Central Holding Group Co. Ltd.
中環控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1735

2022
Annual Report

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yu Zhuyun *(Chairman and Chief Executive Officer)*
Mr. Li Menglin

Non-executive Directors

Mr. Qiao Xiaoge
Ms. Zhu Yujuan

Independent non-executive Directors

Dr. Li David Xianglin
Mr. Wang Wenxing
Dr. Zhou Chunsheng

AUDIT COMMITTEE

Mr. Wang Wenxing *(Chairperson)*
Mr. Qiao Xiaoge
Dr. Li David Xianglin

REMUNERATION COMMITTEE

Dr. Li David Xianglin *(Chairperson)*
Ms. Zhu Yujuan
Dr. Zhou Chunsheng

NOMINATION COMMITTEE

Mr. Yu Zhuyun *(Chairperson)*
Mr. Wang Wenxing
Dr. Zhou Chunsheng

SENIOR MANAGEMENT

Mr. Yu Zhuyun *(Chief Executive Officer)*
Mr. Li Bei *(Vice President)*
Mr. Che Kean Tat *(Vice President and Chief Financial Officer)*
Mr. Qin Ning *(Chief Legal and Operating Officer)*

COMPANY SECRETARY

Mr. Lam Ka Tsun *(appointed on 1 April 2022)*
Ms. Hung Yuen Yuen *(resigned on 1 April 2022)*

AUTHORISED REPRESENTATIVES

Mr. Yu Zhuyun
Mr. Lam Ka Tsun *(appointed on 1 April 2022)*
Ms. Hung Yuen Yuen *(resigned on 1 April 2022)*

REGISTERED OFFICE IN CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2102–03 & 10–12
21/F, K. Wah Centre
191 Java Road
North Point
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

Tung & Co
Office 1601, 16/F, LHT Tower
31 Queen's Road Central
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
The Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

COMPANY WEBSITE

www.chghk.com

STOCK CODE

1735

Chairman's Statement

責任源自內心

YU ZHUYUN
Chairman

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Central Holding Group Co. Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to our shareholders (the "**Shareholders**") the annual report of the Group for the year ended 31 December 2022 (the "**Reporting Year**").

REPORTING YEAR REVIEW

We are of the view that the construction business environment in which the Group operates in Hong Kong remains tough and the Group faces various challenges including low bidding price on tenders, increased costs and limited market potential in Hong Kong. The Group is prudent in managing its construction business operations and evaluating business development opportunities in Hong Kong to diversify the revenue sources and therefore the Group can minimise possible exposure to the uncertainties in the Hong Kong market.

The Group is also committed to respond to the national policies of the People's Republic of China (the "**PRC**" or "**China**") with the concept of carbon neutrality, to cultivate the green buildings and new green energy under the Group's existing building and construction related business, devoted to contribute to the development of ecological habitat industry, striving to create a low carbon, energy saving, ecological and environmentally friendly and clean living environment.

China aims to reach the CO_2 emissions peak before 2030 and achieve carbon neutrality before 2060. Prior to setting such goal, China had already invested heavily in energy conservation and emission reduction, and now it's ramping up efforts to achieve the timeline. A deep transformation of the energy system through a combination of decarbonising power generation, electrifying end-use sectors, and switching to low-carbon fuels will not just generate health co-benefits, but are also essential for long-term air quality improvements and better public health.

Carbon neutrality and zero emissions are reshaping investment in unprecedented ways. In the next three decades, the investment scale required to achieve carbon neutrality in China is expected to reach RMB136 trillion, which will bring huge development opportunities for green energy investment. The Group believes that the strategic investment in green buildings and new green energy could expand the Group's business opportunity and broaden its income sources.

Chairman's Statement

In the third quarter of 2022, the Group has begun to seek for new green energy business opportunities in order to obtain higher returns for the Shareholders. The Group purchased two fully automatic production lines for photovoltaic modules in September 2022 and commenced in manufacturing and sales of photovoltaic components since December 2022 and the Group is expanding into manufacturing and sales of photovoltaic battery in 2023.

During the Reporting Year, the Group has gradually expanded into the business of new energy and engineering, procurement, and construction ("**EPC**"). Satisfactory performance was recorded during the Reporting Year.

We seek to seize the green buildings and new green energy business opportunities in order to obtain higher returns for the Shareholders. The Group is also committed to respond to the national policies with the concept of carbon neutrality by further implementing green building and construction through use of scientific management and technical improvement to achieve low carbon and green environmental protection. We are devoted to combine our existing building and construction related business to practise the concept of green development through photovoltaic new power generations system and energy storage technology to create an energy-saving and sustainable living environment.

We will continue to strive for sustainable income and balanced growth, and achieve sustainable gains for our Shareholders. We will keep reviewing the working capital level on an on-going basis in order to achieve our objectives and, at the same time, be mindful of the regulatory reporting and compliance requirements.

Lastly, on behalf of the Board, I would like to express my sincere gratitude to our Shareholders, customers, business associates and subcontractors for your continuous support. I would also like to send my warmest thanks to all our management and staff members for your hard work and dedication during the Reporting Year.

YU Zhuyun
Chairman
Hong Kong, 31 March 2023

Management Discussion and Analysis

BUSINESS REVIEW

As at 31 December 2022, the Group has five main segments, which are (i) building and construction related business; (ii) food & beverage ("**F&B**") supply chain; (iii) health and wellness services; (iv) smart logistic and information technology development; and (v) new energy and EPC. We seek to achieve synergistic value amongst the segments in order to obtain higher returns and greater business opportunities for the Group.

Building and construction related business

During the Reporting Year, the revenue from building and construction related business segment was approximately HK$852.7 million (for the year ended 31 December 2021 (the "**Previous Reporting Period**"): approximately HK$810.4 million), which accounted for approximately 52.8% (Previous Reporting Period: approximately 74.6%) of the Group's total revenue. The increase was mainly due to strong growth in sales volume of construction materials during the Reporting Year.

F&B supply chain

F&B supply chain includes supply chain services of agriculture products, frozen meats and other F&B materials. As at 31 December 2022, the revenue from F&B supply chain segment was approximately HK$198.7 million (Previous Reporting Period: HK$93.2 million), which accounted for approximately 12.3% (Previous Reporting Period: 8.6%) of the Group's total revenue. The increase was mainly due to strong growth in sales volume of agricultural products and frozen meats during the Reporting Year.

Health and wellness services

Health and wellness business includes provision of health and wellness services, which include the healthcare consulting and supplying of healthcare products, green food and beauty products. During the Reporting Year, the revenue in health and wellness business was approximately HK$484.0 million (Previous Reporting Period: HK$176.1 million), which accounted for approximately 30.0% (Previous Reporting Period: 16.2%) of the Group's total revenue. The increase was mainly due to strong growth in sales volume of green food products during the Reporting Year.

Smart logistic and information system

During the Reporting Year, the revenue in smart logistic and information system segment was approximately HK$19.7 million (Previous Reporting Period: HK$6.6 million), which accounted for approximately 1.2% (Previous Reporting Period: 0.6%) of the Group's total revenue. The increase was mainly due to additional smart logistic and lighting works for projects in Yangzhou and Hefei in the PRC during the Reporting Year.

New energy and EPC

During the Reporting Year, the Group has gradually expanded into the new business of new energy and EPC and this segment recorded a revenue of approximately HK$58.6 million, which accounted for approximately 3.6% of the Group's total revenue.

Management Discussion and Analysis

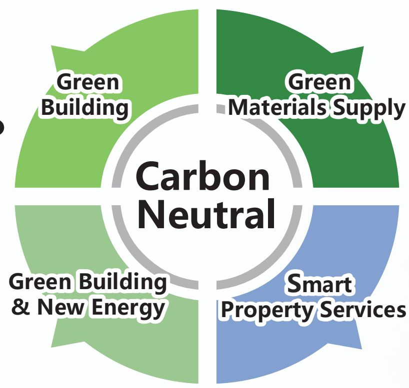
FUTURE PLANS AND PROSPECTS

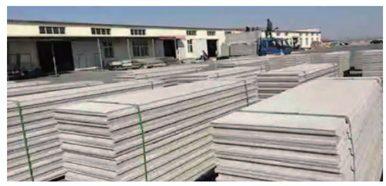
The Company planned to invest in the construction of 10GW of high-efficiency N-type battery and 10GW of advanced component and to commence the production and supply business in Fengtai County. The total investment is expected to occupy around 800–1,200 mu of land. The construction is expected to be carried out in three phases: Phase I construction of the 2GW component and 2GW battery project; Phase II construction of the 3GW battery project; and Phase III construction of 5GW battery and 8GW component project will be forming a photovoltaic industry ecological chain agglomeration. Phase I and Phase II will occupy around 400–500 mu of land. Phase III will occupy around 600–800 mu of land.

Phase I construction of the 2GW component and 2GW battery project has been completed and put into production in the fourth quarter of 2022. Phase II construction of the 2GW battery project has commenced in the first quarter of 2023 and is expected to be completed and put into production in the third quarter of 2023.

We seek to seize the green buildings and new green energy business opportunities in order to obtain higher returns for the Shareholders. The Group is also committed to respond to the national policies with the concept of carbon neutrality by further implementing green building and construction through use of scientific management and technical improvement to achieve low carbon and green environmental protection. We are devoted to combine our existing building and construction related business to practise the concept of green development through photovoltaic new power generations system and energy storage technology to create an energy-saving and sustainable living environment.

Implement green building and construction by the use of scientific management, technical improvement to achieve low carbon and green environmental protection.





Supply green and environmentally friendly building materials for green building and real estate.

Combining construction and real estate, practise the concept of green development through photovoltaic new power generations system and energy storage technology services.

Provide smart property management services to create a safe, comfortable, convenient, energy-saving and sustainable living environment.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Year amounted to approximately HK$1,613.6 million, i.e. about 48.6% more than that of approximately HK$1,086.2 million for the Previous Reporting Period. The improvement was primarily due to the combined effect of: (i) net increase in revenue from the F&B supply chain segment, which amounted to approximately HK$198.7 million, which was driven by strong growth in sales volume of agricultural products and frozen meats during the Reporting Year (Previous Reporting Period: HK$93.1 million); (ii) the increase in revenue from the health and wellness segment, which amounted to approximately HK$484.0 million, which was driven by strong growth in sales volume of green food products during the Reporting Year (Previous Reporting Period: HK$176.1 million); and (iii) the increase in revenue from the new energy and EPC segment of approximately HK$58.6 million in the PRC during the Reporting Year (Previous Reporting Period: HK$ nil).

	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Building and construction related business	**852,663**	810,358
F&B supply chain	**198,669**	93,149
Health and wellness	**483,997**	176,139
Smart logistic and information system	**19,718**	6,590
New energy and EPC	**58,594**	–
	1,613,641	1,086,236

Gross Profit and Gross Profit Margin

The Group's gross profit for the Reporting Year amounted to approximately HK$31.1 million, representing a decrease of approximately 39.9% as compared with approximately HK$51.8 million for the Previous Reporting Period. The decrease was mainly due to the increase in construction costs in construction projects in Hong Kong and lower profit margin in sales of construction materials of the building and construction related business and green food products in the health and wellness segment.

Other Income and Gains

The Group's other income and gains for the Reporting Year amounted to approximately HK$37.9 million, representing a decrease of approximately 8.6% as compared with approximately HK$41.4 million for the Previous Reporting Period. The decrease was mainly attributable to the one-off waiver of repayment obligation for a loan in the Previous Reporting Period and there is no such waiver of repayment obligation during the Reporting Year.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses for the Reporting Year amounted to approximately HK$83.5 million, representing an increase of approximately 76.9% as compared with approximately HK$47.2 million for the Previous Reporting Period. The increase was mainly due to the costs for the development of the new energy and EPC business segment and an increase in provision for impairment loss on trade and other receivables during the Reporting Year.

Management Discussion and Analysis

Income Tax Credit/(Expense)

The Group's income tax credit for the year ended 31 December 2022 amounted to approximately HK$0.7 million (for the year ended 31 December 2021: income tax expense of approximately HK$19.3 million). Such decrease was in line with the decrease in profit during the Reporting Year.

Net Loss

The Group reported a net loss for the Reporting Year of approximately HK$30.3 million, while the Group reported a net profit of approximately HK$60.3 million for the Previous Reporting Period. The turnaround from net profit to net loss was primarily attributable to (i) an increase in construction costs in superstructure and construction projects in Hong Kong under the outbreak of the coronavirus disease; (ii) an increase in operating costs in the new photovoltaic project in Fengtai County; and (iii) an increase in provision for impairment losses on trade and other receivables, for the Reporting Year as compared with the Previous Reporting Period.

Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA")

Non-HKFRS measures are to supplement the Group's financial results which are presented in accordance with HKFRSs. EBITDA is used as an additional financial measure. The Group believes that non-HKFRS measures provide useful information to investors and others to understand and evaluate the Group's consolidated results for the purpose of comparison across accounting periods and with those of our peer companies.

The following table sets forth the Group's non-HKFRSs financial data for the Reporting Year and the Previous Reporting Period:

	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
(Loss)/profit for the year	**(30,328)**	60,286
Interest income	**(158)**	(97)
Finance costs	**5,520**	3,413
Taxation	**(682)**	19,253
Depreciation	**9,308**	9,422
EBITDA	**(16,340)**	92,277

EBITDA for the Reporting Year amounted to a loss of approximately HK$16.3 million as compared with a profit of approximately HK$92.2 million for the Previous Reporting Period.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Reporting Year, the Group funded its liquidity and capital requirements primarily through capital contributions and cash inflow generated from operating activities.

As at 31 December 2022, the Group had cash and bank balances of approximately HK$614 million (Previous Reporting Period: approximately HK$50.4 million). The increase was mainly due to the interest-free and unsecured loans from our controlling shareholder and an independent third party of approximately HK$517 million for the potential development of our photovoltaic project.

As at 31 December 2022, the share capital and equity attributable to owners of the Company amounted to approximately HK$2.6 million and HK$185.7 million, respectively (Previous Reporting Period: approximately HK$2.6 million and HK$227.4 million, respectively).

The current ratio remained at 1.3 times during the Reporting Year (Previous Reporting Period: 1.2 times).

Foreign Exchange Risk

The Group mainly operates in Hong Kong and the PRC in 2022. Accordingly, all operating transactions and revenue are settled in Hong Kong dollars and Renminbi, subjecting the Group to foreign exchange risk. The Group has actively taken various measures to manage foreign exchange risk since 2022.

EMPLOYEES

The Group had 639 employees (including full-time and casual employees who are paid on a daily basis) as at 31 December 2022 (Previous Reporting Period: 468). Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave for the Reporting Year amounted to approximately HK$43.2 million (Previous Reporting Period: approximately HK$49.7 million). The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and job training programs, salary increment and discretionary bonuses may be awarded to employees upon approval by the Board according to the Group's operating results, individual performance and market situation.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2022 and 2021.

CONTINGENT LIABILITIES

Our subsidiaries are involved in a number of potential claims relating to employees' compensation cases and personal injuries claims as well as summonses for safety-related incidents in the ordinary course of business as at the date of this report. The Directors considered that the possibility of any outflow in settling (i) the potential personal injury claims were remote as these claims were well covered by insurance; and (ii) the summonses will be insignificant to the business of the Group. Accordingly, no provision for the contingent liabilities in respect of the potential personal injury claims and the summonses is necessary after due consideration of each case.

USE OF PROCEEDS FROM THE LISTING

On 8 July 2021, the Board resolved to change the use of the remaining unutilised net proceeds (the "**Net Proceeds**") from the initial public offering of the Company. For details of such change, please refer to the announcement of the Company dated 8 July 2021.

