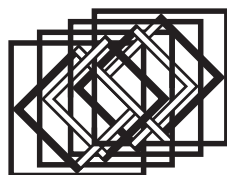


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## **PAK TAK INTERNATIONAL LIMITED**

**(百德國際有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2668)**

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

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

*\* for identification purpose only*

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

		2022	2021
	Note	HKD'000	HKD'000
<b>Revenue</b>	2	726,536	2,125,223
Other revenue	3	39,934	10,404
Other net gains	3	1,457	6,043
Fair value (loss)/gain on investment properties	8	(406)	16,421
Direct costs and operating expenses		(689,812)	(2,064,125)
Administrative expenses		(62,684)	(46,263)
		<hr/>	<hr/>
<b>Profit from operations</b>		15,025	47,703
Finance costs	4(a)	(31,863)	(47,974)
		<hr/>	<hr/>
<b>Loss before taxation</b>	4	(16,838)	(271)
Income tax credit/(expense)	5	2,577	(5,377)
		<hr/>	<hr/>
<b>Loss for the year</b>		(14,261)	(5,648)
		<hr/> <hr/>	<hr/> <hr/>
<b>Attributable to:</b>			
– Equity shareholders of the Company		(14,259)	(5,648)
– Non-controlling interests		(2)	–
		<hr/>	<hr/>
		(14,261)	(5,648)
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>	6		
– Basic and diluted		(0.37)	(0.15)
		<hr/> <hr/>	<hr/> <hr/>

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

*For the year ended 31 December 2022*

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>Loss for the year</b>	<b>(14,261)</b>	<b>(5,648)</b>
<b>Other comprehensive (loss)/income for the year:</b>		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	<b>(43,799)</b>	11,377
Items that will not be reclassified subsequently to profit or loss:		
– Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	<b>(19,433)</b>	(88,327)
<b>Total comprehensive loss for the year</b>	<b>(77,493)</b>	<b>(82,598)</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(77,491)</b>	(82,598)
Non-controlling interests	<b>(2)</b>	–
	<b>(77,493)</b>	<b>(82,598)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Note</i>	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		87,932	65,744
Right-of-use assets		17,440	4,223
Investment properties	8	344,108	244,181
Intangible assets		1,660	–
Deferred tax assets		6,509	–
Financial assets at fair value through other comprehensive income	9	4,472	133,162
Finance lease receivables	10	–	12,546
		<u>462,121</u>	<u>459,856</u>
<b>Current assets</b>			
Inventories		1,892	–
Trade and other receivables	11	759,107	880,213
Finance lease receivables	10	27,650	13,842
Financial assets at fair value through profit or loss	12	434	84,546
Pledged bank deposits		38,919	97,960
Cash and cash equivalents		37,684	15,442
		<u>865,686</u>	<u>1,092,003</u>
<b>Current liabilities</b>			
Trade and bills payables	13	152,386	310,762
Other payables and accrued charges		82,937	24,206
Contract liabilities		14,847	11,144
Borrowings	14	415,474	493,502
Lease liabilities		2,603	1,614
Tax payable		657	218
		<u>668,904</u>	<u>841,446</u>
<b>Net current assets</b>		<u>196,782</u>	<u>250,557</u>
<b>Total assets less current liabilities</b>		<u>658,903</u>	<u>710,413</u>

	<i>Note</i>	<b>2022</b> <b><i>HKD'000</i></b>	2021 <i>HKD'000</i>
<b>Non-current liabilities</b>			
Borrowings	<i>14</i>	<b>32,976</b>	29,587
Lease liabilities		<b>19,874</b>	2,928
Deferred tax liabilities		<b>37,130</b>	31,482
		<u><b>89,980</b></u>	<u>63,997</u>
<b>NET ASSETS</b>		<u><b>568,923</b></u>	<u>646,416</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>78,000</b>	78,000
Reserves		<b>490,923</b>	568,414
		<u>568,923</u>	<u>646,414</u>
Equity attributable to equity shareholders of the Company		<b>568,923</b>	646,414
Non-controlling interests		–	2
		<u>568,923</u>	<u>646,416</u>
<b>TOTAL EQUITY</b>		<u><b>568,923</b></u>	<u>646,416</u>

## 1. BASIS OF PREPARATION

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

### Changes in accounting policies

The HKICPA has issued a number of amendments or annual improvements to HKFRSs that are first effective for the current accounting period of the Group as follows:

- |   |  |
|---|--|
| • Amendments to HKFRS 3                               | Reference to the Conceptual Framework  |
| • Amendments to HKFRS 16                              | Covid-19-Related Rent Concessions<br>beyond 30 June 2021                                       |
| • Amendments to HKAS 16                               | Property, Plant and Equipment: Proceeds<br>before Intended Use                                 |
| • Amendments to HKAS 37                               | Onerous Contracts – Cost of Fulfilling a Contract  |
| • Annual Improvements to<br>HKFRS Standards 2018-2020 | Amendments to HKFRS 1, HKFRS 9,<br>Illustrative Examples Accompanying<br>HKFRS 16, and HKAS 41 |

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 2. REVENUE

Revenue represents net sale value of goods supplied to customers, service income from different segments, interest income and rental income, net of discounts and related value added tax or other taxes, and is analysed as follows:

	<b>2022</b> <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines ( <i>Note</i> )		
– Sales of goods from supply chain business	<b>626,693</b>	2,103,228
– Sales of food and beverage products from hotel management and catering services	<b>69,256</b>	–
– Hotel room service income	<b>5,121</b>	–
– Management fee income from hotel management services	<b>12,469</b>	–
– Handling fee income from supply chain financing arrangements	<b>719</b>	2,080
	<b>714,258</b>	2,105,308
<b>Revenue from other sources</b>		
Interest income from supply chain financing arrangements	<b>4,804</b>	9,521
Finance lease income	<b>2,254</b>	3,304
Gross rentals from investment properties		
– Lease payment that are fixed	<b>5,220</b>	4,250
Loan interest income	–	2,840
	<b>12,278</b>	19,915
	<b>726,536</b>	2,125,223

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

### 3. OTHER REVENUE AND OTHER NET GAINS

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>Other revenue</b>		
Dividend income from equity investments	35,803	8,000
Interest income	3,188	2,369
Government grants ( <i>Note</i> )	168	–
Sundry income	775	35
	<u>39,934</u>	<u>10,404</u>
<b>Other net gains</b>		
(Loss)/gain on disposal of property, plant and equipment	(4)	3
Fair value gain of financial assets		
at fair value through profit or loss	814	5,633
Gain on early termination of leases	647	195
Others	–	212
	<u>1,457</u>	<u>6,043</u>

*Note:*

In 2022, an indirect wholly-owned subsidiary of the Company successfully applied for funding support from the Employment Support Scheme under the COVID-19 Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, it is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the submitted and approved list of employees.



