investment property with carrying value of HK\$102,750,000 (2021: HK\$102,750,000) and corporate guarantees provided by the Group's subsidiaries. The loan is interest bearing at Hong Kong Interbank Offered Rate plus 1.3% (2021: N/A) per annum. At the end of the reporting period, the bank loan with a clause in their terms that gives the bank an overriding right to demand for repayment without notice or with notice period of less than 12 months at their sole discretion are classified as current liabilities even though the Directors do not expect that the banks would exercise their right to demand repayment.

The maturity terms of the bank loan based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause) are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	<b>1,964</b>	–
In the second to fifth year	<b>9,821</b>	–
Over five years	<b>41,414</b>	–
	<b>53,199</b>	–

- (b) The loan from an independent third parties and an associate (2021: an independent third party) as at 31 December 2022 are unsecured, interest bearing ranging from 4% to 7.5% (2021: 5%) per annum and repayable within 1 year (2021: 1 year) at the end of the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group principally engages in investment holdings, tactical and/or strategic investments (including property investments), and provision of financial services including the Securities and Futures Commission (the “SFC”) regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 8 (securities margin financing) and Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance.

#### A. Financial Services (SFC Type 1, 2, 4, 6, 8 and 9 Regulated Activities)

Through a wholly owned subsidiary, Oshidori Securities Limited (“OSL”), the Group engages in securities brokerage and financial services business. OSL is licensed by the SFC to conduct regulated activities including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) and holds a Stock Exchange Trading Right. OSL is also an exchange participant of the Stock Exchange that offers clients a platform to trade eligible stocks listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange through trading facilities of the Stock Exchange as a China Connect Exchange Participant and China Connect Clearing Participant. OSL is also an exchange participant of Hong Kong Futures Exchange Limited and HKFE Clearing Corporation Limited.

The Group also provides corporate finance advisory services through its wholly owned subsidiary Oshidori Corporate Finance Limited (“OCFL”), which is licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity. OCFL was appointed by several listed companies as their corporate financial advisor on their respective corporate activities in relation to compliance with the Listing Rules.

The Group also, through its wholly owned subsidiary Win Wind Finance Limited (“WWFL”), engages in securities margin financing. WWFL is licensed by the SFC to conduct Type 8 (securities margin financing) regulated activity.

Brokerage commission income generated from securities brokerage services increased by 35.3% from HK\$1.7 million for the year ended 31 December 2021 (the “**Previous Year**”) to HK\$2.3 million for the Year. Interest income generated from provision of margin financing services decreased by 24.7% to HK\$18.9 million for the Year (Previous Year: HK\$25.1 million). The Group has yet to generate income from placing and underwriting services and corporate finance advisory services for the Year (Previous Year: HK\$2.7 million and HK\$1.4 million respectively). Income generated from asset management services for the Year was HK\$1.7 million (Previous Year: HK\$3.0 million).

Given prevailing sentiments of market uncertainty in recent years, the Group has maintained a cautious approach towards its margin financing services business, its placing and underwriting services business and its corporate finance advisory services business.

## **B. Credit and Lending Services**

### **(i) Business Model**

The Company, through its wholly owned subsidiaries, namely, Oshidori WW Resources Limited and Oshidori Citizens Money Lending Corporation Limited (“**Citizens**”), conducts credit and lending business under the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong.

The Group maintains readily available funds and equips itself with sufficient lending capacities for capturing potential business opportunities. The Group finances its credit and lending business with its existing general working capital. The Group’s credit and lending business has a unique business model with emphasis on the provision of sizeable loans to both corporate and individual clients with good financial standing and low credit risk (such as listed companies and individuals holding marketable assets).

The Group targets a niche market of high-profile borrowers (i.e. (a) listed companies, (b) companies with well-established businesses for over 2 years, (c) companies or individuals holding marketable assets and (d) individuals whose occupations are executives, businessmen or professionals) in need of sizeable loans, who have a proven track record of making repayments. The Group grants loans only to recognised and creditworthy customers. The Group granted loans only to the customers (a) who are third parties and not connected with the Group; (b) who are introduced by the Group’s directors, senior management, business partners or existing/previous borrowers; and (c) whose creditworthiness and loan collateral are evaluated and approved by the credit committee (the “**Credit Committee**”) of the Group. The Group rarely advertises in the open market.