The below table sets out the use of the Net Proceeds and the unutilised amount as at 31 December 2022:

	Original use of the Net Proceeds HK$'000	Revised use of the Net Proceeds HK$'000	Unutilised amount as at 31 December 2021 HK$'000	Actual use of the Net Proceeds during the Reporting Year HK$'000	Unutilised amount as at 31 December 2022 HK$'000
Hiring of additional staff	11,600	11,600	5,258	5,258	–
Acquisition of additional machinery and equipment	54,900	43,900	9,798	9,798	–
General working capital	7,000	18,000	11,000	11,000	–
Total	**73,500**	**73,500**	**26,056**	**26,056**	**–**

The Net Proceeds have all been utilised according to the intended uses during the Reporting Year.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the Reporting Year (Previous Reporting Period: Nil).

EVENTS AFTER THE REPORTING YEAR

In March 2023, the Company proposed to change the English name of the Company from "Central Holding Group Co. Ltd." to "Central New Energy Holding Group Limited", and to adopt the Chinese name "中環新能源控股集團有限公司" as the new dual foreign name of the Company in place of its existing Chinese name "中環控股集團有限公司". The Company also proposed to amend the existing memorandum and articles of association of the Company. For details, please refer to the announcement of the Company dated 13 March 2023 and the circular of the Company dated 28 March 2023.

Save as mentioned above, there is no significant event after the Reporting Year and up to the date of this report.

Biographies of Directors and Senior Management

Biographical details of the Directors and Senior Management are set out as follows:

EXECUTIVE DIRECTORS

Mr. Yu Zhuyun (余竹雲), aged 50, has been an executive Director and the chairman of the Board (the "**Chairman**") since October 2019, and was appointed as the chief executive officer (the "**CEO**") in April 2020. Mr. Yu is an entrepreneur with over 15 years of experience primarily in the property development and investment industry in the PRC. He founded Anhui Central Holding Group Co., Ltd.* (安徽中環控股集團有限公司) ("**Anhui Central**") in 2004, which has now developed into a diversified enterprise engaging in a variety of businesses, including real estate development, commercial property leasing, environmentally friendly construction, cultural and creative business, smart logistics and trade development, as well as health and wellness business in the PRC. He is currently serving as the chairman of the board of directors of Anhui Central.

Mr. Yu is a standing committee member of the All-China Youth Federation (中華全國青年聯合會), a council member of the China Society for Promotion of the Guangcai Program (中國光彩事業促進會), a council member of the China Young Volunteers Association (中國青年志願者協會), a standing council member of the China Mergers & Acquisitions Association (中國併購公會), the vice president of the Anhui Federation of Industry and Commerce (安徽省工商業聯合會), a member of the Anhui Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議安徽省委員會), the vice president of the Anhui Youth Federation (安徽省青年聯合會), a standing council member of the Anhui Overseas Friendship Association (安徽省海外聯誼會), and the honorary president of the Anhui Federation of Overseas Chinese Entrepreneurs (安徽省僑商聯合會).

Mr. Yu obtained a Master of Business Administration from Hong Kong Baptist University in November 2007. He further obtained an Executive Master of Business Administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2013.

Mr. Li Menglin (李夢琳), aged 66, has been an executive Director since April 2020. Mr. Li has extensive experience in the banking and financial services sectors in the PRC. During the period from April 1998 to September 2017, he held various senior positions at the Anhui provincial branch of the Industrial and Commercial Bank of China, including the president of Anqing branch, chief of the education department, chief manager of real estate financing department, head of stock reform office, chief manager of company services II department, and manager and senior manager of small-sized enterprises financing department. From September 2017 to July 2019, he served as the chairman of the board and the president of Anhui Xin'an Bank* (安徽新安銀行), and has been serving as a consultant of Anhui Xin'an Bank since June 2019.

Mr. Li received the awards of Model Individual in Consumer Credits Management Works of 2005* (2005年度中國工商銀行消費信貸管理工作先進個人), Annual Excellent Performance by the Anhui Provincial Branch of the Industrial and Commercial Bank of China* (中國工商銀行省行本部年度考核優秀等次) in 2007, 2013 and 2015 and Model Worker in the Innovative Work in the Finance Sector in Anhui Province of 2010* (2010年度安徽省金融創新工作先進個人).

Mr. Li obtained a Bachelor of Economics in Finance awarded by Anhui University of Finance and Economics in July 1982. He was awarded a Master of Business Administration (International) by the University of Hong Kong in December 2003 in the IMBA Programme co-organised by the University of Hong Kong and Fudan University (復旦大學) in the PRC.

Biographies of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Qiao Xiaoge (喬曉戈), aged 56, has been a non-executive Director since October 2019. Mr. Qiao is experienced in the field of real estate development and construction. During the period from March 2000 to November 2003, he served as a deputy general manager of the predecessor company of Wanda Commercial Properties (Group) Co., Ltd. (萬達商業地產(集團)有限公司), a private property developer. He then served as a vice president of Sunac Huabei Development Group Co., Ltd.* (融創華北發展集團有限公司), a company principally engaged in real estate development and commercial property leasing, from January 2004 to June 2006. He has been serving as the president of Anhui Central since August 2011.

Mr. Qiao graduated from Hefei University (合肥學院) in the PRC in July 1991.

Ms. Zhu Yujuan (朱玉娟), aged 44, has been a non-executive Director since October 2019. Ms. Zhu joined Anhui Central in February 2009. She had served in various positions in Anhui Central, including general manager of the administrative and human resources management center and assistant to the president. She is currently serving as a vice president of Anhui Central.

Ms. Zhu graduated from Hefei University of Technology (合肥工業大學) and the Institute of Psychology of the Chinese Academy of Sciences (中國科學院心理研究所) in the PRC in January 2009 and February 2011, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Li David Xianglin (李祥林), aged 60, has been an independent non-executive Director since October 2019. Dr. Li is currently a professor of finance at the Shanghai Advanced Institute of Finance (上海高級金融學院), an associate dean, the director of the risk management center (風險管理研究中`心) and the director of the FinTech Research Center (金融科技研究中心) of the Chinese Academy of Financial Research (中國金融研究院), and a co-director of the Master of Finance program in Shanghai Jiao Tong University (中國上海交通大學) in the PRC. Prior to joining Shanghai Jiao Tong University (中國上海交通大學), he had served in leading financial institutions for more than two decades. He was the head of global credit derivatives research of Citigroup from October 2001 to June 2004, the head of quantitative analysis of credit derivatives of Barclays Capital from June 2004 to April 2008, the chief risk officer of China International Capital Corporation Limited from May 2008 to January 2012, the director of senior management and the head of modeling for AIG Investments from January 2012 to March 2016, and the senior vice president of investment and the person-in-charge of the risk analytics and methodology department of Prudential Financial, Inc. from March 2016 to December 2017.

Dr. Li obtained a Master of Business Administration from Laval University in Canada in May 1991. He further obtained a Master of Mathematics (Actuarial Science) and a Doctor of Philosophy (Statistics) from the University of Waterloo in Canada in May 1992 and October 1995, respectively.

Mr. Wang Wenxing (王文星), aged 54, has been an independent non-executive Director since October 2019.

Mr. Wang is currently serving as a senior tax consultant of Triangle Accounting Limited and an international tax consultant of Mind & Sun Partners in Shanghai. He has also been serving as a senior partner, the chief accountant and the quality control director of Anthony Chen CPA, PLLC since February 2009. During the period from May 1995 to March 2003, he served as a project manager in the Guangzhou Branch of the China Council for the Promotion of International Trade (中國國際貿易促進委員會廣州市分會) (also known as the Guangzhou Chamber of Commerce of the China International Chamber of Commerce (中國國際商會廣州市商會). He was the chief tax accountant of the high net value business department of AIA China from April 2015 to June 2017.

Mr. Wang obtained a Master of Science from the City University of New York in the United States in February 2008. He has been enrolled to practice before the Internal Revenue Service of the Department of the Treasury of the United States since November 2010.

Biographies of Directors and Senior Management

Dr. Zhou Chunsheng (周春生), aged 57, has been an independent non-executive Director since October 2019.

Dr. Zhou is currently a professor of Cheung Kong Graduate School of Business (長江商學院) in the PRC. He is an independent non-executive director of Pine Technology Holdings Limited, a company listed on the Stock Exchange (stock code: 1079), an independent non-executive director of Transfar Zhilian Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002010), a director of Nanda Automation Technology Jiangsu Co., Ltd, a company then listed on the National Equities Exchange and Quotations Co., Ltd. (stock code: 834876), and an independent non-executive director of Kunwu Jiuding Investment Holdings Co., Limited ("**Kunwu Holdings**"), a company listed on the Shanghai Stock Exchange (stock code: 600053). The Company was notified on 8 October 2021 that an announcement was made by Kunwu Holdings on 25 September 2021 in relation to, among other things, the receipt of a decision on administrative supervision measures (《中國證券監督管理委員會江西監管局行政監管措施決定書》) from Jiangxi Regulatory Bureau of China Securities Regulatory Commission ("**CSRC**") (中國證券監督管理委員會江西監管局) by Kunwu Holdings and the secretary to the board of directors of Kunwu Holdings. To the Directors' best knowledge, information and belief, Dr. Zhou is not involved in the day-to-day management of Kunwu Holdings, and has not been subject to any sanction, administrative penalty or criticism by the CSRC and the Shanghai Stock Exchange. For further details, please refer to the announcement of the Company dated 11 October 2021. He has also been a director of Guanghua Tiancheng Investments Co., Ltd. since March 2007, and an independent non-executive director of Hua Chuang Securities Brokerage Co., Ltd. and China Southern Fund Management Co., Ltd. since June 2007.

Dr. Zhou served as an independent non-executive director of Zhonghong Holdings Co., Limited ("**Zhonghong Holdings**"), a company then listed on the Shenzhen Stock Exchange (stock code: 000979), from May 2008 to April 2020. The Board was informed by Dr. Zhou on 23 October 2019 that Zhonghong Holdings, a company of which Dr. Zhou has been serving as an independent non-executive director, received an Investigation Notice (《調查通知書》) from the China Securities Regulatory Commission on 14 August 2018. To the best knowledge, information and belief of the Board, Dr. Zhou is not involved in the day-to-day management of Zhonghong Holdings, and has not been subject to any censure, administrative penalty or criticism by the Shenzhen Stock Exchange and the CSRC. For further details, please refer to the announcement of the Company dated 25 October 2019. Dr. Zhou also served as an independent non-executive director of China ITS (Holdings) Co., Ltd., a company listed on the Stock Exchange (stock code: 1900), from September 2008 to June 2018, an independent non-executive director of Green Leader Holdings Group Limited, a company listed on the Stock Exchange (stock code: 61), from June 2013 to August 2019, an independent non-executive director of Guosheng Financial Holding Inc., a company listed on the Shenzhen Stock Exchange (stock code: 002670), from July 2015 to April 2020, and an independent director of Leshan City Commercial Bank from August 2012 to January 2019.

Dr. Zhou was an economist of the U.S. Federal Reserve Board from April 1995 to September 1997, where he was responsible for the analysis, control and management of financial risks, an assistant professor at the University of California (Riverside) from September 1997 to April 2001, an associate professor of the Business School of the University of Hong Kong from July 2000 to July 2001, a commissioner of the Development and Strategy Committee of the China Securities Regulatory Commission (中國證券監督管理及規劃委員會委員) from April 2001 to December 2001, and a finance professor of the Guanghua School of Management at Peking University (北京大學) from July 2001 to December 2006.

Dr. Zhou obtained a Master of Science from Peking University (北京大學) in the PRC in July 1988, and a Doctor of Economics from Princeton University in the United States in May 1995.

Biographies of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Che Kean Tat (徐建達) aged 40, is the vice president and chief financial officer of the Group. In his current role, Mr. Che is tasked with the corporate affairs, mergers and acquisition, overseeing the Group financial and compliance. He is a member of CPA Australia and has over 15 years of experience in accounting, auditing, corporate finance and IPO advisory. In 2006, he started his career as auditor with Ernst & Young LLP and left the firm in 2009. From 2009 to 2012, he worked as Corporate Finance Manager with ICH Group, which was involved in several IPOs in South East Asia region. In 2013, he served as Vice President in Auscar Wealth Management Sdn Bhd, responsible for corporate finance, fund raising, merger and acquisition. From 2013 to 2016, he worked as Chief Financial Officer at Heyu Capital Group. From 2019 to 2020, he worked as Group CFO in Nova Group Holdings (Stock code: 1360), responsible for the group financial affairs, corporate financial activities, merger & acquisition and corporate restructurings. Mr. Che graduated from the University of Adelaide in Australia and majored in Accounting and Finance in 2005.

Mr. Li Bei (李鋇) aged 46, is the vice president of the Group. In his current role, Mr. Li is responsible for the decision-making of the major issues, development planning and business policy of the Group, meanwhile he is tasked with the preparation and operation of the photovoltaic project in Fengtai. He has nearly 22 years of working experience, and has been working in China Parkson Group, Shanghai Shimao Co., LTD., and CMC Holdings Group, covering diversified investment directions. He has rich investment experience in listed companies of various fields, including retail/FMCG, commercial real estate, industrial real estate and new energy photovoltaic industry. Mr. Li graduated from the University of Science and Technology Beijing and majored in management in 2000.

Mr. Qin Ning (秦寧) aged 43, is the chief legal and operating officer of the Group. He has over 15 years of experience as a corporate counsel and lawyer, in M&A, investment and finance. In 2003, he started his career as Clerk with the Court of Baqiao District of Xi'an in China and left in 2004. From 2004 to 2005, he worked as Paralegal with Shaanxi Haipu Law Firm in Xi'an of China. In 2008, he worked as a paralegal with Jane Willems' Firm in Paris, France. From 2009 to 2013, he served as Senior Manager in Tian An China Investment Ltd., (stock code: 0028), listed on the HK stock exchange, responsible for the China legal and investment. In 2013, he worked as General Manager in Shaanxi HDTX Investment Ltd. In 2016, he served as Executive Director in Yulin FFL Environmental Energy Limited (member of ENGIE Group in France). In 2018, he worked as Assistant President in Guanghui Energy Group (stock code: 600256), listed on the SHH stock exchange. Mr. Qin is a graduate from the Law school of Versailles University in France, and majored in Arbitration and International business in 2008.

Mr. Lam Ka Tsun (林嘉俊) was appointed as the company secretary of the Company on 1 April 2022. Mr. Lam is an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). He is an external service provider engaged by the Company to provide company secretarial services.

English translation of names in Chinese which is marked with "" in this annual report is for identification purposes only.*

Directors' Report

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the Reporting Year (the "**Financial Statements**").

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands with limited liability on 29 March 2017. The Company completed the corporate reorganisation (the "**Reorganisation**") on 8 March 2018 in preparation for the listing of the shares of the Company (the "**Shares**") on the Main Board of the Stock Exchange, pursuant to which the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the section headed "History and Development — Reorganisation" in the prospectus of the Company dated 19 March 2018.

The Company has a principal place of business in Hong Kong at Unit 2102–03 & 10–12, 21/F, K. Wah Centre, 191 Java Road, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 12 to the Financial Statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the Reporting Year are set out in Note 12 to the Financial Statements.

BUSINESS REVIEW

The business review and outlook of the Group for the Reporting Year are set out in the section headed "Management Discussion and Analysis" in this annual report.

SEGMENTAL INFORMATION

Details of segment reporting are set out in Note 5 to the Financial Statements.

RESULTS

The results of the Group for the Reporting Year and the financial position of the Group as at 31 December 2022 are set out in the Financial Statements on pages 70 to 72 of this annual report.

FINAL DIVIDENDS

The Board did not recommend the payment of a final dividend for the Reporting Year (Previous Reporting Period: Nil).

ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") of the Company will be held on Friday, 16 June 2023. A notice convening the AGM will be issued and sent to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlement to attend and vote at the AGM to be held on Friday, 16 June 2023, the register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 June 2023.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. The followings are the key risk and uncertainties identified by the Group relating to its business:

A significant portion of the Group's revenue was generated from contracts awarded by a limited number of customers, and any significant decrease in the number of projects with major customers may materially and adversely affect its financial condition and operating results

A significant portion of our revenue was derived from a limited number of customers during the Reporting Year. There is no assurance that we will continue to obtain contracts from our major customers, and in the event that we are unable to secure suitable projects of a comparable size and quantity as replacements from other customers, our financial condition and operating results would be materially and adversely affected. In addition, in the event that our major customers experience any liquidity problem, they may delay or default in their payments to us, in which case our business, financial positions and prospects could be materially and adversely affected.