#### 4. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging/(crediting):

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>(a) Finance costs:</b>		
Interest on bonds	–	3,176
Interest on borrowings	30,388	44,403
Interest on lease liabilities	1,475	322
Amortised cost of handling fee for issuance of bonds	–	73
	<u>31,863</u>	<u>47,974</u>
	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>(b) Staff costs (including Directors' emoluments):</b>		
Salaries, wages, bonus and allowances	45,518	17,233
Contributions to defined contribution retirement plans	5,391	1,045
Staff welfare and benefits	4,313	648
	<u>55,222</u>	<u>18,926</u>

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>(c) Other items:</b>		
Amortisation on intangible assets	362	–
Auditor's remuneration		
— audit services	940	840
— other services	308	275
Cost of inventories sold from supply chain business	594,619	2,063,892
Cost of inventories consumed from hotel management and catering services	33,007	–
Depreciation on property, plant and equipment	11,605	2,056
Depreciation on right-of-use assets	4,594	2,057
Derecognition of goodwill	3,526	–
Expenses relating to short-term leases	5,487	–
Provision for/(reversal of) ECL allowance on finance lease receivables	954	(317)
Provision for ECL allowance on trade receivables	18,259	6,813
Provision for ECL allowance on other receivables	297	511
	<u>          </u>	<u>          </u>

## 5. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
<b>Current tax – the PRC Enterprise Income Tax</b>		
– Current income tax	781	799
– (Over)/under-provision in respect of prior years, net	(1,584)	289
	<u>          </u>	<u>          </u>
	(803)	1,088
<b>Deferred tax</b>		
– the PRC	(1,774)	4,289
	<u>          </u>	<u>          </u>
Income tax (credit)/expense	<u>          </u>	<u>          </u>
	(2,577)	5,377
	<u>          </u>	<u>          </u>

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated or domiciled in Hong Kong have no assessable profits or sustained tax losses for taxation purpose for both years.

Under the Law of the People’s Republic of China (the “**PRC**”) on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

## 6. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the year.

	2022 <i>HKD’000</i>	2021 <i>HKD’000</i>
<b>Loss</b>		
Loss attributable to equity shareholders of the Company	<u>(14,259)</u>	<u>(5,648)</u>
<b>Number of shares</b>	<i>’000</i>	<i>’000</i>
Weighted average number of ordinary shares in issue	<u>3,900,000</u>	<u>3,675,342</u>

Basic loss per share is the same as diluted loss per share as the Company has no dilutive potential shares.

## 7. SEGMENT REPORTING

The chief operating decision-maker (“**CODM**”) has been identified as the executive Directors of the Company. The CODM reviews the Group’s internal reporting for purpose of allocating resources to, and assessing the performance of, the Group’s various businesses.

The Group is organised into business units based on their products and services and has six reportable operating segments under HKFRS 8, Operating Segments which were as follows:

- (i) Supply chain business;
- (ii) Leasing business;
- (iii) Property investment;
- (iv) Money lending business;
- (v) Securities investment; and
- (vi) Hotel management and catering services.

The Group’s operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the consolidated financial statements.

The CODM assesses the performance of the operating segments based on a measure of reportable segment results. This measurement basis excludes certain other net gains, finance costs, other revenue and unallocated expenses.

Segment assets mainly exclude deferred tax assets and certain other assets that are managed on a central basis. Segment liabilities mainly exclude deferred tax liabilities and certain other liabilities that are managed on a central basis.

(a) **Operating segment**

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

Year ended	Supply chain business	Leasing business	Property investment	Money lending business	Securities investment	Hotel management and catering services	Total
31 December 2022	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
<b>Disaggregated by timing of revenue recognition</b>							
Point in time	627,412	–	–	–	–	69,256	696,668
Over time	4,804	2,254	4,562	–	–	18,248	29,868
<b>Revenue from external customers</b>	<b>632,216</b>	<b>2,254</b>	<b>4,562</b>	<b>–</b>	<b>–</b>	<b>87,504</b>	<b>726,536</b>
<b>Segment profit/(loss)</b>	<b>8,784</b>	<b>(1,146)</b>	<b>3,274</b>	<b>(5,450)</b>	<b>(26)</b>	<b>(23,079)</b>	<b>(17,643)</b>
Reconciliation:							
Interest income							3,188
Corporate and other unallocated expenses							(7,266)
Finance costs							(31,863)
Other revenue							36,746
<b>Loss before taxation</b>							<b>(16,838)</b>
Income tax credit							2,577
<b>Loss for the year</b>							<b>(14,261)</b>
Year ended	Supply chain business	Leasing business	Property investment	Money lending business	Securities investment	Hotel management and catering services	Total
31 December 2021	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
<b>Disaggregated by timing of revenue recognition</b>							
Point in time	2,105,308	161	–	–	–	–	2,105,469
Over time	9,521	3,143	4,250	2,840	–	–	19,754
<b>Revenue from external customers</b>	<b>2,114,829</b>	<b>3,304</b>	<b>4,250</b>	<b>2,840</b>	<b>–</b>	<b>–</b>	<b>2,125,223</b>
<b>Segment profit/(loss)</b>	<b>27,522</b>	<b>(682)</b>	<b>20,221</b>	<b>(3,205)</b>	<b>371</b>	<b>–</b>	<b>44,227</b>
Reconciliation:							
Interest income							2,369
Unallocated other net gains							201
Corporate and other unallocated expenses							(7,129)
Finance costs							(47,974)
Other revenue							8,035
<b>Loss before taxation</b>							<b>(271)</b>
Income tax expense							(5,377)
<b>Loss for the year</b>							<b>(5,648)</b>