The management team of the Group’s credit and lending business comprises the Credit Committee and 2 managers. The Credit Committee consists of two directors of the Group, who have more than 30 years and around 20 years of experience in finance, investment and credit and lending industries, respectively. It is a pre-requisite that the said managers shall have at least five years of experience in the finance and/or accounting industries. The Credit Committee has the power and authority to review and approve the loan applications. The roles and responsibilities are as follows:



- a) the Credit Committee is responsible for (i) assessing credit risks, (ii) overseeing the approval of credit applications and loan approvals; and (iii) managing customer relationships; and
- b) the managers are responsible for (i) reviewing loan documentations, (ii) identifying potential problems; and (iii) recommending mitigating factors.

**(ii) *Internal Control Procedures***

The Group has taken the following internal control measures in carrying out the credit and lending services business:

*Credit risk assessment of customers*

Potential customers are required to disclose and provide the Group with a list of information required for a loan application. The Group will then assess the creditworthiness of the potential customers and their repayment abilities, including legal due diligence. In particular, the following information is requested and considered as part of the process of assessing creditworthiness:

- a) the potential customers' background and statutory information;
- b) the potential customers' proof of income, including bank statements;
- c) the amount and purpose of the loan;
- d) the results of legal searches, such as litigation (or the absence of), on the potential customers; and
- e) whether the Group and the potential customers have any prior dealings and, if so, the credit history of any such prior arrangements.

In making the approval decision, the Credit Committee considers the information set out above and assesses the potential customers' credit risk, the loan-to-value ratio and the proposed interest rate. The operations of the Credit Committee are subject to review by the Executive Directors of the Company.

*Mechanism in determining loan terms*

The request from each potential customer is unique. The loan terms are determined based on the potential customers' financial needs (e.g. type of loan, capital needs and loan tenure), credit risk assessment of potential customers and their financial repayment abilities. The loan interest rate is determined based on the result of credit risk assessment and reference to the market interest rate.

### *Approval process for granting loans*

Application and approval process are as follows:

- a) collection of potential customer's information;
- b) preliminary loan assessment and approval (if disapproved, reject loan application and inform the potential customer);
- c) credit assessment – 3C's Assessment (i.e. character, capacity, and collateral):
  - character is defined by credit and loan repayment history;
  - capacity measures income and ability to service a loan or line of credit;
  - collateral refers to asset(s) that could be leveraged for payment;
- d) determine the terms of the loan and obtain approval from Credit Committee (if disapproved, reject loan application and inform potential customer);
- e) prepare board minutes to approve the loan and notify the potential customer of the loan approval;
- f) prepare all relevant loan documents and explain the terms of the loan and the associated loan documents to the potential customer;
- g) execution of the relevant loan documents and prepare loan disbursement;  
and
- h) review and file the loan documents in the filing cabinets.

### *Monitoring loan repayment and recovery*

The status of outstanding loan principals and interest collection is monitored by the Credit Committee, two managers and accounting department on a daily basis by reviewing daily reports. On the maturity date, the Credit Committee communicates with borrowers by phone regarding their financial conditions and source of repayment to ascertain whether borrowers have any difficulty in making their repayments on time; and the Credit Committee also reminds borrowers to make timely repayments of their loans. When borrowers request for loan extension, the Credit Committee would request the managers and accounting department to ascertain and review the borrowers' financial condition through publicly available information (such as the Stock

Exchange's website and press media, etc) so as to assess the recoverability of loans. In the event that there is no such publicly available information, the Credit Committee would request the respective borrowers for their updated financial information.

#### *Taking actions on delinquent loans*

When a loan is overdue, the Group will contact the borrower and guarantor (if any) to remind them of the possible enforcement action(s) and timing of repayment and seeking reasons for the delay in repayment. The Group will also issue demand letter(s) to the borrowers. If the Group does not receive any favourable reply from the borrowers, the Group will instruct legal advisers to take legal actions for recovery of outstanding loan principal and accrued interest.