The Group's revenue relied on successful tenders of foundation works and superstructure building works projects which are not recurrent in nature, and there is no guarantee that its customers will provide it with new business

During the Reporting Year, our revenue was mainly derived from foundation works and superstructure building works projects in Hong Kong which were awarded to us on successful tenders. Our future growth and success will depend on our ability to continue to secure tenders and contract awards. In addition, our business is contract-based and on a non-recurring basis. We secured our foundation works and superstructure building works projects through competitive tender processes. We do not have long-term commitments with our customers and our customers are therefore under no obligation to award projects to us. As such, there is no guarantee that we will be able to secure new business from customers. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business.

Any failure to accurately estimate the project costs in tenders and/or any delay in completion of projects may lead to cost overruns or even result in losses

The Group's ability to submit tender proposals at a competitive price with adequate profit margin to maintain its profitability depends on various factors. We determine the tender price by taking into account factors including the scope and complexity of the project, site conditions, project time frame, estimated construction materials costs, labour and machinery requirements and capacity, extent of subcontracted works required, relationship with customers and prevailing market conditions. In addition, the Group may be subject to liquidated damages due to delay in completing the projects, calculated on the basis of a fixed sum per day or according to certain mechanism as stipulated under the contract. Any material inaccurate estimation in the time and costs involved in a project may give rise to delays in completion of works and/or costs overruns, which in turn may materially and adversely affect the Group's financial condition, profitability and liquidity.

We may be subject to fines due to the commencement of construction work prior to obtaining the relevant construction work commencement permit or building unauthorized construction without PRC local government's permission

During the Year, our significant portion of revenue was derived from foundation work and construction work in PRC. Pursuant to the Regulations on Administration Regarding Permission for Commencement of Construction Work (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction on October 15, 1999 and amended on July 4, 2001, a property developer shall apply for a construction work commencement permit from the relevant authority prior to the commencement of any construction work on the land. If a property developer fails to obtain the relevant construction work commencement permit before commencement of construction work, a fine ranging from RMB5,000 to RMB10,000 (if no proceeds were generated by such non-compliance) or from RMB5,000 to RMB30,000 (if proceeds were generated by such non-compliance) will be imposed on such property developer.

We are required to comply with various environmental, safety and health laws and regulations which are extensive and the compliance of which may be onerous or expensive

As part of our construction business operation in PRC, we are required to comply with various and extensive environmental as well as health and safety laws and regulations promulgated by the PRC government and the governments of other overseas jurisdictions in which we operate. If we fail to comply with these laws and regulations, we could be exposed to penalties, fines, suspension or revocation of our licenses or permits to conduct business, administrative proceedings and litigation. Given the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. As these laws and regulations continue to evolve, there can be no assurance that the PRC government or the governments of other overseas jurisdictions in which we have operations will not impose additional or more onerous laws or regulations, compliance with which may cause us to incur significantly increased costs, which we may not be able to pass on to our customers.

We require permits or licenses to undertake our business operations and any loss, termination or non-renewal of these permits or licenses could have a significant and adverse impact on our business.

We require permits and licenses issued by the relevant government agencies to conduct our business and we must comply with the restrictions and conditions imposed by various levels of government to maintain our permits and licenses. If we fail to comply with any of the regulations required for the maintenance of our permits and licenses, our permits and licenses could be temporarily suspended or even revoked.

Our property development business is dependent on the growth of the real estate market in the PRC

Demand for properties and property prices in China, including Zhejiang Province may be fluctuated and expected to continue to be affected by macro-economic control measures implemented by the PRC government from time to time.

Our property development business in PRC is subject to extensive governmental regulations and policies and, in particular, we are susceptible to policy changes in the PRC property industry

Our business is subject to extensive governmental regulations and policies. As with other PRC property developers, we must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, which, among other things, control foreign exchanges, taxation, foreign investment and the supply of land for property development. Through these policies and measures, the PRC government may raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales, restrict foreign investment in the PRC property sector and restrict or reduce the supply of land for property development.

We may not be able to complete or deliver our development projects on time and face substantial development risks before we realize any benefits from a property development project

Property development projects require substantial capital expenditures prior to and during the construction period. It may take longer than a year from the commencement of construction before a property development project can generate cash flow through pre-sales, sales or leases. The progress and costs of a property development project can be materially and adversely affected by many factors, including, without limitation:

i) Delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;

ii) Relocation of existing residents or demolition of existing structures;

iii) Shortages of our increase in costs of materials, equipment, contractors and skilled labor;

iv) Availability and cost of financing;

v) Failure of contractors or suppliers to provide products and services as anticipated, due to financial difficulties or other reasons;

vi) Labor disputes;

vii) Construction accidents;

viii) Natural catastrophes;

ix) Adverse weather conditions; and

x) Changes in government policies.

We cannot assure that we will not experience any significant delays in the completion or delivery of any of our property development projects or that we will not subject to any liabilities for any such delays. Such disruptions may materially and adversely affect our business, results of operations and financial position.

We may not be able to collect property management fees from property owners and property developers and as a result, may incur impairment losses on receivables

In our property management business operation, we may face difficulties in collecting property management fees from property developers and property owners. Even though we seek to collect overdue property management fees through a number of collection measures, we cannot assure that such measures will be effective at all. Moreover, although most of the property management fees are paid to us through bank transfers and online payments, certain property owners would pay property management fees to us in cash, which may impose some cash management risk on us.

Our trading of construction materials business are exposed to credit risk of our customers

We generally do not grant any credit period for enterprises which are subject to litigation in respect of Construction material agreements disputes, administrative penalty and outstanding tax arrears. Depending on factors including but not limited to their scale of operation, prospect and size of future sales, trading and payment history and our business relationship with them, we generally grant our customers a credit period of 7 days to 270 days.

We cannot assure that any of our customers which have been granted credit period can fulfil their obligations under the Construction material agreements we entered into with them. Any default by our customers on their obligations under our Construction material agreements with them may have an adverse effect on our business, financial position and results of operations.

We may be affected by disease outbreaks

Any outbreak of diseases or viruses in livestock, or food scares in the region or around the world, such as the avian influenza H7N9 virus (also known as bird flu) or bovine spongiform encephalopathy (also known as mad cow disease), may materially and adversely affect our F&B supply chain business and financial performance.

Certain F&B products from particular countries may be restricted or banned by the government in PRC or elsewhere, and scarcity of supplies may lead to price increases for those products, thereby affecting our ability to serve certain F&B products in our supply chain business. In the event that any of these events occur, our business, operations and financial performance may be materially and adversely affected.

We will be affected by any failure to maintain the quality of the food & beverage products and services we offer

In the F&B industry, it is essential that the quality of food products served must be consistent. Any inconsistency in the quality of our F&B products may result in customers dissatisfaction. In addition, high staff turnover, shortage of staff or the lack of proper supervision may also affect the consistency and quality of the food & beverage products. We may be exposed to negative publicity, customer complaints and potential litigation if we do not maintain the quality of F&B products.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years/period is set out on page 151 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Year are set out in Note 14 to the Financial Statements.

INTANGIBLE ASSETS

Details of the movements in the intangible assets of the Group during the Reporting Year are set out in Note 17 to the Financial Statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 December 2022 was 1,056,000,000 ordinary Shares of HK$0.0025 per Share.

The Company did not issue any Shares during the Reporting Year. Details of movements during the Reporting Year in the share capital of the Company are set out in Note 26 to the Financial Statements.

DEBENTURES

The Company did not issue any debenture during the Reporting Year.

RESERVES

Details of movements in the reserves of the Group during the Reporting Year are set out in Note 39 to the Financial Statements.

As at 31 December 2022, the Company had reserves amounting to approximately HK$23 million available for distribution as calculated in accordance with statutory provisions applicable in the Cayman Islands (31 December 2021: approximately HK$33 million).

Directors' Report

DIRECTORS

The Directors who held office during the Reporting Year and up to the date of this annual report are:

Executive Directors
Mr. Yu Zhuyun *(Chairman and Chief Executive Officer)*
Mr. Li Menglin

Non-executive Directors
Mr. Qiao Xiaoge
Ms. Zhu Yujuan

Independent non-executive Directors
Dr. Li David Xianglin
Mr. Wang Wenxing
Dr. Zhou Chunsheng

The biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

DIRECTORS' SERVICE CONTRACT

Each of the Directors has entered into an appointment contract with the Company for a term of three years, subject to retirement by rotation at the AGM, and each of them shall be eligible for re-election in accordance with the amended and restated articles of association of the Company (the "**Restated Articles**"). Mr. Li Menglin, Ms. Zhu Yujuan and Mr. Wang Wenxing shall retire from office by rotation and, being eligible, shall offer themselves for re-election at the AGM.

Save as disclosed above, none of the Directors, including the Directors being proposed to be re-elected at the AGM, has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to the Listing Rules. The Company considers the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts, other than the appointment contracts and employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2022, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules, notified to the Company and the Stock Exchange were as follow:

(i) Long positions in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held/ interested in	Approximate percentage of interest in the Company
Mr. Yu Zhuyun	Interest in a controlled corporation *(Note)*	722,594,580	68.43%
Mr. Li Menglin	Beneficial owner	80,000	0.01%
Ms. Zhu Yujuan	Beneficial owner	120,000	0.01%

Note: Mr. Yu Zhuyun holds the entire issued share capital in Central Culture Resource Group Limited ("**Central Culture**") and Central Culture holds approximately 68.43% of the total number of issued Shares. Therefore, Mr. Yu Zhuyun is taken to be interested in the number of Shares held by Central Culture pursuant to Part XV of the SFO.

(ii) Long positions in the ordinary shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares held/ interested	Percentage of issued share capital
Mr. Yu Zhuyun	Central Culture	Beneficial owner	50,000	100%

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executive of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code and which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO.

Substantial Shareholders' interests and short positions in Shares and underlying Shares

As at 31 December 2022, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to the Section 336 of the SFO, or which would directly or indirectly amount to 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

Long positions in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/ interested in	Approximate percentage of interest in the Company
Central Culture	Beneficial owner	722,594,580	68.43%

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any person or corporation (other than the Directors and the chief executives) who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests in Securities" above and the paragraph headed "Share Option Scheme" below, at no time during the Reporting Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holdings company, or and any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors, or their respective spouse of children under 18 years of age, to acquire such rights by means of the acquisition of Shares in or debentures of the Company of any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraphs headed "Connected Transactions" below and in Note 35 to the Financial Statements, there was no transaction, arrangement or contract of significance, to which the Company or any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director or any entity connected with a Director had a material interest, whether directly and indirectly, subsisting as at 31 December 2022 or any time during the Reporting Year, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Restated Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has maintained appropriate Directors' and officers' liability insurance in respect of legal actions against them arising out of corporate activities and such permitted indemnity provision for the benefit of the Directors are currently in force.

MAJOR SUPPLIERS AND CUSTOMERS

For the Reporting Year, the aggregate purchase attributable to the Group's largest supplier and the five largest suppliers accounted for approximately 12.8% and 38.7%, respectively, of the Group's total purchases for the Reporting Year (Previous Reporting Period: approximately 16.0% and 37.8%, respectively). For the Reporting Year, revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 10.3% and 37.1% respectively, of the Group's total revenue for the Reporting Year (Previous Reporting Period: approximately 11.6% and 33.4%, respectively).

To the best of the Directors' knowledge, none of the Directors, their close associates or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued share capital of the Company) had an interest in the Group's five largest suppliers or customers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

Employees

The Group recognises employees as its valuable assets. The Group provides competitive remuneration packages to attract, motivate and retain appropriate and suitable personnel. The Group has also adopted an annual review system to assess the performance of its staff, which forms the basis of the Group's decisions with respect to salary increment and promotions.

Customers

The Group has maintained long-standing business relationship with the majority of its five largest customers. The Group endeavors to accommodate its customers' demands to the extent its resources allow in order to capture more opportunities for larger scale projects in the future.

Suppliers and subcontractors

The Group has an approved list of suppliers and selects suppliers from the list based on the quality of products or services, timeliness of delivery, experience of and length of partnership with suppliers, competitiveness of pricing and reputation of suppliers.

Subject to the Group's capacity and resource level and depending on the types of construction works as well as cost effectiveness and complexity of the projects, the Group may subcontract certain works to other subcontractors. The Group maintains an internal list of approved subcontractors and selects them based on their experience, quality of works, timeliness of completion for past projects, reputation in the industry, past performances, pricing and the Group's relationship with them.

ENVIRONMENTAL POLICIES

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws of Hong Kong. The laws and regulations which have a significant impact on the Group include, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), and Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong).

In order to comply with the applicable environmental protection laws, we have implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001 since November 2010. Apart from complying with the environmental protection policies formulated by our customers, we have established an environmental management policy to ensure proper management of environmental matters and compliance with environmental laws and regulations by both our employees and workers of our subcontractors on, among others, air pollution control, noise pollution control and waste disposal. During the Reporting Year, we did not incur any material costs on environmental compliance.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Year, to the best of knowledge of the Directors, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Reporting Year and up to the date of this report.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the Reporting Year and up to the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Reporting Year and up to the date of this annual report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 35 to the Financial Statements. The related party transactions which constitute connected transactions under the Listing Rules are set out in the paragraph headed "Connected Transactions" below. These connected transactions have complied with the requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

One-off Connected Transactions

During the Reporting Year, the Group had not entered into any non-exempt one-off connected transactions which were subject to the reporting, annual review, announcement and/or independent Shareholders' approval requirements under the Listing Rules.

Continuing Connected Transaction

On 7 July 2020, Anhui Zhongzhihuan Construction, an indirect wholly owned subsidiary of the Company and Linquan Zhongzhihuan Property entered into the Construction Services Agreement, pursuant to which Anhui Zhongzhihuan Construction has agreed to act as contractor to provide construction services for the Construction Project to Linquan Zhongzhihuan Property with an aggregate amount of service fee of not more than RMB132.72 million (inclusive of value-added tax) from time to time for the period commencing on 27 December 2020 until 31 December 2022. Given that Anhui Zhongzhihuan Construction possesses the necessary qualifications and/or licenses to engage in the provision of construction services, the entering into of the Construction Services Agreement allows the Group to expand its business into the construction industry in the PRC by engaging in the Construction Project in Anhui Province, the PRC. On 27 August 2020, such continuing connected transaction was approved by independent Shareholders at the extraordinary general meeting of the Company.

Linquan Zhongzhihuan Property is indirectly wholly-owned by Mr. Yu, who is the Chairman, Chief Executive Officer, an executive Director and the controlling shareholder of the Company and therefore a connected person of the Company. As such, Linquan Zhongzhihuan Property is an associate of Mr. Yu and therefore also a connected person of the Company and accordingly, the transactions contemplated under the Construction Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Mr. Yu is considered to have material interest in the transactions contemplated under the Construction Services Agreement.

Set out below are Annual Caps and Actual transaction amount for the transactions contemplated under the Construction Services Agreement for the relevant periods:

	For the period from the Effective Date to 31 December 2020	**1 January 2021 to 31 December 2021**	**1 January 2022 to 31 December 2022**
	RMB	RMB	RMB
Annual Cap	43,451,000	66,299,000	22,970,000
Actual transaction amount:	23,467,400	64,500,000	22,840,000

The independent non-executive Directors have reviewed the above continuing connected transaction and confirmed that these transactions were entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties (as defined under the Listing Rules); and (iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company has engaged its auditors to report on the continuing connected transactions in accordance with Hong Kong Standards on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter to the Board containing their conclusion in relation to the continuing connected transactions for the year ended 31 December 2022 in accordance with rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in this annual report, during the Reporting Year, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the then sole Shareholder on 13 March 2018, the Company adopted a share option scheme (the "**Share Option Scheme**") with effect from 13 March 2018. The terms of the Share Option Scheme were summarised in Appendix IV to the prospectus of the Company dated 19 March 2018. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group, and to promote the business of the Group. As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 105,600,000 Shares, representing 10% of the entire issued share capital of the Company. No share option had been granted, exercised, cancelled or lapsed since the effective date of the Share Option Scheme and up to the date of this report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, no equity-linked agreements that (i) will or may result in the Company issuing Shares; or (ii) will require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Reporting Year or subsisted at the end of the Reporting Year.