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

	Supply chain business <i>HKD'000</i>	Leasing business <i>HKD'000</i>	Property investment <i>HKD'000</i>	Money lending business <i>HKD'000</i>	Securities investment <i>HKD'000</i>	Hotel management and catering services <i>HKD'000</i>	Total <i>HKD'000</i>
<b>At 31 December 2022</b>							
<b>Segment assets</b>	<b><u>746,028</u></b>	<b><u>27,808</u></b>	<b><u>232,609</u></b>	<b><u>4,120</u></b>	<b><u>4,632</u></b>	<b><u>221,763</u></b>	<b>1,236,960</b>
Reconciliation:							
Deferred tax assets							6,509
Corporate and other unallocated assets							<u>84,338</u>
Total assets							<b><u>1,327,807</u></b>
<b>Segment liabilities</b>	<b><u>558,673</u></b>	<b><u>7,357</u></b>	<b><u>32,917</u></b>	<b><u>966</u></b>	<b><u>-</u></b>	<b><u>120,878</u></b>	<b>720,791</b>
Reconciliation:							
Deferred tax liabilities							37,130
Corporate and other unallocated liabilities							<u>963</u>
Total liabilities							<b><u>758,884</u></b>
	Supply chain business <i>HKD'000</i>	Leasing business <i>HKD'000</i>	Property investment <i>HKD'000</i>	Money lending business <i>HKD'000</i>	Securities investment <i>HKD'000</i>	Hotel management and catering services <i>HKD'000</i>	Total <i>HKD'000</i>
<b>At 31 December 2021</b>							
<b>Segment assets</b>	<b><u>1,061,679</u></b>	<b><u>28,705</u></b>	<b><u>248,040</u></b>	<b><u>12,573</u></b>	<b><u>133,546</u></b>	<b><u>-</u></b>	<b>1,484,543</b>
Reconciliation:							
Corporate and other unallocated assets							<u>67,316</u>
Total assets							<b><u>1,551,859</u></b>
<b>Segment liabilities</b>	<b><u>819,776</u></b>	<b><u>10,228</u></b>	<b><u>35,766</u></b>	<b><u>976</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b>866,746</b>
Reconciliation:							
Deferred tax liabilities							31,482
Corporate and other unallocated liabilities							<u>7,215</u>
Total liabilities							<b><u>905,443</u></b>

The following is an analysis of the Group's other segment information by reportable segments:

At 31 December 2022	Supply chain business HKD'000	Leasing business HKD'000	Money lending business HKD'000	Hotel management and catering services HKD'000	Total HKD'000
<b>Other information</b>					
Additions to non-current segment assets	195	36	–	8,063	8,294
Non-current segment assets acquired on acquisition of subsidiaries	–	–	–	219,926	219,926
Depreciation and amortisation	513	176	5	13,991	14,685
Unallocated depreciation					1,876
					16,561
Derecognition of goodwill	–	–	–	3,526	3,526
Provision for ECL allowances	15,725	954	–	2,831	19,510
					4,113
					7,007

At 31 December 2021	Supply chain business HKD'000	Leasing business HKD'000	Money lending business HKD'000	Hotel management and catering services HKD'000	Total HKD'000
<b>Other information</b>					
Additions to non-current segment assets	3,652	1,006	–	–	4,658
Depreciation	1,433	699	11	–	2,143
Unallocated depreciation					1,970
					4,113
Provision for/(reversal of) ECL allowances	7,324	(317)	–	–	7,007

**(b) Geographical information**

The Group's revenue from external customers by geographical market is as follows:

	<b>2022</b> <i>HKD'000</i>	2021 <i>HKD'000</i>
The PRC	<b>726,536</b>	2,122,383
Hong Kong	–	2,840
	<u><b>726,536</b></u>	<u>2,125,223</u>

The Group's information about its non-current assets (excluding financial assets at fair value through other comprehensive income, finance lease receivables and deferred tax assets) by geographic location is as follows:

	<b>2022</b> <i>HKD'000</i>	2021 <i>HKD'000</i>
The PRC	<b>387,369</b>	248,495
Hong Kong	<b>63,771</b>	65,653
	<u><b>451,140</b></u>	<u>314,148</u>

**(c) Major customers**

Revenue from major customers, each of whom amounted to 10% or more of the Group's revenue, is set out below:

	<b>2022</b> <i>HKD'000</i>	2021 <i>HKD'000</i>
Supply chain business		
Customer A	<b>389,752</b>	852,670
Customer B	<b>94,719</b>	344,088
	<u><b>389,752</b></u>	<u>344,088</u>



## 8. INVESTMENT PROPERTIES

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
At the beginning of the year	244,181	221,443
Acquired on acquisition of subsidiaries	34,639	–
Transfer from property, plant and equipment	87,895	–
Exchange realignment	(22,201)	6,317
Fair value (loss)/gain	(406)	16,421
	<hr/>	<hr/>
At the end of the year	<b>344,108</b>	<b>244,181</b>

The investment properties are situated in the PRC and are held under medium-term leases. The Group leases out shops and a commercial building, which mainly comprises shops and hotel rooms (2021: shops), situated at two different locations in the PRC under operating leases.

At 31 December 2022, certain (2021: all) investment properties were pledged to bank for loans granted to the Group (see Note 14).