The action plans are determined based on the individual situation on a case by case basis. In general, the Group takes into account factors such as whether the pledged assets provided by the borrowers are sufficient in value; and whether there are any bona fide settlement offers made by the borrowers.

In case the market value of pledged assets falls below the outstanding loan amount, the Group may request the borrowers to increase the pledged assets. In case the borrowers can provide the Group with bona fide settlement proposal, the Group may consider withholding legal action against the borrowers and accept the settlement proposal in order to save legal costs and time.

#### **(iii) Major Terms of Loans**

As at 31 December 2022, the Company's credit and lending services business had 14 customers (all of them are independent third parties) and the total net loan receivables including both fixed and variable rate loan advances was HK\$306.0 million (2021: HK\$978.4 million).

Among these loan receivables, HK\$60.4 million and HK\$10.4 million (totalling HK\$70.8 million) (2021: totalling of HK\$130.0 million) were secured by the pledge of securities and personal guarantees respectively, and bearing interest ranging from 5% to 15% (2021: 5% to 15%) per annum. Out of these secured loan receivables, HK\$37,000 had contractual loan period of 7 years and HK\$70.8 million had contractual loan period between 12 months and 18 months (2021: between 18 months and 7 years).

The remaining balance of HK\$235.2 million (2021: HK\$848.4 million) were unsecured, and bearing interest ranging from 5% to 15% (2021: 3% to 36%) per annum. Out of these unsecured loan receivables, HK\$203.2 million had contractual loan period between 6 months and 1 year, HK\$19.6 million had contractual loan period between over 1 year and 2 years, HK\$11.4 million had contractual loan period between over 2 years to 5 years and HK\$1.0 million had contractual loan period over 5 years (2021: between 6 months and 5 years and over 5 years).

During the year ended 31 December 2022, the Group offered attractive interest rate to borrowers (as low as 5% per annum) as special promotion and on ad hoc basis. Such interest rate would be offered when the Group obtained surplus financial resources upon receipt of unexpected early repayment from borrowers. Such interest rate was offered as a special promotion to maintain amicable business relationship with our borrowers whose credit assessment were of satisfactory results.

Interest income from loan receivables for the Year was HK\$33.7 million (Previous Year: HK\$65.8 million), which was decreased by 48.8% as compared with the Previous Year. The decrease was due to the Group's prudent approach in carrying out its credit and lending services business.

*(iv) Top Five Borrowers*

As at 31 December 2022, the loan and interest receivables from the largest borrower was HK\$148.4 million (representing approximately 48% to the total loan and interest receivables of the Group) while the loan and interest receivables from the five largest borrowers together was HK\$271.3 million (representing approximately 89% of the total loan and interest receivables of the Group).

**C. Tactical and/or Strategic Investments**

The Group engages in tactical and/or strategic investments of a diversified portfolio overseen by a professional investment team that holds Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) licences under the Securities and Futures Ordinance (the "SFO"). Negative income from this segment amounted to HK\$0.07 million for the Year (Previous Year: HK\$3.55 million).

The Group has diversified its business activities to include property investments. As Hong Kong and other international cities open up to COVID-restriction free travel, property markets for both residential and commercial rebound with strong appetite for investments from both local and mainland. In Hong Kong, the recently announced measures to jumpstart Hong Kong to re-emerged as an international tourist and business capital by the Chief Executive of Hong Kong, has drawn strong interest from the international community. One such indication was the Global Financial Leader's Summit organized by the Hong Kong Monetary Authority in November 2022. The interest was so strong that an additional day was scheduled for speakers and panellist to voice their enthusiasm for Hong Kong.

The Group anticipates that post-pandemic investors will continue to redistribute their capital towards the property market as a more defensive investment strategy amid the persistent pandemic. The Group is confident that property investment is a prudent choice which will help the Group to generate a stable and secure revenue as the property market continues to recover and leasing demand strengthen in future.