DONATION

Donations made by the Group during the Reporting Year amounted to HK$1,710,000 (Previous Reporting Period: HK$350,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the amended and restated memorandum and articles of association of the Company and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

RELIEF FROM TAXATION

The Directors are not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

REMUNERATIONS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals are set out in Note 9 to the Financial Statements.

The emoluments of the Directors and senior management of the Group are determined by the remuneration committee of the Company (the "**Remuneration Committee**") with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments during the Reporting Year.

EMOLUMENT POLICY

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. The Company has adopted the Share Option Scheme as an incentive to eligible employees, details of which are set out in the paragraph headed "Share Option Scheme" above.

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance, the results of the Group and comparable market practices.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report in this annual report.

DISCLOSURES UNDER RULES 13.20 TO 13.22 OF THE LISTING RULES

As at 31 December 2022, the Group had no circumstances which would give rise to a disclosure obligation under Rule 13.20 to 13.22 of the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") had reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited Financial Statements for the Reporting Year.

AUDITORS

HLB Hodgson Impey Cheng Limited acted as the auditor of the Group for the Reporting Year. The Financial Statements have been audited by HLB Hodgson Impey Cheng Limited, which shall retire in the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for its re-appointment as the auditor for the coming year will be proposed at the forthcoming AGM. There has been no change in auditors since the Listing Date.

By order of the Board

Yu Zhuyun
Chairman and Executive Director

Hong Kong, 31 March 2023

Corporate Governance Report

The Board is committed to high standard of corporate governance with a view to safeguarding the interests of the Shareholders and achieving accountability as the Group recognises the importance of maximising Shareholders' value through effective corporate governance procedures.

CORPORATE GOVERNANCE CODE

The Company had applied the principles and all the applicable code provisions (the "**Code Provisions**") as set out under the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules during the Reporting Year and up to the date of this report. The Directors will periodically review the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

During the Reporting Year and up to the date of this report, the Company had complied with all the applicable Code Provisions of the CG Code, except for Code Provision C.2.1 of the CG Code as explained below:

Mr. Yu Zhuyun was appointed as the chief executive officer of the Company (the "**CEO**") with effect from 30 April 2020, and is currently serving as both the chairman of the Board (the "**Chairman**") and the CEO. Such practice deviates from Code Provision C.2.1 of the CG Code. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group's business strategies and enhance its operational efficiency. The Board is currently comprised of two executive Directors, two non-executive Directors and three independent non-executive Directors, which is appropriately structured to ensure that there is a balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders. Therefore, the Board considers that the deviation from Code Provision C.2.1 of the CG Code is appropriate in such circumstance.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "**Model Code**") as its code of conduct for Directors' securities transactions. In response to specific enquires by the Company, all Directors have confirmed that they have fully complied with the requirements set out in the Model Code during the Reporting Year and up to the date of this report.

The senior management and staff have been individually notified and advised about the Model Code by the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the appropriate corporate governance practices applicable to the Company's circumstances and ensuring processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board in performing its corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations;

2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to Directors and the Company's employees; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board is responsible for performing the corporate governance functions set out in Code Provision A.2.1 of the CG Code. As at the date of this annual report, the Board had reviewed and monitored (a) the Company's corporate governance policies and practices; (b) training and continuous professional development of Directors and senior management; (c) the Company's policies and practices on compliance with legal and regulatory requirements; (d) the Company's code of conduct; and (e) the Company's compliance with the disclosure requirements under the CG Code.

The Company has arranged appropriate insurance coverage on the liabilities of the Directors in respect of any legal actions taken against the Directors arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

Directors' Training and Professional Development

All Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure their compliance with these requirements and enhance their awareness of good corporate governance. All Directors and employees of the Group are encouraged to attend relevant training courses to keep abreast of the latest market and regulatory changes and developments. The Board may seek independent professional advice in appropriate circumstances, at the Company's expenses, in order to assist and ensure that the Directors can duly discharge their duties.

In compliance with Code Provision C.1.4 of the CG Code, the Company has allocated and provided funding to all Directors to participate in continuous professional development organized in the form of seminars and in house training and/or relevant reading materials on the latest development of applicable laws, the Listing Rules and corporate governance practices.

All Directors confirmed that they have complied with the Code Provision C.1.4 of the CG Code. During the Reporting Year, each of the Directors had participated in continuous professional development by attending seminars, courses or conferences and by reading related materials to develop and refresh their knowledge and skills.

Corporate Governance Report

THE BOARD

Role and Function

The Board is responsible for the overall leadership of the Group. It oversees the Group's strategic decisions and monitors its business and performance. The Board has delegated the authority and responsibility for day-to-day management and operations of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the nomination committee (the "**Nomination Committee**") and the Remuneration Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of references. Further details of the Board Committees are set out in the paragraph headed "Board Committees" below.

Composition

As at the date of this annual report, the Board was chaired by Mr. Yu Zhuyun and comprised seven members, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The list of Directors is set out in the Directors' Report in this annual report.

There is a balance of skills and experience within the Board, which is appropriate for the requirements of the business of the Company. Biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" in this annual report. The Directors have no financial, business, family or other material or relevant relationship with each other.

Board Diversity Policy

The Board has adopted a board diversity policy (the"**Board Diversity Policy**"), with a view to achieve a sustainable and balanced development of the Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, culture and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, with due regard to the benefits of diversity on the Board. The Board Diversity Policy is reviewed annually by the Board to ensure effectiveness, and revisions will be made with the approval from the Board where appropriate.

As at 31 December 2022, there is one female Director on the Board. In the future, the Board will continue to pay due regard to the importance of diversity in identifying potential candidates for directorships and continue to ensure that gender is one of the factors to be considered in appointing Directors by the Nomination Committee.

The Board also recognises the importance of diversity at the workforce level. As at 31 December 2022, the gender ratio of the workforce of the Group (including senior management) was 67:33 male to female.

Independent Non-executive Directors

During the Reporting Year, the Company had three independent non-executive Directors representing more than one-third of the Board, which is in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules. Mr. Wang Wenxing is the independent non-executive Director with appropriate professional qualifications and accounting or related financial management expertise. No less than one third of the Directors are subject to retirement by rotation at each AGM in accordance with the Restated Articles.

The independent non-executive Directors are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the independent non-executive Directors brings his own relevant expertise to the Board and its deliberations. None of the independent non-executive Directors has any business or financial interests in the Group nor any relationship with other Directors.

The Company has received a written annual confirmation from each independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

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

Appointment, Re-election and Removal of Directors

The Company has established the Nomination Committee on 13 March 2018. The Nomination Committee has from time to time identified individuals suitably qualified to become Board members and made recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experiences are appropriate for the businesses of the Group.

Each of the executive, non-executive and independent non-executive Directors has entered into a contract for appointment with the Company for a term of three years and is subject to the termination provisions therein and the provisions on retirement by rotation of Directors as set out in the Restated Articles.

According to the Restated Articles, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next AGM or, in the case of an addition to their number, until the next AGM who shall then be eligible for re-election at such general meeting. Every Director is appointed for a specific term and is subject to retirement by rotation at least once every three years.

In accordance with Article 108(a) of the Restated Articles, at each AGM, at least one third of the Directors for the time being, or, if the number is not three or a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Nomination Policy

The Board has adopted a nomination policy (the "**Nomination Policy**") on 31 December 2018 which sets out the criteria and process in the nomination and appointment of Directors, and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company as well as the Board's continuity and appropriate leadership. The Nomination Committee shall identify candidates who are qualified or suitable to become members of the Board and make a recommendation to the Board on the selection of candidates nominated for directorships. The selection of candidates will be based on a range of selection criteria as set out in the Nomination Policy, including but not limited to, character and integrity, qualification, potential contributions the candidate can bring to the Board in terms of qualifications, skill, experience and gender diversity, the candidate's willingness and ability to devote adequate time to discharge his/her duties as a member of the Board.

For the appointment of Directors, the Nomination Committee will first identify individual(s) suitably qualified to become Board members and, where appropriate, assess their independence. Then, the Nomination Committee will make recommendation to the Board for the Board to consider, having regard to the Board Diversity Policy and the Nomination Policy. The Board will confirm the appointment of the suitable candidate(s) or recommend the candidate(s) to stand for election at a general meeting of the Company. The candidate(s) who is/are appointed by the Board to fill a casual vacancy or as an addition to the Board will be subject to re-election by Shareholders at the next AGM after initial appointment in accordance with the Restated Articles.

For the re-appointment of Directors, the Nomination Committee will also consider the retiring Directors based on the Board Diversity Policy and the Nomination Policy and, where appropriate, assess their independence before the Nomination Committee makes a recommendation to the Board. After the Board considers each retiring director, the Board will recommend the suitable retiring director(s) to stand for re-election at the AGM in accordance with the Restated Articles. The Shareholders will approve the re-election of Directors at the AGM.

The Nomination Committee shall review the structure, size, composition and diversity of the Board at least annually to ensure that it has a balance of expertise, skills and experience and diversity of perspectives appropriate for the business of the Company.

Board Meetings

Pursuant to Code Provision C.5.1 of the CG Code, the Board should meet regularly and board meetings should be held at least four times per year. The Board meets regularly to formulate the Group's overall strategies as well as discuss the Group's operation and financial performance. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. During the Reporting Year, there were four board meetings and one general meeting. The attendance record of each member of the Board of the board meetings and the general meeting is set out below:

Name of Director	Meetings attended/ number of general meetings	Meetings attended/ number of Board meetings
Executive Directors		
Mr. Yu Zhuyun *(Chairman and Chief Executive Officer)*	1/1	4/4
Mr. Li Menglin	1/1	4/4
Non-executive Directors		
Mr. Qiao Xiaoge	1/1	4/4
Ms. Zhu Yujuan	1/1	4/4
Independent non-executive Directors		
Dr. Li David Xianglin	0/1	4/4
Mr. Wang Wenxing	0/1	4/4
Dr. Zhou Chunsheng	1/1	3/4

Access to Information

The Directors may, at the Company's expenses, seek independent professional advice in appropriate circumstances. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to the Group's operational and financial performance before each Board meeting. Where any of the Directors requires more information than is volunteered by the senior management, each Director has the right to separately and independently access the Company's senior management for further enquiries if necessary.

BOARD COMMITTEES

In accordance with the Restated Articles and the Listing Rules, the Board has established Board Committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board Committees are established with defined terms of reference relating to their respective authorities and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of the Board Committees are posted on the websites of the Company and the Stock Exchange, and are available to Shareholders upon request.

Audit Committee

The Company established the Audit Committee on 13 March 2018 in accordance with Rule 3.21 of the Listing Rules with the written terms of reference (which have been revised and adopted by the Board on 31 December 2018) in compliance with the CG Code.

The Audit Committee consists of three members, namely Mr. Wang Wenxing, Mr. Qiao Xiaoge and Dr. Li David Xianglin. Mr. Wang Wenxing currently serves as the chairperson of the Audit Committee.

The primary responsibilities of the Audit Committee include: (i) to make recommendations to the Board on the appointment, reappointment and removal of external auditors; (ii) to review and monitor the external auditors' independence and objectivity; (iii) to review the effectiveness of the Company's internal audit activities, internal controls and risk management systems; (iv) to develop and implement policy on engaging external auditors to supply non-audit services, and to review and monitor the extent of the non-audit works undertaken by external auditors; and (v) to monitor the integrity of the financial statements, the annual reports and accounts and half-year reports and to review significant financial reporting judgments contained in them.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

During the Reporting Year, the Audit Committee held three meetings to review the annual and interim financial results of the Group for submission to the Board for approval, review the internal control and risk management systems of the Group, oversee the audit process and make recommendations on the re-appointment of the external auditors. During the Reporting Year and up to the date of this annual report, there had been no disagreement between the Board and the Audit Committee.

The attendance record of each member of the Audit Committee during the Reporting Year is set out below:

Audit Committee	Meeting(s) attended/ Eligible to attend
Mr. Wang Wenxing *(Chairperson)*	3/3
Mr. Qiao Xiaoge	3/3
Dr. Li David Xianglin	3/3

Nomination Committee

The Company established the Nomination Committee on 13 March 2018 with written terms of reference (which have been revised and adopted by the Board on 31 December 2018) in compliance with the CG Code. The Nomination Committee consists of three members, namely Mr. Yu Zhuyun, Mr. Wang Wenxing and Dr. Zhou Chunsheng. Mr. Yu Zhuyun currently serves as the chairperson of the Nomination Committee.

The primary responsibilities of the Nomination Committee include: (i) to review the structure, size, composition and diversity of the Board in accordance with the Board Diversity Policy at least annually; (ii) to identify individuals suitably qualified to become Board members; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors; and (v) to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or senior management.

The Nomination Committee held two meetings during the Reporting Year to review the structure, size and composition of the Board in accordance with the Board Diversity Policy, assess the independence of the independent non-executive Directors and make recommendations to the Board on the proposal of re-appointment of Directors at the forthcoming AGM.

The attendance record of each member of the Nomination Committee during the Reporting Year is set out below:

Nomination Committee	**Meeting(s) attended/ Eligible to attend**
Mr. Yu Zhuyun *(Chairperson)*	2/2
Mr. Wang Wenxing	2/2
Dr. Zhou Chunsheng	2/2

Remuneration Committee

The Company established the Remuneration Committee on 13 March 2018 in compliance with Rule 3.25 of the Listing Rules with written terms of reference (which has been revised and adopted by the Board on 14 December 2022) in compliance with the CG Code. The Remuneration Committee consists of three members, namely Dr. Li David Xianglin, Dr. Zhou Chunsheng and Ms. Zhu Yujuan. Dr. Li David Xianglin currently serves as the chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee include: (i) to review and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) to make recommendation to the Board on the remuneration of independent non-executive Directors; (iii) to review and make recommendations to the Board on other remuneration-related matters, including benefits-in-kinds and the compensation payable to the Directors and senior management; (iv) to review performance-based remuneration and to establish a formal and transparent procedure for developing policies in relation to remuneration; (v) to consider the salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries; and (vi) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, the workload, the time devoted and the performance of the Directors and senior management. The Remuneration Committee also ensures that no individual will be involved in determining his/her own remuneration.

The remuneration of the Group's senior management during the Reporting Year is listed below by band:

Band of remuneration	No. of person(s)
Up to HK$1,000,000	2

Further details of the remuneration of the Directors and the five highest paid employees is set out in Note 9 to the Financial Statements.

During the Reporting Year, the Remuneration Committee held one meeting to review the performance and remuneration packages of individual Directors and senior management.

The attendance record of each member of the Remuneration Committee during the Reporting Year is set out below:

Remuneration Committee	Meeting(s) attended/ Eligible to attend
Dr. Li David Xianglin *(Chairperson)*	1/1
Ms. Zhu Yujuan	1/1
Dr. Zhou Chunsheng	1/1

AUDITORS' REMUNERATION

The Audit Committee is responsible for considering the appointment and re-election of our Company's external auditor and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect to the Company.

For the Reporting Year, the remuneration paid/payable to the external auditors, HLB Hodgson Impey Cheng Limited, in respect of its audit services and non-audit services was approximately HK$1,580,000 and HK$324,000, respectively. The non-audit services related to assisting in reviewing the disclosure of interim financial report and the tax compliance work of the Company and certain subsidiaries during the Reporting Year.