### (a) Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair values of the shops and the commercial building (2021: shops) at the end of the reporting period have been arrived at on the basis of valuation performed by 深圳市國正信資產評估土地房地產估價有限公司 and International Valuation Limited respectively, independent qualified professional property valuers (“**Property Valuers**”) not connected with the Group, with recent experience in the location and category of property being valued. The management has discussion with the Property Valuers on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

The fair value of the shops is determined using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a discount specific to the quality and location of the properties compared to the recent sales, and are therefore grouped into Level 3 of fair value measurement.

The commercial building was acquired through acquisition of subsidiaries on 1 April 2022. At the acquisition date, a portion of the building was classified as an investment property for it being leased out to earn rentals, while the rest of the building was classified as property held for own-use for it being used to run a hotel business. At 31 December 2022, the Group leased the entire commercial building to an independent third party with an initial term of 8 years and therefore the entire commercial building was transferred to and classified as an investment property. Since then the Group ceased to provide hotel room services.

The income approach estimates the fair value of the building on an open market basis by capitalising rental income having regard to the current net passing rental income from existing tenancy and potential future reversionary income at the market level. The term value involves the capitalisation of the current net passing rental income over the existing lease term on a fully leased basis. The reversionary value is taken to be current market rental income upon the expiry of the lease and is capitalised by adopting appropriate occupancy rates. In this approach, the independent qualified professional valuer has considered the term yield and reversionary yield. The term yield is used for capitalisation of the current net passing rental income as at the date of valuation whilst the reversionary yield is used to convert reversionary rental income. The fair value of the commercial building therefore grouped into Level 3 of fair value measurement.

There were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 for both reporting periods. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	<b>2022</b>	2021
	<b><i>HKD'000</i></b>	<i>HKD'000</i>
<b>Shops</b>		
At the beginning of the year	<b>244,181</b>	221,443
Exchange realignment	<b>(19,246)</b>	6,317
Fair value gain	<b>723</b>	16,421
	<hr/>	<hr/>
At the end of the year	<b><u>225,658</u></b>	<u>244,181</u>

	<b>2022</b>	2021
	<b><i>HKD'000</i></b>	<i>HKD'000</i>
<b>A commercial building</b>		
At the beginning of the year	–	–
Acquired on acquisition of subsidiaries	<b>34,639</b>	–
Transfer from property, plant and equipment	<b>87,895</b>	–
Exchange realignment	<b>(2,955)</b>	–
Fair value loss	<b>(1,129)</b>	–
	<hr/>	<hr/>
At the end of the year	<b>118,450</b>	–
	<hr/> <hr/>	<hr/> <hr/>

**(b) Assets leased out under operating leases**

The leases typically run for an initial period of 1 to 8 years (2021: 5 years), with an option to renew the lease after that date at which all terms are renegotiated. None of the leases includes variable lease payments.

Total future minimum lease payments receivable under operating leases is as follows:

	<b>2022</b>	2021
	<b><i>HKD'000</i></b>	<i>HKD'000</i>
Within 1 year	<b>6,212</b>	4,188
After 1 year but within 2 years	<b>7,143</b>	–
After 2 years but within 3 years	<b>6,266</b>	–
After 3 years but within 4 years	<b>4,738</b>	–
After 4 years but within 5 years	<b>4,738</b>	–
After 5 years	<b>15,174</b>	–
	<hr/>	<hr/>
	<b>44,271</b>	4,188
	<hr/> <hr/>	<hr/> <hr/>

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Financial assets at fair value through other comprehensive income		
– Listed equity securities in Hong Kong	4,472	23,162
– Unlisted equity securities in Hong Kong	–	110,000
	<u>4,472</u>	<u>133,162</u>

At 31 December 2021, certain listed equity securities were pledged to an independent third party for an other borrowing granted to the Group (see Note 14(b)). During the year ended 31 December 2022, the pledge terms were released upon the repayment of the other borrowing.

At 31 December 2021, the unlisted equity securities are 13,921,278 ordinary shares held in Golden Affluent Limited (“**Golden Affluent**”), representing 14.73% of interest in Golden Affluent. Golden Affluent is incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding and its subsidiaries are engaged in the provision of financial and bullion services in Hong Kong and private investment management services in the PRC. The Group designated its investment in Golden Affluent at FVOCI (non-recycling) as the investment is held for strategic purposes.

During the year ended 31 December 2022, the Group disposed of all equity securities of Golden Affluent at a cash consideration of HKD110,000,000, the related balance in the fair value reserve in amount of approximately HKD60,682,000 was reclassified to retained profits. In addition, dividend income of approximately HKD35,060,000 was recognised from these equity securities of Golden Affluent during the year ended 31 December 2022.

Changes in fair value of those equity securities are recognised in other comprehensive income and accumulated within the financial assets at fair value reserve within equity. The Group transfers amounts from this reserve to retained profits when the relevant equity securities are derecognised.

## 10. FINANCE LEASE RECEIVABLES

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Non-current finance lease receivables	–	12,763
Current finance lease receivables	<b>28,998</b>	14,084
	<b>28,998</b>	26,847
Less: Expected credit loss allowance		
– Non-current portion	–	(217)
– Current portion	<b>(1,348)</b>	(242)
	<b>(1,348)</b>	(459)
	<b>27,650</b>	26,388

The total minimum lease payments receivable under finance leases and their present values are as follows:

	Minimum lease payments receivable		Present value of minimum lease payments	
	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Within one year or on demand	<b>28,998</b>	14,565	<b>28,998</b>	14,084
After 1 year but within 2 years	–	9,017	–	8,969
After 2 years but within 3 years	–	3,683	–	3,675
After 3 years but within 4 years	–	122	–	119
	<b>28,998</b>	27,387	<b>28,998</b>	26,847
Less: Unearned interest income	–	(540)	–	–
Present value of minimum lease payments receivable	<b>28,998</b>	26,847	<b>28,998</b>	26,847

*Note:*

- (a) Certain motor vehicles and machineries are leased out to one lessee under finance leases with lease terms of 24 to 48 months (2021: 24 to 48 months). During the year ended 31 December 2021 and up to the date of revised lease contract as stated in Note 10(b), the interest rate inherent in the leases is fixed for the entire lease term and was ranging from 6.2% to 12% per annum.