## SIGNIFICANT INVESTMENT

An investment with a carrying value of 5% or more of the total assets of the Group is considered as a significant investment in this announcement. A breakdown of such significant investment as at 31 December 2022 is set out below:

Name of investments	Number of shares held as at 31 Dec 2022	Percentage of shareholding held as at 31 Dec 2022	Unrealised loss for the year ended 31 Dec 2022 <i>HK\$'000</i>	Unrealised loss through other comprehensive income for the year ended 31 Dec 2022 <i>HK\$'000</i>	Dividends received for the year ended 31 Dec 2022 <i>HK\$'000</i>	Approximate% to the Group's total assets as at 31 Dec 2022	Market value	
							Investment cost <i>HK\$'000</i>	as at 31 Dec 2022 <i>HK\$'000</i>
Listed shares in Hong Kong								
- Shengjing Bank Co., Ltd. (stock code: 2066)	293,034,000	12.52%	(2,609)	(249,400)	-	30.63%	1,972,015	1,769,925

The performance and prospects of such significant investment during the Year were as follows:

Shengjing Bank Co., Ltd (“**Shengjing**”) (stock code: 2066) and its subsidiaries principally engage in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the China Banking Regulatory Commission.

In 2022, in the face of a severe and complex external environment, Shengjing actively implemented the new development concept, conscientiously implemented national economic and financial policies and regulatory requirements, and focused on the strategic vision of “being a good bank”, insisting on seeking progress while maintaining stability; in accordance with the business philosophy of “upgrading the scale, improving the quality, preventing the risks, stabilizing the expectations and reinforcing the disciplines”, Shengjing coordinated its business development, risk prevention, serving entities, and reform and transformation, and deeply implemented the “focus on deposit growth, development of customer base, value creation and capacity improvement” business strategy. The overall business work has shown a steady and positive development trend, with significant improvement in development quality and efficiency, the foundation for development has been strengthened, and the capabilities to withstand risks and develop sustainably has been further enhanced.

As of 31 December 2022, the total assets of Shengjing amounted to RMB1,082.413 billion, representing an increase of RMB76.287 billion or 7.6% as compared with that at the end of the previous year, total loans and advances to customers made by Shengjing amounted to RMB613.362 billion, representing an increase of RMB27.330 billion or 4.7% as compared with that at the end of the previous year; and Shengjing’s total deposits from customers (exclusive of interest payable) amounted to RMB771.566 billion, with an increase of RMB34.533 billion or 4.7% as compared with that at the end of the previous year.

In 2022, Shengjing achieved a net profit of RMB1,019 million, representing a year-on-year increase of RMB588 million or 136.6%, principally due to the fact that i) Shengjing actively implemented national policies and regulatory requirements, focused on its main responsibilities and businesses, continued to optimize the asset liability structure, increased credit, fully supported the recovery and growth of the real economy, steadily increased the scale of interest-bearing assets, strengthened policy and market research and judgment, optimized investment and trading strategies for domestic and foreign bonds, foreign exchange, and other asset types, resulting in a year-on-year increase in net trading income and a year-on-year increase in operating revenue; ii) Shengjing continued to strengthen comprehensive risk management and the collection and disposal of non-performing assets, made business development more stable, and maintained stable asset quality and provision strength.

In the past year, inflation remained high and monetary policy continued to tighten in the world's major developed economies. Due to the disturbance of geopolitical conflicts, energy and food crises and other factors, the uncertainties of international situation increased and spread to the economic sector. The worldwide economic activity generally slowed down, and financial markets shook significantly. In the face of a more complex and severe external environment, the domestic economy also faced triple pressures of demand contraction, supply shock and weakening expectations. However, the fundamentals of China's economy that is of strong resilience, great potential and sufficient vitality have not changed. China has adhered to the general tone of "keeping stability at the first place and making progress while maintaining stability", defined the direction of "six coordination that more efforts will be made in", speeded up the implementation of a package of policies and follow-up measures to stabilize the economy, optimized the prevention and control measures for the COVID-19 pandemic, deepened the reform of financial system, strived to stabilize employment and prices, taken advantages of effective investment as a key role, consolidated and expanded the upward trend of economic stability, and promoted the overall improvement of economic operation.