COMPANY SECRETARY

Mr. Lam Ka Tsun ("**Mr. Lam**"), was appointed as the company secretary of the Company on 1 April 2022. During the Reporting Year, Mr. Lam had taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. The biography of Mr. Lam is set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

Mr. Lam is an external service provider engaged by us as our company secretary and Mr. Che Kean Tat, our Vice President and CFO, will be the key contact person with whom Mr. Lam can contact.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility in relation to the preparation of the Financial Statements and seek to ensure that the Financial Statements are prepared in a manner which give a true and fair view of the state of affairs of the Group as a going concern and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure requirements under the Listing Rules. In presenting the Financial Statements, announcements and other financial disclosures required under the Listing Rules, the Directors aim to present a balanced, clear and understandable assessment of the position and prospects of the Group. The Directors are of the view that the Financial Statements were prepared on this basis. The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors of the Group regarding their reporting responsibilities on the Financial Statements is set out in the Independent Auditors' Report in this annual report.

DIVIDEND POLICY

The Company has established a dividend policy (the "**Dividend Policy**") on 31 December 2018 with an aim to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the following factors:

(a) the Company's operating results, actual and expected financial performance;

(b) retained earnings and distributable reserves of the Company and each of the members of the Group;

(c) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

(d) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(e) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(f) the Group's liquidity position;

(g) general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

(h) any other factors that the Board may deem appropriate and relevant.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Companies Laws of the Cayman Islands, any applicable laws, rules and regulations and the Restated Articles. The declaration and payment of future dividend under the Dividend Policy are subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and for reviewing its effectiveness. The Board oversees the Group's overall risk management and internal control systems on an ongoing basis. At the same time, the Group endeavors to identify risks (including ESG risks), control impact of the identified risks and facilitate the implementation of coordinated mitigating measures. The risk management and internal control systems are compatible with the principles in the Committee of Sponsoring Organisations of Treadway Commission (COSO) — Integrated Framework 2013, which are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business. Each division is responsible for identifying and assessing principal risks within itself and establishing mitigation plans to manage the risks identified. The senior management is responsible for overseeing the Group's risk management and internal control activities, attending meetings with each division to ensure principal risks are properly managed, and new risks are identified and documented. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal control systems.

The Company currently does not have an internal audit function. During the Year, the Company has engaged an external risk management and internal control review consultant (the "**Consultant**") to conduct a review of the Group's risk management and internal control covering the period from 1 January 2022 to 31 December 2022. Such review is conducted annually. The scope of the Consultant's review was previously determined and approved by the Board and covered internal controls in relation to the Group's property development and investment business, property management business, fixed asset management, human resources and payroll management. The Consultant has reported findings and areas for improvement to the Board. The Board is of the view that there has been no material risk management and internal control deficiency noted. All recommendations given by the Consultant will be properly followed up by the Group to ensure that they are implemented within a reasonable period of time.

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its review and the review made by the Consultant and Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

INSIDE INFORMATION POLICY

The Group has adopted a policy on disclosure of insider information with the aim to ensure that the insiders are abiding by the confidentiality requirements and are fulfilling the disclosure obligations of the inside information.

WHISTLEBLOWING POLICY

The Company has put in place a whistleblowing policy (the "**Whistleblowing Policy**") which applies to all the directors and employees of the Group and any parties who deal with the Group. The policy is designed to provide the employees and any external parties with confidential whistleblowing channels to report to the Group the actual or suspected illegal activities and misconducts in corporate financial reporting, internal control or other areas.

Whistleblowers are able to contact the Board directly through the contact method provided on the Company's website. The identity of the whistleblower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Audit Committee, which is responsible for oversight and monitoring of the Whistleblowing Policy and its mechanism, will make decisions on further actions (if needed).

The Company is also committed to ensuring the protection of the whistleblower against detrimental or unfair treatment.

ANTI-CORRUPTION

The Company does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities. The Company strictly adheres to the relevant regulations and laws, such as the Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615, Laws of Hong Kong), Anti-Unfair Competition Law of the PRC, Criminal Law of the PRC, and other laws and regulations related to commercial bribery. The Company has formulated an anti-corruption policy (the "**Anti-Corruption Policy**") which prohibits all forms of corruption practice by making reference to the relevant laws and regulations. The Anti-Corruption Policy forms an integral part of the Company's corporate governance framework, which sets out the specific behavioural guidelines that the employees of the Group must follow to combat corruption. The Anti-Corruption Policy is reviewed and updated on a regular basis to align with the applicable laws and regulations as well as the industry best practices. All the employees are informed and expected to act with integrity, impartiality and honesty.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders and potential investors is essential for facilitating investor relations and enhancing their understanding of the Group's business, performance and strategies. The Company has adopted the shareholders' communication policy with the objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company (including financial performance, strategic goals and plans, material development, governance and risk profile). The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and potential investors to make informed investment decisions.

To promote effective communication, the Company maintains the website of www.chghk.com, where up-to-date information of the Company's business operations and developments, financial information, corporate governance practices and other information is available for public access. Latest information of the Group, including annual and interim reports, announcements and other corporate communications which will be sent to Shareholders and/or published, are updated on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.chghk.com) in a timely fashion.

The forthcoming AGM of the Company will be held on Friday, 16 June 2023. The notice of the AGM, setting out the details of each proposed resolution, voting procedures and other relevant information, will be sent to the Shareholders at least 21 days or 20 clear business days (whichever period is longer) before the AGM.

SHAREHOLDER'S RIGHTS

Procedures for Convening General Meetings by Shareholders

The Company's general meeting provides an opportunity for communication between the Shareholders and the Board. In accordance with Article 72 of the Restated Articles, at any general meeting, a resolution put to the vote of the meeting shall be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution be voted by a show of hands. The chairman will explain such rights and procedures during the AGM before voting on the resolutions.

Pursuant to Article 64 of the Restated Articles, Shareholders can make a requisition to convene an extraordinary general meeting (the "**EGM**"). The procedure of the Shareholders to convene an EGM are as follows:

1. any one or more shareholders (the "**Requisitionist**") holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and

2. such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the Requisitionist(s) himself/themselves may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at Shareholders' Meetings

Shareholders are requested to follow Article 64 of the Restated Articles for including a resolution at an EGM. The requirements and procedures are set out in the paragraph headed "Procedures for Convening General Meetings by Shareholders" above.

Shareholders are welcomed to suggest proposals relating to the operations, strategies and/or management of the Group at Shareholders' meetings. Proposals shall be sent by written requisition of his/her proposal (the "**Proposal**") together with his/her detailed contact information to the Board or the Company Secretary at the Company's principal place of business in Hong Kong as set out in the section headed "Corporation Information" in this annual report.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

— at least 21 days' or 20 clear business days' (whichever period is longer) notice in writing if the Proposal requires approval by way of resolution in an AGM; and

— at least 14 days' or 10 clear business days' (whichever period is longer) notice in writing if the Proposal requires approval by way of resolution in any EGM.

Procedures by which enquiries may be put to the Board

For matters in relation to the Board, Shareholders may send their enquiries and concerns to the Board by addressing them to the Board or the Company Secretary by mail to the Company's principal place of business in Hong Kong set out in the section headed "Corporation Information" in this annual report.

For share registration related matters, such as share transfers and registrations, change of name or address, loss of share certificates or dividends warrants, the registered Shareholder can contact:

Branch Share Registrar and Transfer Office in Hong Kong
Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point
Hong Kong
Tel: (852) 2153-1688
Fax: (852) 3020-5058

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There had been no significant changes in the constitutional documents of the Company during the Reporting Year.

Environmental, Social and Governance Report

OVERVIEW

This report highlights the initiatives and efforts of the Group in fulfilling its commitment to sustainable development and corporate social responsibility in the course of its business. During the Reporting Year, the Group is principally engaged in the business of (i) building works and construction related business in Hong Kong and the People's Republic of China (the "**PRC**" or "**China**"); (ii) food and beverage ("**F&B**") supply chain; (iii) health and wellness; (iv) smart logistic and information technology system and (v) new energy and engineering, procurement, and construction ("**EPC**").

During the Reporting Year, the Board supervised the Group's strategies, policies and reports on sustainable development, monitored the Group's continuous compliance with relevant laws and regulations, and sought to improve the Group's operation by improving the efficiency of its business operations and resource utilisation, and by taking environmental protection measures to improve the Group's performance in the sustainable development arena. Under the general oversight of the Board, we keep monitoring the Group's progress made against corporate goals and targets for addressing various environmental, social and governance aspects that are material pertaining to the Group's businesses.

REPORTING SCOPE AND STANDARDS

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 27 to the Listing Rules. The content of this report includes two main subject areas as outlined and required by the ESG Reporting Guide, being Area A — Environmental and Area B — Social, and includes disclosure of climate change related issues which have or may impact our Group.

This ESG Report, which has been reviewed and approved by the board of the Company (the "**Board**"), both reviews and reports the core business operations and activities of the Group and follows the principles of materiality, quantitative, balance, and consistency as set out in the ESG Reporting Guide underpin the content of this report. The information in this ESG report is based on the Group's official documents and statistical data, as well as on an integration and summary of monitoring, management and operational information provided by its subsidiaries during the Reporting Year.

For the purpose of the ESG report, only activities and operations which are considered material and significant to the environment, as well as our activities in the PRC and Hong Kong are included.

GOVERNANCE STRUCTURE

Throughout the Reporting Year, the Group maintained the same ESG management structure and process as the last reporting year (from 1 January 2021 to 31 December 2021, "**2021**"). The Board of the Group is responsible for formulating and setting goals and targets, approving strategic direction and policies, and monitoring performance including ESG issues. Our ESG strategies, management policy and approach are based on compliance with relevant legal and regulatory requirements, the principle of sustainability and opinions from our key stakeholders. The Group's visions and goals, and the ESG management policy and approach can be summarized in the following statements:

1. The Group is committed to be successful in undertaking its business, whilst providing strong returns to our investors and supporters, a healthy and safe working environment to our employees and helping to provide sustainable developments for the local communities and the Group.

2. The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Our Management are delegated the responsibility of coordinating the implementation of the Group's environment, employment and service quality assurance policies.

3. The Board leads and provides direction to Management by instituting ESG policies and initiatives, supervising their implementation and monitoring ESG performance. The Board continues to explore ways to further strengthen the ESG governance of the Group. The Board reviews ESG affairs regularly, including environmental protection, employment and labour practices, operating practices, and community investment, and implements appropriate measures to enhance the ESG performance of the Group.

Overall, the Group takes an active role in ensuring sustainable and environmentally friendly production and operations by employing various measures, which are compliant with relevant laws, operating practices and standards. The Group continues to uphold our established environmental protection and management system.

CORPORATE GOALS AND VISIONS

The Group's business objectives and visions are to continue the development of our core business whilst maximising returns for our shareholders, achieving continual and sustainable developments for the society and environment, and providing and maintaining a healthy and safe working environment for the employees.

Given the nature of our business, our operations inevitably cause air and noise pollution. We are committed to promoting sustainability in terms of both business development and impact on the environment. We embrace principles and practices that help promote a sustainable future, by introducing environmentally friendly business practices, raising employee awareness of environmental protection and complying with the relevant environmental laws and regulations.

Overall, the Group takes on an active role in ensuring sustainable and environmentally friendly operating processes are in place. This is achieved by taking all practicable and possible measures to comply with all the relevant national laws, operating practices and standards.

MATERIALITY ASSESSMENT

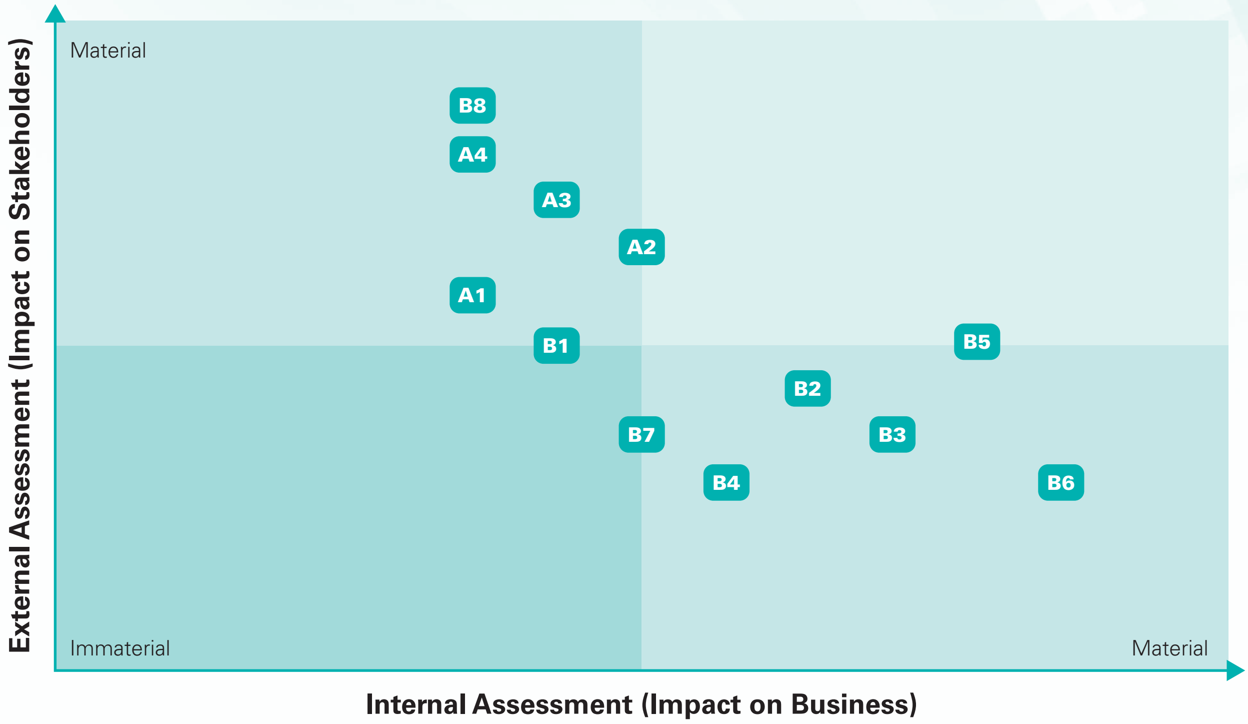
To identify issues which are material to the Group's economic, social and environmental aspects, or substantially influential to the assessments and decisions of our stakeholders, we conduct a materiality assessment from time to time to identify such issues which indicate the shared concerns of the Group and our various stakeholders. The ongoing dialogues with our stakeholders assist us in identifying whether the Group has any material sustainability issues. We will continue to identify areas for improvement and stay in close communication with stakeholders to further enhance our environmental, social and governance management. With the identified areas of improvement, we aim to holistically integrate our values and corporate responsibility commitments into our business model and corporate culture, which will in turn support our growth in the long run.

STAKEHOLDERS COMMUNICATION

In managing the priorities, the Group continues to ensure its operations are in compliance with its environmental and social responsibilities and obligations. The Group also continues to take into account of the opinions and views, and strive to address their concerns with the various stakeholders through the stated communication channels as listed below:

Stakeholders	Communication Channels
Shareholders/Investors	• General meetings • Group announcement on HKEx • Direct emails or phone enquiries • Dispatched documents
Employees	• Direct meetings with the management executives • Email and phone contact • Annual and regular appraisal • Organized functions and activities for the employees
Customers	• Day-to-day communication through front line staff • Emails • Official websites
Suppliers/service providers/ professional advisors	• Day-to-day communication through front line staff • Regular review of the signed arrangements by the management

For the Reporting Year, the Group and the stakeholders have identified the following material areas and aspects:



	Subject Areas	Subject Aspects
	Environmental	A1. Emissions A2. Use of Resources A3. Environment and Natural Resources A4. Climate Change
Social	**Employment and Labour Practices**	B1. Employment B2. Health and Safety B3. Development and Training B4. Labour Standards
	Operating Practices	B5. Supply Chain Management B6. Product Responsibility B7. Anti-corruption
	Community	B8. Community Investment

Through the Group's established management structure, process, policies and guidelines as aforementioned and described, the above ESG material areas and aspects have been strictly managed and monitored and herein are summarized below:

A. ENVIRONMENTAL ASPECTS

1.1 Environmental Areas Overview

As an environmentally responsible corporation, the Group has continued to implement policies and has taken measures to achieve a balance between maximizing returns to our shareholders and minimizing any adverse impact on the environment. We have complied with the national and local environmental laws. In the last 3 years, we did not receive any complaints, warning and/or fines from environmental authorities.