Finance lease receivables are secured over the motor vehicles and machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

- (b) During the year ended 31 December 2022, the Group entered in to a finance lease receivable transfer arrangement (the “**Arrangement**”) with the lessee. Under the Arrangement, the amount due from the lessee (representing all past due and future lease payments) of RMB25,122,000 (equivalent to HKD28,341,000) was transferred to an independent third party which the new repayment terms were revised as repayable on demand on a full recourse basis and the balance bears interest at the PRC Loan Prime Rate plus certain agreed premium rates until settlement. As the lessee has not transferred the significant obligations relating to these finance lease receivables, the full carrying amount of the receivables continues to be recognised as “finance lease receivables” in the Group’s consolidated statement of financial position. The original carrying value of the finance lease receivables and interest in full under the Arrangement have not been settled by the end of the reporting period.

## 11. TRADE AND OTHER RECEIVABLES

	2022 <i>HKD’000</i>	2021 <i>HKD’000</i>
Trade receivables, net of ECL allowance	634,037	624,462
Other receivables, net of ECL allowance	94,913	109,453
	<hr/>	<hr/>
	728,950	733,915
Deposits and prepayments	30,157	146,298
	<hr/>	<hr/>
	<b>759,107</b>	<b>880,213</b>
	<hr/> <hr/>	<hr/> <hr/>

### Ageing analysis

The ageing analysis of trade receivables (net of ECL allowances) as at the end of the reporting period, based on invoice date, is as follows:

	2022 <i>HKD’000</i>	2021 <i>HKD’000</i>
Within 1 month	3,493	271,387
1 to 3 months	4,716	188,058
3 to 12 months	557,033	160,444
Over 12 months	68,795	4,573
	<hr/>	<hr/>
	<b>634,037</b>	<b>624,462</b>
	<hr/> <hr/>	<hr/> <hr/>

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Held for trading investments stated at fair value		
– Listed equity securities in Hong Kong	58	82
– Listed equity securities in the PRC	376	841
	<u>434</u>	<u>923</u>
Other investments stated at fair value		
– Structured deposits	–	72,847
– Wealth management products	–	10,776
	<u>–</u>	<u>83,623</u>
	<u><b>434</b></u>	<u><b>84,546</b></u>

At 31 December 2021, the structured deposits and wealth management products issued by the banks with the aggregate amount of RMB59,492,000 (equivalent to HKD72,847,000) and RMB8,800,000 (equivalent to HKD10,776,000) respectively, which their expected annual returns are ranging from 1.9% to 4.1% and 2.61% respectively. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The fair values were based on cash flows discounted using the expected return based on the management judgement and were within Level 2 of fair value hierarchy.

All the structured deposits and wealth management products were redeemed during the year ended 31 December 2022.

All structured deposits as at 31 December 2021 were pledged to the banks as guarantee deposits for certain bills payable made available to the Group (see Note 13). During the year ended 31 December 2022, the relevant pledged terms were released upon the repayment of relevant bills payables.

## 13. TRADE AND BILLS PAYABLES

	2022 <i>HKD'000</i>	2021 <i>HKD'000</i>
Trade payables	74,548	90,062
Bills payable	77,838	220,700
	<u>152,386</u>	<u>310,762</u>

The ageing analysis of trade and bills payables as at the end of the reporting period, based on invoice date, is as follows:

	<b>2022</b> <i>HKD'000</i>	2021 <i>HKD'000</i>
Within 1 month	<b>6,348</b>	35,005
1 to 3 months	<b>9,291</b>	32,653
3 to 12 months	<b>100,193</b>	240,639
Over 12 months	<b>36,554</b>	2,465
	<b>152,386</b>	310,762

At 31 December 2022, the Group had HKD77,838,000 (2021: HKD220,700,000) bills payables which were secured by pledged bank deposits (2021: secured by structured deposits and pledged bank deposits).

#### 14. BORROWINGS

	<b>2022</b> <i>HKD'000</i>	2021 <i>HKD'000</i>
Bank loans, secured ( <i>Note (a)</i> )	<b>435,996</b>	517,089
Other borrowings, secured ( <i>Note (b)</i> )	<b>12,454</b>	6,000
	<b>448,450</b>	523,089

The maturity profile of borrowings, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	<b>2022</b> <i>HKD'000</i>	2021 <i>HKD'000</i>
Within 1 year	<b>415,474</b>	493,502
After 1 year but within 2 years	<b>5,864</b>	5,385
After 2 years but within 5 years	<b>27,112</b>	24,202
	<b>448,450</b>	523,089
Less: Amount due within one year or repayable on demand classified as current liabilities	<b>(415,474)</b>	(493,502)
Amount due for settlement after one year	<b>32,976</b>	29,587



*Notes:*

- (a) Bank loans comprise Bank Loan 1, Bank Loan 2, Bank Loan 3 and Bank Loan 4.

Bank Loan 1 with principal amount of RMB24,507,000 (equivalent to HKD27,646,000) (2021: RMB28,286,000 (equivalent to HKD34,636,000)) is secured by certain investment properties of the Group (see Note 8) and is repayable by instalments up to 2027. Interest is charged at Prime rate of The People's Bank of China ("PBOC") plus 30% of PBOC Prime rate per annum.

Bank Loan 2 with principal amount of RMB279,000,000 (equivalent to HKD314,740,000) (2021: RMB280,000,000 (equivalent to HKD342,860,000)) is secured by corporate guarantee executed by the Company and its certain subsidiaries and certain properties owned by an independent third party and is repayable within one year. Interest is charged at a fixed rate of 5.4% per annum.

Bank Loan 3 with principal amount of RMB72,980,000 (equivalent to HKD82,329,000) (2021: RMB114,000,000 (equivalent to HKD139,593,000)) is secured by certain properties owned by independent third parties and is repayable within one year. Interest is charged at a fixed rate of 6.5% per annum.