The year 2023 represents the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. China has embarked on a new journey to comprehensively build a modern socialist country. The region of Shenyang, Liaoning where Shengjing's headquarters is located will deepen the financial supply-side structural reform, and promote the healthy development of inclusive finance, science and technology finance. Shenyang will focus on the overall goal of "promoting comprehensive revitalization in the new era, making new breakthroughs in all-round revitalization, and striving to build a national central city", strive to strengthen the construction of key financial industry clusters, improve the multi-level financial market system, and enhance the influence of financial radiation. Standing at a new historical starting point, Shengjing will deeply grasp the internal and external development environment, focus on the strategic vision of "building a sound bank", adhere to the positioning of "serving the local economy, serving small and medium-sized enterprises, and serving urban and rural residents", deeply implement the strategy of "focusing on deposit growth, customer group construction, value creation, and capacity improvement", and comprehensively promote the model of "integration, characteristics, lightweight, and digital", strive to improve the management efficiency, actively integrate into the local economic development pattern, give back to the society and citizens with our own development, and make every effort to write a new chapter of sustainable and high-quality development.

From a long-term perspective, Shengjing appears to have good prospects and the Company considers its investment in Shengjing has strategic investment value.

Going forward, the Group will continue to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value for our shareholders. Although the market sentiment is expected to gradually improve given the sufficient liquidity and post COVID-19 recovery of the economy, the overall economic outlook still remains uncertain. The Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate capital to meet the challenges ahead.



## **FINANCIAL REVIEW**

### **Review of Results**

The Group recorded a total revenue of HK\$109.2 million for the Year, representing an increase of 103.5% as compared with a negative revenue of HK\$3,101.9 million for the Previous Year. Income from financial services segment amounted to HK\$22.9 million (Previous Year: HK\$33.9 million). Income from tactical and/or strategical investments segment amounted to HK\$52.6 million (Previous Year: negative income of HK\$3,201.6 million). Income from credit and lending services segment amounted to HK\$33.7 million (Previous Year: HK\$65.8 million).

The Group recorded a net loss of HK\$81.1 million for the Year (Previous Year: net loss of HK\$3,145.7 million). Such decrease in loss of the Group was mainly due to the fact that the Group realised net gain on sales of financial assets at FVPL of HK\$25.1 million for the Year (Previous Year: net loss of HK\$3,225.1 million). However, the performance from tactical and/or strategical investments segment for the Year remained weak and suffered net unrealized fair value loss on financial assets at FVPL amounted to HK\$92.6 million (Previous Year: net loss of HK\$92.8 million), due to the significant market volatilities and uncertainties in global economies for the Year. Basic and diluted loss per share for the Year were HK cents 1.33 and HK cents 1.33 respectively (Previous Year: basic and diluted loss per share of HK cents 51.46 and HK cents 51.46 respectively). The net profit of financial services segment was HK\$8.8 million (Previous Year: HK\$23.5 million). The net loss of tactical and/or strategical investments segment was HK\$73.9 million (Previous Year: net loss of HK\$3,547.2 million). The net profit of credit and lending services segment was HK\$5.3 million (Previous Year: HK\$37.4 million).

The Group recorded other comprehensive loss of HK\$401.6 million for the Year (Previous Year: HK\$1,060.9 million). As at 31 December 2022, the Group's gearing ratio remained at a low level of 5.6% (2021: 4.3%).

### **Capital structure**

The Company has not conducted any equity fund raising activities during the Year. As at 31 December 2022, the Company has 6,109,259,139 shares in issue.

The total asset value of the Group as at 31 December 2022 was HK\$5,754 million (2021: HK\$6,309.0 million). The net asset value of the Group as at 31 December 2022 was HK\$5,278.3 million (2021: HK\$5,740.8 million). The net asset value per share as at 31 December 2022 was HK\$0.86 (2021: HK\$0.94). Apart from financial assets being held by the Group for its tactical and/or strategical investments, the Group also holds substantive assets which mainly comprise tangible assets such as cash and bank balances and trade, loan and other receivables.