During the Reporting Year, the Group is principally engaged in the segment of building works and construction related business in Hong Kong and the PRC. In addition, the Group is also engaged in various other operations such as F&B supply chain, health and wellness services, smart logistics business and information technology development and new energy and engineering, procurement, and construction. Given that the main source of emission, waste and use of resource is from the operations of construction-related business and the other segments are mainly office works, the environmental assessment of this ESG report will focus on the segment of construction-related business.

Our "Environmental Protection and Sustainability Policy" are summarised below:

Policy

To establish and maintain policies and procedures to identify, evaluate and determine the significance of environmental aspects and impacts by and on the company and ensuring compliance with all relevant national and local environmental laws and regulations including practice.

At least once every year, the Board and the Management Team shall review the environmental aspects, which will be regularly update based on new laws and regulations, organisational work activities and processes, and updated knowledge obtained through incidents/accidents, organisational or other requirements.

1.2 Environmental Aspects

The Group advocates the importance of sustainable development in relation to our ongoing business operations and activities. We have employed various measures to ensure full compliance with all relevant rules and regulations regarding emissions, effluent water and solid waste discharge and to ensure minimal impact on the environment. All employees are made aware of their respective roles and responsibilities in conserving energy and natural resources.

In addition, BEAM Plus eco-friendly certification has been implemented in some of our projects, according to our customers' requirements. Recognised and certified by the Hong Kong Green Building Council, BEAM Plus offers a comprehensive set of performance criteria for a wide range of sustainability issues relating to the planning, design, construction, commissioning, management, operation and maintenance of a building. By providing a fair and objective assessment of a building's overall performance throughout its life cycle, BEAM Plus enables us to demonstrate our commitment to sustainable development.

We have also established an environmental management system accredited with ISO 14001:2015 standard certification by the Hong Kong Quality Assurance Agency ("**HKQAA**"). To meet the ISO 14001:2015 requirements and BEAM Plus standards, the Group has developed environmental management policies and procedures to improve its ability to efficiently identify, minimise, prevent and manage environmental impact as it arises, thereby reducing the associated risks.

KPIs formulated previously remain valid and were reviewed and updated in various meetings. Existing KPIs are periodically examined in conjunction with our operating goals in an ongoing manner.

A1. Emissions

(i) Hazardous and Non-Hazardous Air Emissions

As the Group is principally engaged in the construction industry, it is inevitable that our operational activities generate air emissions, greenhouse gases ("**GHG**"), noise, waste and effluents. Air emissions include Nitrogen Oxide ("**NO_x**"), Sulphur Oxide ("**SO_x**") and Particulate Matter ("**PM**") and other pollutants regulated under national laws and regulations, whereas GHG include carbon dioxide ("**CO_2**"), methane ("**CH_4**"), nitrous oxide ("**N_2O**", together with CO_2 and CH4, "**CO_2e**"), etc. The CO_2e emission are directly generated from mobile combustion, while CO_2 emission is indirectly generated by electricity consumption.

To minimise these impacts, the Group implements industry standard measures and continues to seek practical means of mitigation in our operations.

Construction materials such as sand and cement stored outdoors as well as dust from exposed construction areas are easily scattered in dry and windy weather. To mitigate the impact, all dusty stockpiled materials are covered with tarpaulin or fabric sheets, and the area is watered properly or enclosed with dust screens where dust-generating activities take place.

In accordance with the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Cap. 311Z, Laws of Hong Kong), all our machineries used on site are approved by the Environmental Protection Department of Hong Kong.

For the Reporting Year, air emissions generated by the Group were as follows:

Emissions data from vehicles	**Unit**	**2022**	2021
NO_x	Kilogram	**118.80**	98.73
SO_x	Kilogram	**0.26**	0.18
PM	Kilogram	**9.30**	8.64

For the Reporting Year, the Group's GHG emissions were as follows:

		Unit	**2022**	2021
Direct emission (Scope 1)				
GHG emissions from mobile combustion sources	CO_2	Tonne	**39.50**	37.79
	CH_4	Kilogram	**44.00**	58.81
	N_2O	Tonne	**9.50**	8.08
Energy indirect emissions (Scope 2)				
Electricity purchased from power companies	CO_2	Tonne	**88.80**	83.69
Other indirect emissions (Scope 3)				
Paper waste disposed at landfills	CO_2	Tonne	**3.90**	3.60
Electricity used for processing fresh water and sewage by government department	CO_2	Tonne	**0.48**	0.38

In the coming year, the Group targets to at least maintain and if possible, continue to reduce its air emissions by 2%.

(ii) Wastes Management

Since we are engaged in the provision of construction services, it is expected that our operating activities (i.e. site formation works, foundation works and building construction and superstructure works) will generate significant amounts of construction and demolition materials ("**C&D materials**"). C&D materials consist of general inert and non-insert waste. Over 85% of construction waste is inert, including rubble, earth and concrete, and is suitable for land reclamation and site formation. Non-inert substances include bamboo, timber, vegetation, packaging waste and other organic materials. Non-inert waste is not suitable for land reclamation nor reusable or recyclable, and is disposed of at landfills.

Under the Group's current practices, construction waste is sorted and segregated into inert waste and non-inert waste at our project sites. Recyclable inert waste is used as sub-base for access roads and footpaths. If applicable, excavated soil is used for backfilling to minimise the quantity of waste disposal. Unsuitable inert waste is disposed of at the public fill reception facilities operated by the Civil Engineering and Development Department of Hong Kong.

Suitable facilities have also been provided at the Group's head office to encourage employees to sort and recycle wastes to achieve the objective of reducing wastes. Examples include setting up designated areas to collect used papers, plastic bottles and cans for recycling and arranging for an authorised recycling company to collect toner cartridges. The Group maintains high standards in waste reduction, educates its employees in the significance of sustainable development and provides relevant support to enhance their skills and knowledge in sustainable development.

For the Reporting Year, the amount of non-hazardous waste produced by the Group was as follows:

	Unit	**2022**	2021
Total construction waste	Tonnes	**21,390**	25,858
Construction waste intensity	Tonnes/ construction site	**1,808**	2,698

Given the nature of our business of foundation, superstructure and other construction works, no significant hazardous waste was generated from our operations during the Reporting Year. For the coming year, the Group targets to reduce the non-hazardous waste by 2–3%.

As in the previous three years, the Group did not receive any complaints or alerts related to waste management for the Reporting Year, and targets to achieve a reduction in waste disposals in the coming year.

(iii) Mitigation Measures

The Group's operations and activities do not generate significant hazardous emission and discharges. As a responsible corporation, the Group continues to comply with all the national and local environmental laws, rules and regulations and industrial standards, and has also implemented the following environmentally friendly measures into its daily operations and activities in order to minimise adverse impacts on our environment, through continuously striving to maximise energy and water efficiency and to minimise wastes.

As a result, the Group did not have any violation related to hazardous or non-hazardous air emissions and wastes discharges, fines or warning notices from the relevant environmental agencies in 2022, same as the previous three years. The Group is committed to contribute to combat global warming by reducing the generation of CO2 emissions, and preserving natural resources especially fresh water by reducing any wasteful practices.

A2. Use of Resources

The Group's major use of resources includes energy and water consumption. Both offices and project sites consume electricity and fuel. Electricity consumption mainly comes from office use, while fuel consumption is mostly involved with equipment operation and ground transportation during delivery.

The Group understands that every procedure in construction work has the potential to cause adverse environmental impact. The management is in constant pursuit of green solutions. Great emphasis has been put on efficient consumption by stepping up maintenance of construction equipment and optimising operational standards. A variety of energy conservation and pollution reduction measures have also been implemented in offices and construction sites, details of which are set out as follows:

Offices:

- Setting and maintaining average room temperatures at 24–26°C;
- Switching office equipment (e.g. printers, computers and monitors) to sleep mode when they are idle;
- Installing energy-friendly electrical appliances and devices, including LED lighting and computers;
- Giving priority in purchasing electrical appliances to those with energy efficient labelling (i.e. Grade 1 — the most energy efficient in the market); and
- Dividing lighting systems into small zones, enabling a more flexible approach towards energy saving.

Sites:

- Switching off non-essential lighting as well as idle machinery and equipment;
- Enhancing the maintenance and overhauling procedures to maintain equipment in optimal condition for effective use of energy; and
- Using various communications channels (posters, signs and memos) to promote energy conservation.

We will keep improving the effectiveness of our electrical energy conservation measures, as well as the efficiency of electrical energy consumption in the coming years.

The major source of the Group's water consumption is office operation and construction activities. The Group has various water conservation measures in offices and project sites. We encourage all employees and sub-contractors to develop the habit of consciously conserving water. At construction sites, wastewater is collected and properly treated by onsite wastewater treatment facilities, and then reused for dust suppression and vehicle wheel washing or ground mud. In addition, we regularly assess our utility facilities, and water seepage or leaking pipelines must be repaired or replaced on a timely basis. During the Reporting Year, the Group encountered no issue in sourcing water that is fit for purpose.

For the Reporting Year, the Group's energy and water consumption was as follows:

	Unit	2022	2021
Electricity Consumption	kWh	**1,077,857**	796,758
	kWh/employee	**1,687**	2,002
Fuel Consumption	Litres	**5,508**	N/A
	kWh	**53,383**	N/A
	kWh/employee	**84**	N/A
Water Consumption	m^3	**159,439**	109,368
	m^3/employee	**250**	272

During the Reporting Year, the Group's operations did not involve significant use of packaging materials.

As in the previous three years, the Group did not have any alert on the excessive consumption of papers and packaging materials for the Reporting Year, and targets to achieve a reduction in the paper and packaging materials consumption in the coming year. The Group plans to reduce the energy and water consumption by at least 2–3% for the coming year.

(i) Paper and Packaging Materials and other Raw Materials Consumption

Although the Group's activities and operations do not consume significant amounts of papers and packaging materials, to save operational costs and to improve its environmentally friendly footprint, the Group has continued to implement following measures, requested the employees to cooperate and reduce paper and packaging materials consumption:

- Applying computer technology such as storage of documents in electronic version, communications via emails and messages to replace paper consumption;
- Reusing stationery such as envelopes, document folders etc.; and
- Using both sides and recycled papers for printing.

A3. The Environment and Natural Resources

In compliance with applicable environmental legislation, the Group expects its business operations to have minimal direct impact on the environment and natural resources. We regularly assess the environmental risks of our operations and adopt preventive measures as necessary. For instance, office paper for in-house printing is with Forest Stewardship Council ("**FSC**") certification. The FSC, a forestry certification system, sets standards for responsible forest management and guarantees that paper comes from a responsibly managed forestry process and supply chain. Documents in electronic format and email transmission are encouraged to reduce paper usage.

With the implementation of the measures mentioned above, the Group believes that it can achieve the objectives of energy conservation, waste reduction and green office promotion. We will continue to look for opportunities to reduce further emissions and waste to minimise the impact on the environment and natural resources caused by our operations.

During the Reporting Year, the Group complied with all relevant environmental laws and regulations in Hong Kong, including but not limited to the Air Pollution Control Ordinance (Cap. 311, Laws of Hong Kong), Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Cap. 311Z, Laws of Hong Kong), Waste Disposal Ordinance (Cap. 354, Laws of Hong Kong), Water Pollution Control Ordinance (Cap. 358, Laws of Hong Kong), Noise Control Ordinance (Cap. 400, Laws of Hong Kong), Dumping at Sea Ordinance (Cap. 466, Laws of Hong Kong), Environmental Impact Assessment Ordinance (Cap. 499, Laws of Hong Kong).

During the Reporting Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, noise control, discharges into water and land, and generation of hazardous and non-hazardous waste.

A4. Climate Change

The Group understands that stakeholders expect us to be managing and mitigating climate change risks in line with local and global commitments and recommendations.

Climate change is mainly caused by the release of CO_2 into the atmosphere, which is directly and indirectly the result of the use of fossil fuels for electricity generation. Given the world transitions to a lower-carbon sustainable economy, the Group is committed to place contributions to this issue. After discussion with our stakeholders, we have identified energy and water as immediate areas that we can contribute to combating climate change and reducing potential costs in the future.

For the Reporting Year, the Group's business operations and activities did not lead to any events or issues that might impact the climate or the result in the change of the climate significantly.

(B) SOCIAL ASPECTS

1.1 Social Areas Overview

The Group places high priority on compliance with the relevant employment and labour laws and regulations in Hong Kong and the PRC and ensures that employment and labour practices are implemented according to:

- Anti-discrimination ordinances and the guidance under the Employment Ordinance (Cap. 57, Laws of Hong Kong);
- Minimum Wage Ordinance (Cap. 608, Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485, Laws of Hong Kong);
- Labour Law of the PRC;
- Labour Contract Law of the PRC;
- Law of the PRC on the Protection of Rights and Interests of Women; and
- Industry features and practices.

The Group safeguards the legitimate interests of labourers in accordance with the requirements of all applicable laws and regulations, respects the rights of employees to rest and leaves, and regulates their working hours according to their rights to various types of rest times and holidays.

The Group complies strictly with local laws and regulations by adopting a fair, just and open recruitment process and developing rules to eliminate discrimination based on race, gender, colour, age, family status, ethnic tradition, religion, physical fitness or nationality, thus allowing fair treatment in every aspect including recruitment, promotion, dismissal, remuneration, benefits, training and development. Employees are encouraged to report any unlawful discrimination or any form of harassment. The Group investigates cases expeditiously and takes appropriate corrective actions once the allegations have been confirmed.

The Group recognises employees as one of the most valuable assets and its core competitive advantage, and therefore provides employees with good promotion prospects. With the aim of rewarding and motivating employees and assisting them in their career development within the Group, a performance appraisal system has been established to regularly review staff performance and remuneration. With reference to the prevailing market rates, our employees' salaries are reviewed annually based on performance.

Employment contracts are signed between all employees and the Group covering matters such as wages, benefits and grounds for termination. The Group's remuneration policies and benefit plans are reviewed by the management on a regular basis. The Group grants discretionary bonuses to qualified employees based on operational results and individual performance.

Open communication is an important element in achieving effective workplace management. We believe proper communication with employees can help employees understand the Group's business strategies and future development. All employees are welcome to make comments and suggestions through various communication channels, such as letters, emails and reports to their direct supervisors or department heads. Information, opinions and suggestions gathered are followed up and raised for discussion with senior management.

The Group has continued to build a harmonious society and a mutually beneficial relationship with our stakeholders including employees, customers, suppliers, professional services providers, local communities as well as the governing authorities. On formulation of ESG strategies and policies, the Group incorporates long and short-term corporate development goals with considerations on the stakeholders and society. This rationale and idea together with transparency, mutual respect and honesty are the corner stone of our business philosophy and have been an integral part of our business operation.

1.2 Social Aspects

Pursuant to ESG Reporting Guide, social aspects include "Employment And Labour Practices" and "Operation Practices And Community Investment", which herein reported in below:

B1. Employment

The Group treasures and regards employees as an invaluable asset of the Group. It is the policy of the Group to strictly comply with all the relevant laws and regulations and industry standards and practice.

The Group takes all measures to ensure that our statutory duties and responsibilities as an employer are duly complied with in our operating locations. The Group adopts a serious view and attaches great importance to compliance with all the labour laws on employment, employee compensation and other relevant employment issues. Employment of child labour and forced labour is expressly and totally forbidden. It is under the regular scrutiny of the management. No anomalies have been detected or reported.

(i) Employment Mix

The Group is principally engaged in construction services, which demands physical strength. Hence, traditionally male employees are a majority in the workforce of the construction business. However, the Group is committed to striking a balance between male and female employees in its working environment and providing equal opportunities for different genders.