Bank Loan 4 with principal amount of RMB10,000,000 (equivalent to HKD11,281,000) is secured by certain investment properties of the Group (see Note 8) and is repayable by instalments up to 2025. Interest is charged at a fixed rate of 5% per annum.

- (b) At 31 December 2022, other borrowing with principal amount of RMB11,040,000 (equivalent to HKD12,454,000) is obtained from an independent third party. The loan is unsecured and is repayable within one year. Interest is charged at a fixed rate of 6.05% per annum.

At 31 December 2021, other borrowing with principal amount of HKD6,000,000 was obtained from an independent third party. The loan was secured by certain listed equity securities classified as financial assets at fair value through other comprehensive income held by the Group (see Note 9) and the corporate guarantee executed by the Company, and was repayable within one year. Interest was charged at a fixed rate of 10% per annum. This loan was fully repaid during the year ended 31 December 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the year ended 31 December 2022, the principal activities of the Group are: (i) supply chain business (the “**Supply Chain Business**”), (ii) hotel management and catering services (the “**Hotel Management & Catering Services**”), (iii) leasing business (the “**Leasing Business**”), (iv) property investment (the “**Property Investment**”), (v) money lending business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the “**Money Lending Business**”) and (vi) securities investment (the “**Securities Investment**”).

#### Supply Chain Business

As the Group’s core business, the Supply Chain Business provides supply chain services of non-ferrous metals and construction materials. During the year ended 31 December 2022, the Supply Chain Business recorded a revenue of HKD632.2 million, a significant decrease of HKD1,482.6 million compared to the corresponding period in 2021.

Such decrease can be attributed to the pessimistic outlook for the supply chain industry, which has led to reduced demand for non-ferrous metals and construction materials, as well as the ongoing measures implemented to combat the epidemic in the PRC. These measures have created a challenging environment for both upstream and downstream companies. Despite of these challenges, the Group remains committed to developing the Supply Chain Business in a prudent and conservative manner, and will continue to tighten credit risk assessments while seeking to expand business opportunities with valuable customers.

For the year ended 31 December 2022, the segment result for the Supply Chain Business amounted to HKD8.8 million, representing a decrease of 68.1% compared to the corresponding period in the previous year. Apart from the significant decrease in the revenue contribution, the expected credit loss (the “**ECL**”) on receivable of supply chain business was increased under the impact of the downward trend of the real estate market in the PRC, resulting in the decrease in the segment profit.

## **Hotel Management & Catering Services**

Through the acquisition of Foresight Industrial Group Limited (“**Foresight Industrial**”), the Group expands its business to hotel management and catering services, which have become a key growth area and an essential part of the Group’s operations. Over the past year, the management of the Company has focused on delivering high-quality service to our customers. The Hotel Management & Catering Services segment contributed HKD87.5 million in revenue for the year ended 31 December 2022. However, the business faced unexpected challenges in the fourth quarter of 2022 due to the resurgence of the pandemic in the PRC, which impacted its operations. Despite the challenges posed by the epidemic, the management of the Company has managed to maintain our market position and generate steady revenue growth.

The segment included a range of hotels and catering services primarily in Guangdong and Guangxi Province, catering to the needs of different customer segments, with a focus on providing comfortable accommodations and food offerings. In addition, an online platform is available to provide customers with a user-friendly booking experience and easy access to our services. The management will continue to review the operational efficiency to optimise the cost structure and improve the overall performance.

## **Leasing Business**

The Leasing Business is conducted through direct leasing or sale-and-leaseback arrangements. As at 31 December 2022, there was an aggregate of HKD27.7 million in finance lease receivables and recognised revenue of HKD2.3 million for the year ended 31 December 2022. Over the past year, the measures taken to combat the epidemic in the PRC have had an impact to the Leasing Business and the potential customers are showing a preference for conservative investment in the leasing machinery. Since the epidemic has been brought under control and the measures have been lifted, the Group remain committed to taking a prudent approach and continue to seek out potential business opportunities.

## **Property Investment**

During the year ended 31 December 2022, the Group has the investment properties located in Yunfu, PRC which generated HKD4.6 million in rental income. As at 31 December 2022, the fair value of the investment properties was HKD225.7 million. The Group will continue leasing out these investment properties to generate rental income, and may consider divesting them to improve working capital if and when it is deemed appropriate.

## **Money Lending Business and Securities Investment**

In order to ensure the prudent management and healthy development of Money Lending Business, the Group will continue to adopt a rigorous risk management policy to conduct our operations. As such, for the year ended 31 December 2022, no loans were recorded and the Group remains conservative in our approach to engaging with potential customers.

Regarding the Securities Investment, the Group has made investments in listed securities in Hong Kong and the PRC while divesting unlisted equity securities for the acquisition of Foresight Industrial. The management will consider both short-term and long-term investments to optimise the portfolio and maximise benefits for the Group. The management will also remain vigilant in monitoring market developments and make necessary adjustments to the investment strategy as needed.

## **FINANCIAL REVIEW**

Below is an analysis of the Group's key financial information including but not limited to revenue, expenses and loss for the year, which reflects the financial position of the Group's business.

### **Revenue**

For the year ended 31 December 2022, the Group recorded a total revenue of HKD726.5 million, representing a decrease of 65.8% as compared with that for the year ended 31 December 2021 of HKD2,125.2 million. Such decrease was mainly due to the decline in revenue generated in the Supply Chain Business of HKD632.2 million as compared with HKD2,114.8 million for the year ended 31 December 2021.

Despite of such decrease in revenue in the Supply Chain Business, the Hotel Management & Catering Services opened up a new income stream for the Group and recorded a revenue of HKD87.5 million for the year (2021: HKD Nil).

The total revenue from the Money Lending Business, Securities Investment, Leasing Business, and Property Investment amounted to approximately HKD6.8 million as compared with that for the year ended 31 December 2021 of HKD10.4 million.