### **Charges on group assets**

As at 31 December 2022, the Group's borrowings included margin loans of HK\$101.0 million (2021: HK\$225.4 million), an unsecured loan from an independent third party of HK\$240.8 million (2021: HK\$246.6 million) and a secured bank loan of HK\$53.2 million (2021: Nil). The bank loan is secured by a property, the book value of which as at 31 December 2022 was HK\$102.8 million. The margin loans are secured by pledge of equity securities to securities brokers as collaterals, with total market value of HK\$506 million as at 31 December 2022 (2021: HK\$1,421 million). As at 31 December 2022, the Group's borrowings are interest bearing at HIBOR plus 1.3% per annum or at a range from 3.35% to 8.0% per annum (2021: 1.87% to 12.0% per annum) and repayable on demand or within 1 year (2021: repayable on demand or within 1 year).

### **Liquidity and financial resources**

The Group's cash and cash equivalents as at 31 December 2022 was HK\$368.8 million (2021: HK\$848.6 million). The cash and cash equivalents and financial assets at fair value through profit or loss in aggregate as at 31 December 2022 were HK\$761.6 million (2021: HK\$1,576.4 million).

The liquidity of the Group remained strong with a current ratio of 3.9 as at 31 December 2022 (2021: 5.6). The Group had loan payables of HK\$294.0 million as at 31 December 2022 (2021: HK\$246.6 million) and the gearing ratio of the Group (expressed as a percentage of total loan payables over total equity) as at 31 December 2022 was 5.6% (2021: 4.3%). The increase in gearing ratio manifests better liquidity position and efficient financial management of the Group.

### **Exposure to fluctuation in exchange rates and related hedges**

Save for certain bank balances that are denominated in Renminbi ("RMB") and United States dollar ("USD"), most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollar. As at 31 December 2022, the bank balances denominated in RMB and USD amounted to HK\$177.9 million and HK\$38.7 million respectively. Therefore, the Group's exposure to the risk of foreign exchange rate fluctuations is not material. For the Year, the Group did not have any derivatives for hedging against the foreign exchange rate risk. The directors of the Company (the "Directors") will continue to monitor the foreign exchange exposure and will consider appropriate action to mitigate such risk, when necessary.

### **Capital commitments**

The Group did not have any capital commitments in respect of the acquisition of property and equipment as at 31 December 2022 (2021: Nil).

### **Contingent liabilities**

The Group did not have any material contingent liabilities as at 31 December 2022 (2021: Nil).

## **VISION**

The Group's vision is to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value to the shareholders of the Company.

## **INVESTMENT STRATEGY**

The Group strives to achieve excellent results and performance through the Group's tactical and/or strategical investments segment – creating value through investment selection and disposal, and demonstrates resilience in adverse market conditions. The Group formulated a criteria to identify appropriate investments, established the basis for evaluation, and categorized such investments to reflect their significance and contribution to the Group. The holding size and holding periods are dependent upon the reasons for the acquisition, the strategic value of the investments, and the potential returns. The Group may consider realizing certain investments based on the internal resources' requirements, the increase/decrease in valuations that trigger the threshold for disposal, and the availability of alternative investment opportunities that may be superior in returns compared to existing holdings from time to time.

## **OUTLOOK**

The dismantling of COVID restrictions worldwide has been helping the global economy to recover, the management remains cautious towards challenges ahead including geopolitical/geographical tensions, the threat of recession and the restructuring of supply chains.

In view of the above and the current high-interest-rate environment, the management continues to maintain a prudent approach in carrying out and monitoring its business, in particular, provision of financial services as well as extension of credit and lending services. However, with government support in the Greater Bay Area development, there is good reason to be optimistic about the outlook for 2023. Hong Kong economy is likely to improve due to China's reopening, with expectations of capital inflows and a rebound in retail businesses. In addition, with the anticipated relaunching of the Capital Investment Entrant Scheme, Hong Kong should stand to benefit from an enriched talent pool and influx of new capital from such scheme. The Company is well-prepared to serve the expected increased demand of our clients and to deliver a better return on our investments so as to earn the continuous support and loyalty of our shareholders.