As at 31 December 2022, we employed a total of 639 staff, including back office and site staff. Our staff members are located in Hong Kong and the PRC. As required by ESG Reporting Guide, the Group's employment breakdown and statistic are analyzed and summarised below:

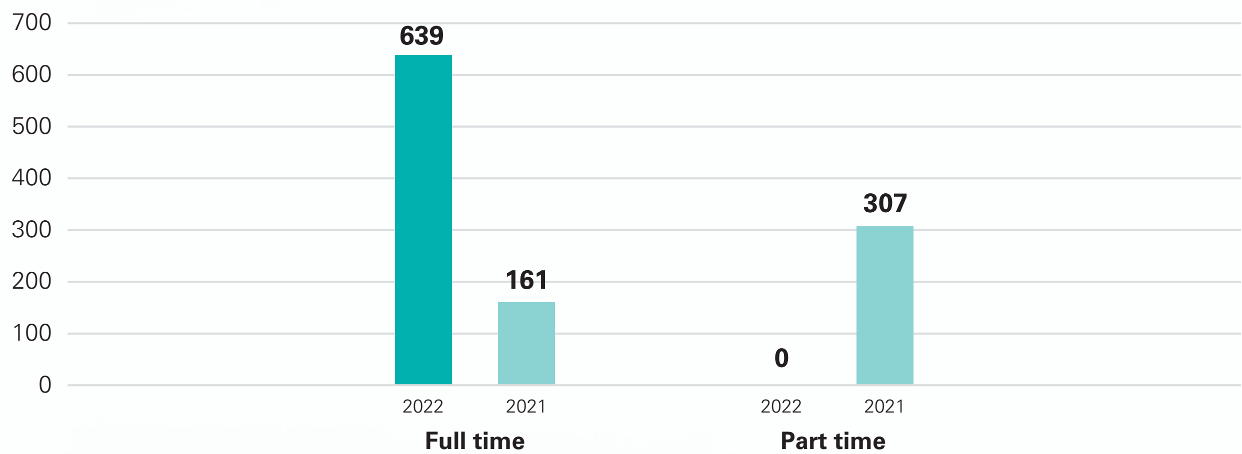


Figure 1: Number of Employees by Employment Type

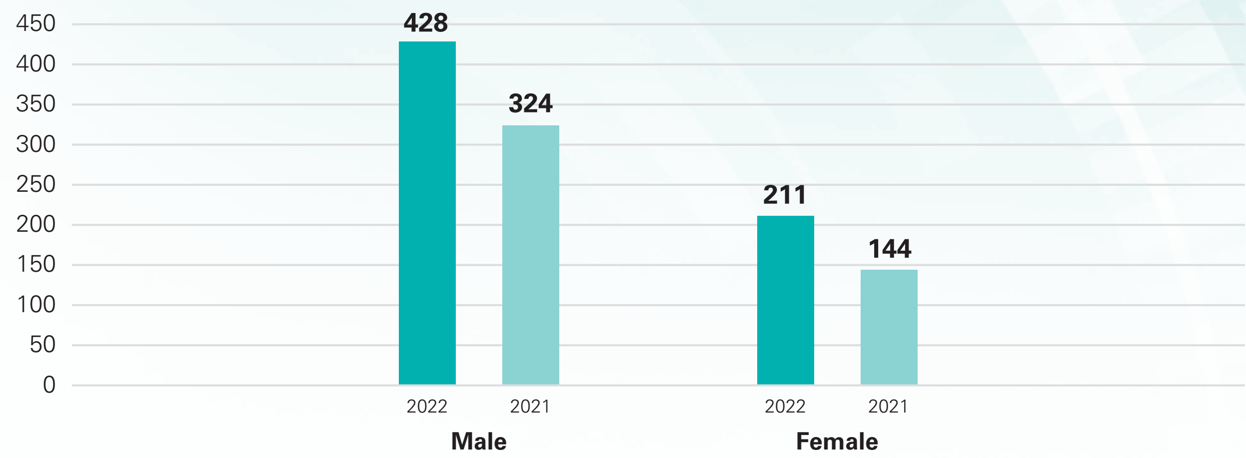


Figure 2: Number of Employees by Gender

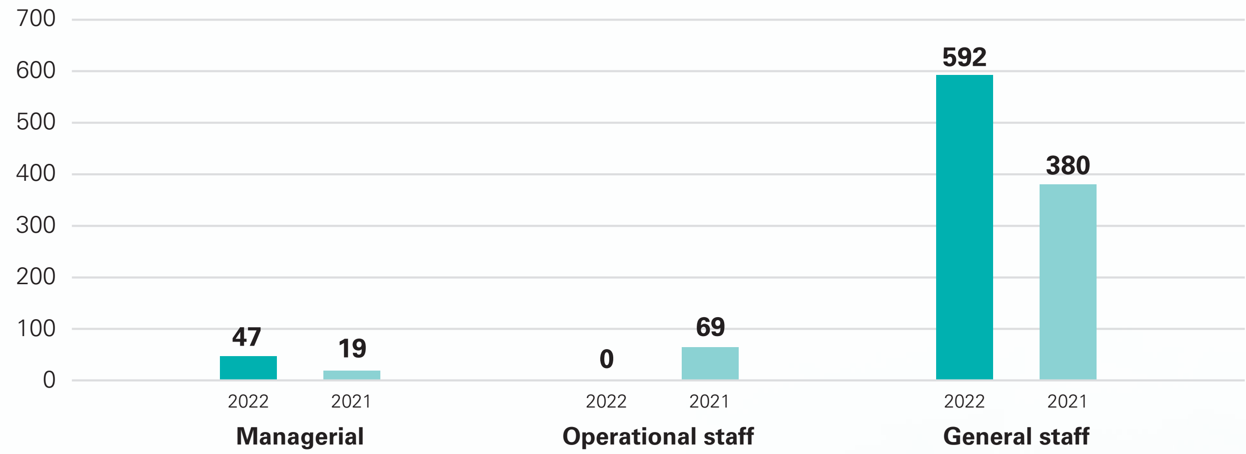


Figure 3: Number of Employees by Employment Role

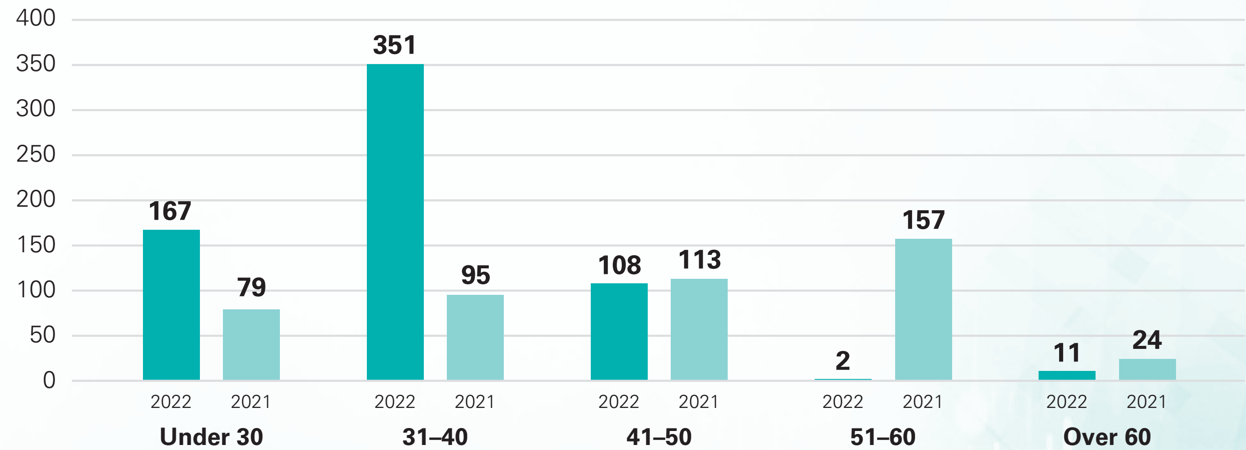


Figure 4: Number of Employees by Age

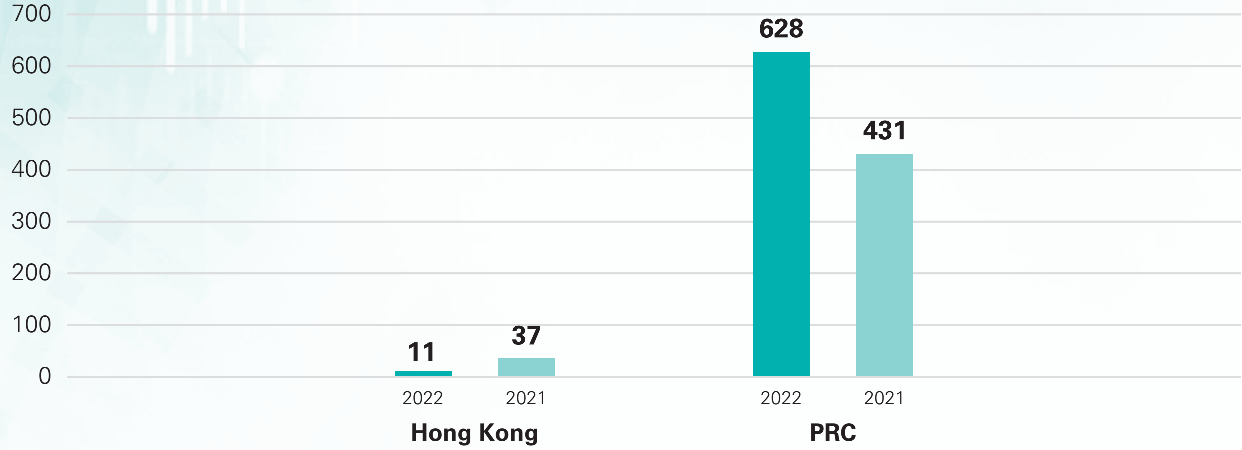


Figure 5: Number of Employees by Geographical Region

(ii) Employment Turnover Rates

For the Reporting Year, 160 of the Group's employees left voluntarily for career development. A breakdown of the turnover rates by gender, age and geographical region is stipulated below:

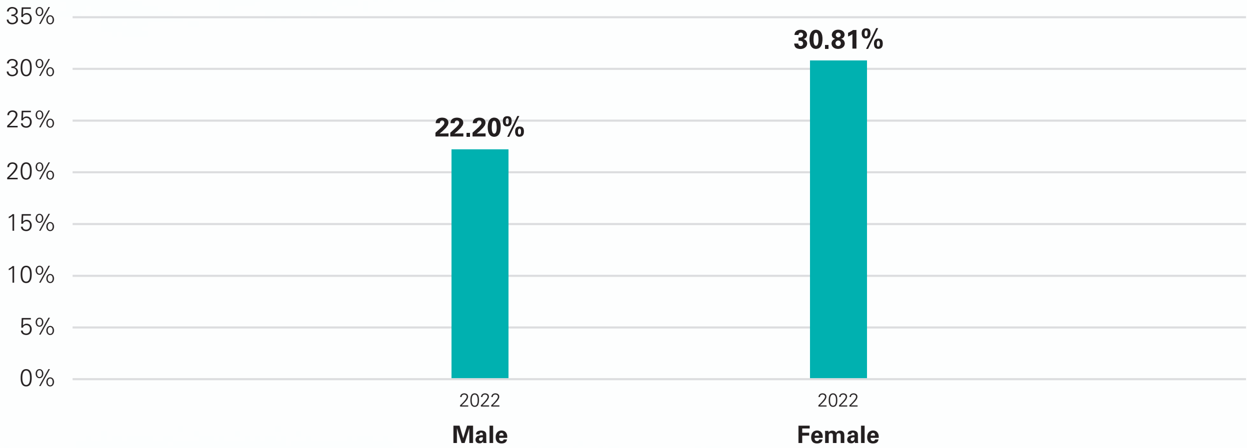


Figure 6: Employee Turnover Rate by Gender

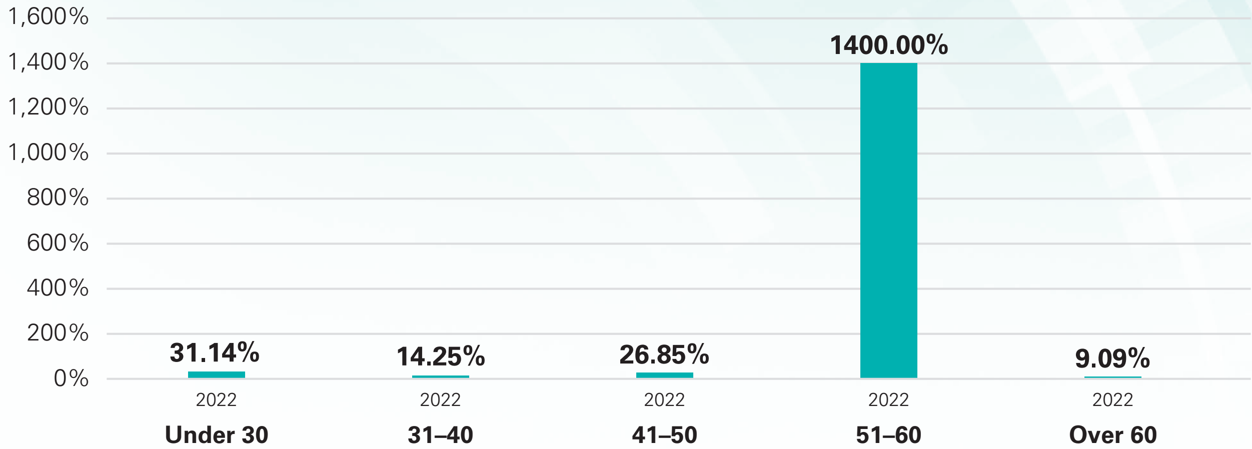


Figure 7: Employee Turnover Rate by Age

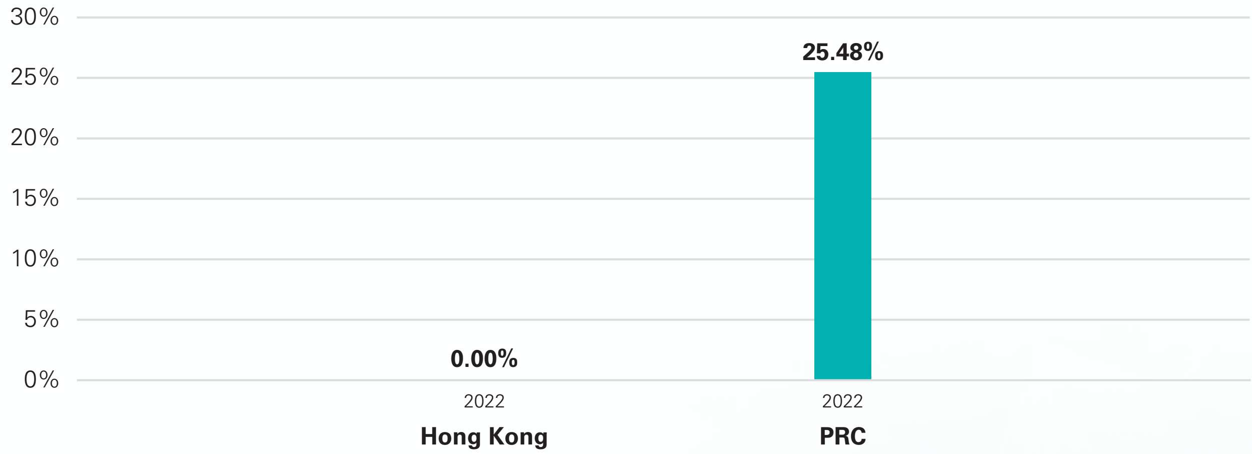


Figure 8: Employee Turnover Rate by Geographical Region

For the Reporting Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to compensation and dismissal, recruitment or promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination or other benefits and welfare.

B2. Health and Safety

The Group is committed to providing a safe, healthy and pleasant working environment to the employees. We have equipped the offices with adequate equipment and facilities to ensure safety and convenience to employees.