### **Expenses**

The Group's direct costs and operating expenses significantly decreased by HKD1,374.3 million from HKD2,064.1 million for the year ended 31 December 2021 to HKD689.8 million for the year ended 31 December 2022. The decrease in direct costs and operating expenses was mainly due to the significant decline in revenue of the Supply Chain Business, which accounted for over 87% of the Group's total revenue.

The Group's administrative expenses increased by HKD16.4 million from HKD46.3 million for the year ended 31 December 2021 to HKD62.7 million for the year ended 31 December 2022. Such increase was mainly attributable to the ECL allowance on receivables and cost incurred by the newly acquired Hotel Management & Catering Services.

The Group's finance cost decreased by HKD16.1 million from HKD48.0 million for the year ended 31 December 2021 to HKD31.9 million for the year ended 31 December 2022, mainly due to the repayment of loans during the year.

### **Loss for the year**

For the year ended 31 December 2022, the Group recorded a net loss of approximately HKD14.3 million as compared to a net loss of approximately HKD5.6 million for the year ended 31 December 2021. Such net loss was mainly due to (i) the reduction in revenue contribution from the Supply Chain Business for the year ended 31 December 2022; (ii) the recognition of the ECL on trade receivable of HKD18.3 million under the impact of the downward trend of the real estate market in the PRC; and (iii) the newly acquired business in hotel management and catering services has incurred losses of HKD23.1 million as a result of the resurgence of the pandemic in the PRC in the fourth quarter of 2022.

### **Trade and other receivables**

The trade and other receivables mainly represents the trade receivables (net of ECL allowances) from the Supply Chain Business of HKD625.0 million (2021: HKD624.5 million) and other receivables from supply chain financing arrangements of HKD94.9 million (2021: HKD109.5 million). As at 31 December 2022, trade receivables (net of ECL allowances) from Supply Chain Business past due within 12 months and over 12 months are HKD39.6 million (2021: HKD69.1 million) and HKD17.4 million (2021: nil) respectively.

The decrease in trade and other receivables of HKD121.1 million was primarily due to the decrease in the deposits and prepayments amounting to HKD116.1 million, which the prepayments made to the suppliers in the Supply Chain Business was recognised as direct cost and operating expenses.

The Group seeks to maintain strict control over its outstanding receivables and the management actively monitor the status of its outstanding receivables and the rapid change of the market condition in order to minimise credit risk. The management regularly reviews the overdue balances, which performs assessment of recoverability on a case-by-case basis.

## Trade and bills payables

As at 31 December 2022, the Group's trade and bills payable significantly decreased by HKD158.4 million from HKD310.8 million as at 31 December 2021 to HKD152.4 million. Such decrease was in line with the slowdown of the Supply Chain Business in the current year.

## Other payables and accrued charges

As at 31 December 2022, the Group's other payables and accrued charges increased by HKD58.7 million from HKD24.2 million as at 31 December 2021 to HKD82.9 million. Such increase was mainly attributable to the newly acquired Hotel Management & Catering Services which mainly consists of advances received from the customer party relating to hotel management service business of HKD27.4 million.

## LIQUIDITY, GEARING AND CAPITAL RESOURCES

As at 31 December 2022, the cash and cash equivalents of the Group were HKD37.7 million (2021: HKD15.4 million) and interest-bearing borrowings, including the borrowings and the lease liabilities were HKD470.9 million (2021: HKD527.6 million). The following table details the cash and cash equivalents, the borrowings and the lease liabilities of the Group as at 31 December 2022 denominated in original currencies:

	<b>As 31 December 2022</b>	
	<i>HKD'000</i>	<i>RMB'000</i>
Cash and cash equivalents	<b>5,465</b>	<b>28,560</b>
Borrowings	—	<b>397,527</b>
Lease liabilities	—	<b>19,925</b>

	<b>As 31 December 2021</b>	
	<i>HKD'000</i>	<i>RMB'000</i>
Cash and cash equivalents	15,113	269
Borrowings	6,000	422,286
Lease liabilities	—	3,709

The Group principally satisfies its demand for operating capital with cash inflow from its operations and borrowings. As at 31 December 2022, the gearing ratio, which is calculated on the basis of total debts (including interest-bearing borrowings and lease liabilities) over total shareholders' fund of the Group, was 82.8% (2021: 81.6%). The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.29 (2021: 1.30). Both ratios are stable in comparison to those as at 31 December 2021.

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Group had no material contingent liabilities (2021: nil).

## **FOREIGN CURRENCY AND INTEREST RATE RISKS MANAGEMENT**

The Group adopts strict and cautious policies in managing its foreign currency risk and interest rate risk. The Group is not exposed to significant foreign currency risk as most sales, other income, purchases and expenses are denominated in the functional currency of the operations to which they relate. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from borrowings, which, being obtained at variable rates and at fixed rates, expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through a variety of means.

## **PLEDGES OF GROUP ASSETS**

As at 31 December 2022, the investment properties of the Group located in Yunfu, PRC with carrying amount of HKD225.7 million (2021: HKD244.2 million) and located in Beihai, PRC with carrying amount of HKD18.0 million (2021: HKD nil), were pledged to banks for loans granted to the Group.

As at 31 December 2021, the financial assets at fair value through other comprehensive income of the Group with a carrying amount of HKD3.8 million were pledged to an independent third party to secure for other borrowing granted to the Group.

As at 31 December 2022, the structured deposits and pledged bank deposits of the Group with carrying amount of HKD nil (2021: HKD72.8 million) and HKD38.9 million (2021: HKD98.0 million) were pledged as guarantee deposits for bills payable made available to the Group.

## FINANCIAL GUARANTEES PROVIDED

As at 31 December 2022, the Company had provided corporate guarantees amounting to HKD314.7 million (2021: HKD342.9 million) and HKD nil (2021: HKD6.0 million) in favour of certain banks and an independent third party respectively in connection with facilities granted to certain subsidiaries of the Group.