## **MATERIAL TRANSACTIONS**

### **(a) Disposal of shares of The Hongkong and Shanghai Hotels, Limited**

On 11 February 2022, the Company disposed of 15,426,500 shares of The Hongkong and Shanghai Hotels, Limited (“**HSH Shares**”) (stock code: 45) through an off-market block trade at an aggregate consideration of HK\$197.46 million (before transaction costs) (equivalent to the price of HK\$12.8 per HSH Share). The aggregate net consideration of HK\$197.2 million has been received by the Company in cash on the same day. For further details, please refer to the announcements of the Company dated 11 and 22 February 2022.

### **(b) Subscription of shares in Future Capital Group Limited**

On 17 February 2022, a wholly owned subsidiary of the Company (the “**Subscriber**”) and Future Capital Group Limited (“**Future Capital**”) entered into a subscription agreement pursuant to which Future Capital agreed to issue and the Subscriber agreed to subscribe for 3,750 ordinary shares of Future Capital (the “**Subscription Shares**”) at a consideration of HK\$750 million (equivalent to the price of HK\$200,000 per Subscription Share). Completion has been taken place. For further details, please refer to the announcements of the Company dated 17 February 2022 and 10 March 2022.

## **SIGNIFICANT EVENT AFTER THE YEAR**

The writs of Summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators was extended a 4th time on 13 January 2022 and expired on 13 January 2023 and was not renewed nor served on any of the Defendant Parties (as defined below). In the circumstances, the Liquidators appear to have discontinued their action against the Defendant Parties (as defined below) and the Group is in the process of obtaining legal advice as regards their rights and remedies as against the Liquidators.

## **LITIGATION**

### **(a) Writs of Summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators**

OCFL, Win Wind Capital Limited, Win Wind Investment (Holdings) Limited, Enerchine Nominee Limited and OSL (the “**Defendant Parties**”), which as of the date hereof are wholly owned subsidiaries of the Company, have been named, inter alia, as defendants in two separate writs of summons in the High Court of Hong Kong (the “**Writs**”) by the plaintiffs, Allied Weli Development Limited (in Liquidation) and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the “**Liquidators**”) of Allied Weli Development Limited. On 2 February 2018, the Group, through its legal advisors, requested the Liquidators to (i) serve the Writs of Summons on the Defendant Parties by 20 February 2018 as required under the Rules of the High Court (Order 12, rule 8A) or (ii) to discontinue the Writs against the Defendant Parties.

On 15 February 2018, the Group received a letter from the Liquidator’s lawyers stating, inter alia, that the Liquidators may ultimately decide not to pursue a claim against the Defendant Parties. As at 31 December 2022, neither of the Writs has been served on the Defendant Parties and it is not apparent on the face of the Writs what the nature and value of the claims against the Defendant Parties are due to the broad and ambiguous nature of the endorsement of claims. Accordingly, no provision has been made in the unaudited consolidated financial statements for the year ended 31 December 2022. The management of the Company considers the Writs to be groundless and the Liquidator’s actions are a flagrant and calculated abuse of the law, designed solely to drag the Group’s good name and good will through the Hong Kong Courts in the hopes of profit that they will clearly not be entitled to.

**(b) Litigation between Citizens and Southwest Securities (HK) Brokerage Limited (“1st Defendant”) and Fong Siu Wai (“2nd Defendant”) (the “Defendants”)**

Citizens, a wholly owned subsidiary of the Company, is a party to a receivership proceedings (the “**Petition**”) concerning Celebrate International Holdings Limited (“**Celebrate**”), a company previously listed in Hong Kong with stock code 8212. 1st Defendant is a local corporation and 2nd Defendant is a former employee of 1st Defendant. On 19 June 2020, the Defendants maliciously published a letter to the High Court which contained false and defamatory words of and concerning Citizens, in relation to loans granted to a controlling shareholder of Celebrate. The letter alleged Citizens of unlawfully participating or providing assistance in a fraudulent and/or criminal scheme and/or a conspiracy to defraud, and creating fake loans for unlawful purposes. On 30 September 2020, Citizens served a Writ of Summons and Statement of Claim to the Defendants, suing them for libel and malicious falsehood in which the Defendants denied liability. The libel trial is currently scheduled to be heard in October 2023.