## CAPITAL EXPENDITURES AND COMMITMENTS

During the year ended 31 December 2022, the Group invested HKD2.2 million (2021: HKD25,000) on property, plant and equipment, which included leasehold improvements and furniture, fixtures and equipment. As at 31 December 2022 and 2021, the Group had no capital commitments.

## SIGNIFICANT INVESTMENTS HELD

The significant investments held by the Group are as follows:

	At 31 December 2022 <i>HKD'000</i>	At 31 December 2021 <i>HKD'000</i>
Financial assets at fair value through other comprehensive income	4,472	133,162
Financial assets at fair value through profit or loss		
— Listed equity securities	434	923
— Structured deposits	—	72,847
— Wealth management products	—	10,776
	<u>4,906</u>	<u>217,708</u>

Save as disclosed above, there were no significant investments held by the Group at 31 December 2022 and 2021.



## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

### **Discloseable Transaction — Acquisition of the Entire Issued Share Capital of Foresight Industrial Group Limited**

On 26 January 2022, the Company through its direct wholly-owned subsidiary, entered into a sale and purchase agreement with an independent third party in relation to acquire the entire issued share capital of Foresight Industrial. Foresight Industrial and its subsidiaries (“**Foresight Industrial Group**”) is principally engaged in hotel operations and management and provision of food and beverage catering services in the PRC, at a cash consideration of HKD120,000,000 (the “**Acquisition**”). Completion of the Acquisition took place on 1 April 2022. Thereafter, Foresight Industrial has become a wholly-owned subsidiary of the Company and the consolidated financial statements of the Foresight Industrial Group were consolidated into the consolidated financial statements of the Company.

### **Major Transaction — Disposal of Minority Interest in Golden Affluent Limited**

On 28 January 2022, the Company through its direct wholly-owned subsidiary, entered into a share transfer agreement (the “**Share Transfer Agreement**”) with an independent third party in relation to disposal of 14.73% equity interest of Golden Affluent, at a cash consideration of HKD110,000,000 (the “**Disposal**”).

Completion of the Disposal took place on 31 May 2022. Thereafter, the Company did not hold any equity interest in Golden Affluent, which ceased to be classified as financial asset at fair value through comprehensive income in the Group’s consolidated financial statements. The Disposal had been approved as the ordinary resolutions by the shareholders of the Company at the special general meetings of the Company on 13 May 2022.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries or associated companies by the Group during the year ended 31 December 2022.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2022, the Group had a total of approximately 330 employees (2021: approximately 50 employees). The total staff cost of the Group amounted to approximately HKD55.2 million for the year ended 31 December 2022, representing 7.6% of the Group’s turnover. Employees’ remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group’s remuneration policies and packages were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of different positions.

## **DIVIDENDS**

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

## **EVENTS AFTER THE REPORTING PERIOD**

The Company does not have any significant events after the reporting period.

## **FUTURE PROSPECTS**

Looking ahead to 2023, the Group is committed to improving the performance of our core business, the Supply Chain Business. Our primary goal is to enhance our operational efficiency by eliminating non-value-added activities and focusing on providing better service to our customers. Additionally, the Group will continue to expand our customer base and to improve the overall performance in the Supply Chain Business.

In addition, the Group has acquired a group of companies that are primarily engaged in hotel management and catering services. This is a significant milestone for the Group as it has opened up a new avenue to revenue generation. Our goal is to establish a strong presence in the hotel and catering service industry and strengthen our market position. As the anti-epidemic measures have been relaxed recently, there is an increase in demand for hotel and catering services. The management will focus on enhancing the operational efficiency and expanding our customer base to improve overall profitability.

The Leasing Business will maintain stable and healthy development by strictly adhering to regulatory requirements in the finance lease industry. The management will continue to adopt a risk-averse approach and maintain strict risk control to extend our services to market players in other industries. Besides, a cautious and prudent approach towards other businesses, including Property Investment, Money Lending Business and Securities Investment. The management will continue to evaluate their performance and make necessary adjustments to ensure their sustainability.

As move forward, the management of the Group will seek business continuity, adjust the operating strategies in a timely manner and safeguard the Group's resources to ensure that the Group is well-positioned to capitalise on future opportunities.

## **OTHER INFORMATION**

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2022, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules, except for the following deviation:

Under code provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Liao Nangang, being the chairman of the Board was unable to attend the annual general meeting on 24 June 2022 (the "2022 AGM") due to the circumstances under the COVID-19 outbreak. Mr. Liao will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so. Mr. Liao had entrusted Mr. Shin Yick, Fabian, being the then non-executive Director, to respond to shareholders' concerns (if any) on his behalf at the AGM.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding Directors' securities transactions (the "Model Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the year ended 31 December 2022.

### **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors. The Audit Committee has reviewed with the management of the Company and the external auditor, Baker Tilly Hong Kong Limited, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters including the review of the annual results announcement for the year ended 31 December 2022 of the Group.

## **CLOSURE OF REGISTER OF MEMBERS**

The 2023 Annual General Meeting of the Company is scheduled to be held on Friday, 23 June 2023 (the “**2023 AGM**”). The register of members of the Company will be closed from Monday, 19 June 2023 to Friday, 23 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2023 AGM, all properly completed transfer of share(s) accompanied by the relevant share certificate(s), must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 June 2023.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with at least 25% of the issued shares of the Company being held by the public under the Listing Rules throughout the year ended 31 December 2022 and up to the date of this announcement.

## **PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The Company’s annual report containing all information required by the Listing Rules will be despatched to shareholders and published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.paktakintl.com](http://www.paktakintl.com) in due course.

By Order of the Board  
**Pak Tak International Limited**  
**Liao Nangang**  
*Chairman*

Hong Kong, 31 March 2023

*As at the date of this announcement, the Board comprises Mr. Liao Nangang, Ms. Qian Pu, Mr. Wang Jian and Mr. Ning Jie as executive Directors; Mr. Liu Xiaowei as non-executive Director; and Ms. Chan Ching Yi, Mr. Chan Kin Sang and Mr. Zheng Suijun as independent non-executive Directors.*