## **FINAL DIVIDEND**

The Board does not recommend payments of any final dividend for the Year (2021: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2022, the Group employed 29 (2021: 32) full time employees for its principal activities. The total staff cost amounted to approximately HK\$24.5 million (2021: HK\$29.2 million). The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided.

In addition, the Company has implemented a share option scheme and a share award scheme to motivate eligible employee of the Group. As at the date of this announcement, the total number of shares available for issue under the Company's share option scheme is 610,925,913 shares (representing 10% of the total issued shares of the Company as at the date of adoption of the scheme). The Board is authorised by the shareholders at the Company's annual general meeting held on 13 June 2022 to grant awarded shares of up to a maximum of 183,277,774 (representing 3% of the total issued shares of the Company as at that date). The Company has no intention to refresh the share award mandate upon its lapse at the conclusion of the forthcoming annual general meeting. The Company may consider adopting a new share award scheme which will be aligned with the amended Listing Rules, as and when necessary.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the Year.

## **AUDIT COMMITTEE**

The audit committee (the "**Audit Committee**") of the Company was established in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. As at the date of this announcement, the Audit Committee comprises five Independent Non-Executive Directors. The Audit Committee is chaired by Mr. Yu Chung Leung and the members of the Audit Committee are Hon. Chan Hak Kan, Mr. Hung Cho Sing, Mr. Lam John Cheung-wah and Dr. Lo Wing Yan, William. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The annual results of the Group for the Year had been audited by the Company's auditor, Mazars CPA Limited, and had been reviewed by the Audit Committee.

## **CORPORATE GOVERNANCE**

The Board is committed to maintaining high standards of corporate governance. During the Year, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules except code provision C.2.1.

Code provision C.2.1 requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the resignation of Mr. Alejandro Yemenidjian as Non-Executive Chairman and Non-Executive Director of the Company on 6 October 2022, the duties of the chairman are undertaken by the Independent Non-Executive Directors who lead the Board and to ensure that the Board works effectively. The Executive Directors continue performing the role of the Chief Executive Officer collectively. The Board is of the view that under such board structure, there is a clear division of the responsibilities of chairman and chief executive, thus the balance of power and authority can be ensured. Nevertheless, the Company may consider appointing the chairman if a suitable candidate is identified.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the Year, all Directors have complied with the required standard set out in the Model Code.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The 2023 annual general meeting ("**AGM**") of the Company is scheduled to be held on Monday, 12 June 2023. The notice of AGM will be published on the Company's website at [www.oshidoriinternational.com](http://www.oshidoriinternational.com) and the designated website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) in due course.

For determining the qualification as members of the Company to attend and vote at the AGM, the Company's register of members will be closed from Wednesday, 7 June 2023 to Monday, 12 June 2023, both dates inclusive, during which period no transfers of shares will be registered. In order to qualify as members to attend and vote at the AGM, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 6 June 2023.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board  
**Oshidori International Holdings Limited**  
**Wong Wan Men**  
*Executive Director*

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises the following directors:

<i>Executive Directors:</i>	<i>Non-Executive Director:</i>	<i>Independent Non-Executive Directors:</i>
Ms. Wong Wan Men Mr. Wong Yat Fai	Mr. Sam Hing Cheong	Hon. Chan Hak Kan, <i>S.B.S., J.P.</i> Mr. Hung Cho Sing, <i>B.B.S.</i> Mr. Lam John Cheung-wah Dr. Lo Wing Yan, William, <i>J.P.</i> Mr. Yu Chung Leung