Recognising that construction is one of the higher risk industries in terms of occupational health and safety ("**OHS**"), we put safety first and are committed to maintaining a workplace which is safe for our employees. The Group seeks to reduce injury risks and occupational diseases by establishing OHS management systems accredited with OHSAS 18001:2007, certified by HKQAA, as well as organising safety trainings for our workforce. At the workplace, sufficient first-aid kits are in place, and regular checking and maintenance of machines, equipment and fire extinguishers are conducted to safeguard employees' health and safety.

As there are machineries and other equipment in the construction sites, employees will be more prone to industrial accidents. Hence, we are determined to ensure that all construction works are carried out in accordance with health and safety standards in construction. The Group aims to provide a safe occupational environment and minimize health and safety risk at our project sites. Warning signs are posted in prominent positions, detailing potential health impact, handling procedures and preventive measures. Personal protective equipment such as safety helmets, safety goggles, safety shoes and reflective clothing are provided and are required for all personnel who work at project sites.

Relevant OHS training is provided to our staff and workers, such as safety induction training, safety toolbox talks, specific training for high-risk activities and periodic contingency drills to heighten employee awareness of workplace hazards and ensure they are competent to discharge their OHS responsibilities and obligations and respond to emergencies. Regular safety inspections of our project sites are carried out by our safety officer to ensure that the Group's existing business operations and working procedures are compliant with health and safety standards. The safety officer regularly reviews and checks for updates of relevant laws, and performs inspections to ensure prompt corrections are made to prevent industrial accidents.

The Group will continue to optimise its work practices and daily management with the aim of creating a safe, healthy and comfortable working environment. To this end, our operations have fully complied with the applicable laws and regulations such as the Occupational Safety and Health Ordinance (Cap. 509, Laws of Hong Kong), Employees' Compensation Ordinance (Cap. 282, Laws of Hong Kong) and Factories and Industrial Undertakings Ordinance (Cap. 59, Laws of Hong Kong) during the Reporting Year.

The Group had zero work-related fatalities in the past three years including the Reporting Year in any of our operations. A total of 365 lost days were recorded during the Reporting Year, (For 2021: 365 days), and the Group does not have any history of claim or dispute arising from health or safety matters.

During the Reporting Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.

B3. Development and Training

The Group is aware of the value and contribution of its employees, and is willing to invest in and offer training and development courses for them to enhance their capabilities. We are committed to providing career development platforms for our employees where everyone can achieve his/her career goals.

In line with our commitment to providing adequate training opportunities to enhance employees' knowledge and skills, the Group frequently arranges the experienced staff to provide directional advice and guidance to junior staff, and sponsors employees to attend work-related external training programs to enrich their business expertise, competence and skill sets for career development. Such arrangements can enhance communication and team spirit, and also improve their technical skills and managerial capability and encourage employees at all levels to learn and further develop themselves. New recruits receive induction training to help them adapt to the working environment as quickly as possible, and ensure that they have the knowledge and expertise to perform their duties.

The Group also acknowledges the importance of performance appraisal for employees. On an annual basis, performance appraisal is conducted between management and employees for continuous improvement. Employees are able to consult with and seek professional advice from their supervisors on their personal career development training.

Below is the breakdown stating the percentage of employees trained during the Reporting Year by gender and operational role:

Training (No. of employees)	**Internal**	**External**
Percentage of employees trained		
2022	38%	1%
Male		
2022	84%	83%
Female		
2022	16%	17%
Managerial		
2022	16%	100%
Operational staff		
2022	21%	0%
General staff		
2022	63%	0%

Below is the breakdown stating the hours of training provided during the Reporting Year by gender and operational role:

Average training hours per employee	Internal	External
Total average training hours per employee		
2022	0.02	0.04
Average training hours for male		
2022	0.02	0.06
Average training hours for female		
2022	0.05	0.11
Average training hours for managerial		
2022	0.21	0.51
Average training hours for operational staff		
2022	–	–
Average training hours for general staff		
2022	0.02	–

B4. Labour Standards

The Group highly respects human rights and freedom, and strictly prohibits the use of child and forced labour in our workplace. Comprehensive recruitment procedures are in place to check and verify the age of applicants before commencement of work. Prior to confirmation of employment, the Group's human resources staff requires job applicants to provide valid identity documents to ensure that applicants are lawfully employable. Important details such as job duties, locations and working hours are also set out clearly in the employment contract to protect employee rights and interests. To comply with the relevant laws and regulations, employment arrangements including working environment, terms of employment, working hours, rest days and holidays are subject to periodic review.

For the Reporting Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to preventing child and forced labour.

B5. Supply Chain Management

To save costs and delivery time and to support the local economic development, the Group procured all the raw materials and accessories from local suppliers in China and Hong Kong during the Reporting Year. Also, the Group did not have any disputes and litigations with our suppliers in the Reporting Year.

The Group values the partnership with suppliers and sub-contractors and works together with them to promote sustainable development of the industry. The Group has been continuously optimising and improving its supplier management system, regulating access, supervision and evaluation of suppliers and sub-contractors, and constantly increasing specialisation and transparency of supply chain management.

The Group adheres to the principle of openness, fairness and transparency in supplier selection through the implementation of a robust procurement and tendering mechanism, and selects reliable and competent business partners from potential organisations. When selecting suppliers and sub-contractors, the Group evaluates them by considering factors such as their quality of products or services, cost, scale of business and reputation. The Group undertakes regular reviews to ensure that business partners do not cause significant negative impact on the environment and society. If any significant negative environmental or social impact is found, the Group may consider terminating cooperation with them.

As supplier and contractor management is a crucial component of the Group's quality control, the Group stringently manages suppliers and sub-contractors to avoid the procurement of any inferior materials, and adopts strict quality control over the production and construction process. In this regard, the Group maintains a list of approved suppliers and sub-contractors. The Group only selects suppliers and appoints sub-contractors from this approved list, unless individually reviewed and approved by management or specifically requested by clients.

During the Reporting Year, the Group had cooperated with 46 suppliers and all our suppliers were from the PRC. Looking ahead, the Group aims to promote local economic development and reduce carbon footprint by prioritising local suppliers to shorten the distance of transportation. The Group expects its suppliers to maintain sound social responsibility systems on managing environmental and social aspects, including environmental protection, human rights and product responsibility.

B6. Product Responsibility

The Group strives to meet clients' demands and expectations by maintaining high standards of services and product quality. The Group has developed an internal management system and closely monitors its project execution process, with the aim of rendering premium and reliable services to our clients.

The Group has established and implemented a quality management system ("**QMS**") in its operations, which are in conformity with the internationally recognised ISO 9001:2015 standard, as certified by HKQAA. This system helps us comply with the relevant laws, regulations and contractual obligations applicable to products and services, control quality issues systematically to enhance customers' satisfaction as well as continuously improve quality performance in our operations. The Group also provides adequate training to all levels of employees to raise their awareness of QMS in their areas of responsibility.

To ensure the quality of materials provided by suppliers, inspections are performed by our site agents on material deliveries at project sites. In case of any quality issues, suppliers will provide replacement or exchange services after negotiation. The Group also maintains ongoing communication with its clients to ensure understanding and satisfaction of their demands and expectations, as well as constantly improving its services.

During the Reporting Year, the Group did not receive any complaints or claims from customers arising from quality issues in the work performed by either the Group or its sub-contractors. The Directors believe that this is the result of effective quality control measures in place.

Intellectual Property Right

The Group respects intellectual rights and takes all measures to ensure that intellectual property rights are not infringed. Employees are prohibited from using unlicensed computer software on their computers at the workplace. The Group complies with intellectual property rights regulations to protect the interests of the Group and our clients, and requires our suppliers to comply with intellectual property rights regulations to ensure confidentiality and integrity.

During the Reporting Year, as in the previous three reporting years, there were no complaints or allegations received on intellectual property rights infringement.

Privacy

The Group attaches high regards for and utmost importance to client and project data and privacy. In the ordinary course of our business, we get almost no access to the personal information of our clients or confidential information of enterprises. However, we respect the privacy of our clients and maintain a high level of data security and confidentiality. In compliance with the local laws and regulations, we ensure that all business data collected from our clients is treated as strictly confidential and properly dealt with by our staff. Our clients' data can only be accessed by designated personnel to protect it against improper disclosure, misuse or unauthorised use, loss, damage or corruption.

There were no privacy problem or complaint reported during the Reporting Year, the same as the previous three years.

B7. Anti-corruption

We believe in fairness and honesty in business and do not tolerate corruption, bribery, money-laundering or other fraudulent activities in connection with any of our business operations. The Group strictly adheres to the relevant regulations and laws, such as the Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong), the AntiMoney Laundering and Counter-Terrorist Financing Ordinance (Cap. 615, Laws of Hong Kong), Anti-Unfair Competition Law of the PRC, Criminal Law of the PRC, and other laws and regulations related to commercial bribery.

To prevent any negative social impact associated with corruption, all forms of fraud and corruption, such as bribery, extortion, illegal inducement, offering or accepting disallowed gifts, kickbacks or other disallowed advantages, are strictly prohibited, and all employees of the Group must comply with all the applicable anti-corruption laws and regulations. Related information on anti-money laundering is provided to employees to raise their awareness in this regard.

To facilitate identification of suspected cases of corruption, money laundering and other misconduct, the Group has developed a whistle-blowing policy which encourages disclosure of relevant information via a confidential reporting channel. In the event that employees identify any irregularities, they may report to the relevant senior management. All employees who report in good faith are reasonably protected from retaliation or adverse consequences in their employment regardless of whether the allegation is substantiated. The Group is committed to handling the reports with due care, and to conducting a serious detailed investigation into each reasonably established report. Additionally, the Group is fully aware that it is obligated to refer the matter to the legal enforcement authorities or regulators if deemed necessary.

The tendering process is vital to our business. All tendering documents are kept confidential and restricted to concerned parties only. Tendering must be done in a fair manner to protect the interests of the Group and its clients. Employees responsible for tendering must comply with all relevant laws and regulations, and refrain from exchanging or communicating any sensitive information with competitors, participating in price fixing, imposing restrictions on clients or abusing a dominant market position.

During the Reporting Year, the Group was not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud or money laundering.

B8. Community Investment

We endeavour to fulfil corporate social and environmental responsibilities, and to make continuous contributions to the building of a cohesive and caring society. The Group seeks to foster employees' sense of social responsibility, thus encouraging them to participate in charitable activities and devote their spare time to render assistance to the needy.

During the Reporting Year, the Group made significant donations to various charitable causes. Specifically, the Group donated HK$50,000 to Pok Oi Hospital (博愛醫院) for anti-epidemic support, HK$1,160,000 to 衢州市光彩事業促進會 for student scholarships (中環教育慈善基金獎學金) and HK$500,000 to the Guangdong-Hong Kong-Macao Greater Bay Area Entrepreneurs Alliance (粵港澳大灣區企業家聯盟) to support the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("**GBA**") community. Looking forward, the Group is committed to maintaining a strong and positive relationship with our communities. We will continue to actively seek out ways to contribute to local development and make a meaningful impact on the lives of those around us.

Independent Auditors' Report

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE MEMBERS OF CENTRAL HOLDING GROUP CO. LTD.

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Central Holding Group Co. Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 70 to 150, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue and costs from construction contracts and contract assets	
Refer to Notes 2.22, 4, 5 and 22 to the consolidated financial statements We identified recognition of revenue and costs from construction contracts and contract assets as a key audit matter as significant management's estimations and judgements are involved in the determination of the outcome of construction contracts and the progress towards completion of construction works.	Our procedures included, amongst others: • Reviewing the contract sum and budgeted costs to respective signed contracts and budgets prepared by management; • Understanding from management about how the budgets were prepared and the respective progress towards completion of construction works were determined; • Obtaining the certificates issued by customers or payment applications confirmed by internal surveyors to evaluate the reasonableness of progress towards completion of construction works; • Testing the actual costs incurred on construction works; • Assessing the reasonableness of the budgets by comparing the actual outcome against management's estimation of similar contracts; and • Assessing the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
Refer to Notes 2.7, 4 and 16 to the consolidated financial statements The Group's investment properties amounted to approximately HK$229,390,000 as at 31 December 2022. Decrease in fair value of investment properties of approximately HK$7,308,000 was recognised in the consolidated statement of profit or loss for the year then ended. We identified the valuation of investment properties as a key audit matter due to the key source of estimation uncertainty and the significant assumptions and judgements involved in the valuation. The fair value of the Group's investment properties was determined by adopting the valuation techniques with significant unobservable inputs, assumptions of market conditions and judgements. The Group also worked closely with the independent qualified valuers to establish and determine the appropriate valuation techniques.	Our procedures included, amongst others: • Reviewing the valuation report from independent qualified valuers and discussing with the independent qualified valuer to understand the valuation basis, methodology used and underlying assumptions applied; • Evaluating of the competence, capabilities and objectivity of independent qualified valuers; • Checking on a sample basis the accuracy and relevance of the input data used; and • Engaging our valuation specialists on evaluating the methodologies and assumptions adopted in the valuation.
Impairment of properties available for sale	
Refer to Notes 2.10, 4 and 20 to the consolidated financial statements The Group's properties available for sale amounted to approximately HK$72,547,000 as at 31 December 2022. We identified the impairment of properties available for sale as a key audit matter due to significant management estimations involved in determining the net realisable value on properties available for sale. These properties available for sale are stated at the lower of cost and net realisable value on an individual property basis. Net realisable value is estimated at the actual or estimated selling price less estimated costs to complete and costs to be incurred in selling the properties. If the actual net realisable value on properties available for sale is less than expected as a result of change in market condition and/or significant variation in the development cost, material allowances for impairment losses may result.	Our procedures included, amongst others: • Reviewing the valuation report from independent qualified valuers and discussing with the independent qualified valuer to understand the valuation basis, methodology used and underlying assumptions applied; • Comparing to the latest selling prices of the properties; • Testing the calculation for the impairment assessment performed by management; • Assessing the construction costs incurred; and • Engaging our valuation specialists on evaluating the methodologies and assumptions adopted in the valuation.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

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

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

The engagement director on the audit resulting in this independent auditors' report is Lo Kin Kei.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Lo Kin Kei
Practising Certificate Number: P06413

Hong Kong, 31 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Revenue	5	**1,613,641**	1,086,236
Direct costs		**(1,582,543)**	(1,034,470)
Gross profit		**31,098**	51,766
Other income and net gains/(loss)	5	**37,866**	41,413
(Loss)/gain on fair value changes of investment properties		**(7,308)**	45,254
Selling expenses		**(3,604)**	(8,257)
Administrative and other operating expenses		**(83,542)**	(47,224)
Finance costs	6	**(5,520)**	(3,413)
(Loss)/profit before income tax	7	**(31,010)**	79,539
Income tax credit/(expense)	10	**682**	(19,253)
(Loss)/profit for the year		**(30,328)**	60,286
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of foreign operations		**(23,492)**	7,575
— Reclassification of cumulative translation reserve upon disposal of foreign operations		**(832)**	(210)
Other comprehensive (expense)/income for the year, net of tax		**(24,324)**	7,365
Total comprehensive (expense)/income for the year		**(54,652)**	67,651
(Loss)/profit for the year attributable to:			
Owners of the Company		**(27,843)**	61,985
Non-controlling interests		**(2,485)**	(1,699)
		(30,328)	60,286
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(41,756)**	67,887
Non-controlling interests		**(12,896)**	(236)
		(54,652)	67,651
		HK Cents	HK Cents
(Loss)/earnings per share attributable to owners of the Company			
— Basic and diluted (loss)/earnings per share	11	**(2.64)**	5.87

Details of dividends are disclosed in Note 13 to the consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**82,455**	26,621
Right-of-use assets	15	**3,125**	6,066
Investment properties	16	**229,390**	257,439
Intangible assets	17	**3,069**	3,845
Deposit and prepayment for life insurance policy	18	**3,293**	3,214
		321,332	297,185
Current assets			
Financial asset at fair value through profit or loss	19	**796**	–
Properties available for sale	20	**72,547**	92,369
Contract assets	22	**104,887**	136,894
Trade and other receivables	23	**340,336**	194,799
Inventories	24	**36,583**	–
Tax recoverable		**561**	561
Cash and bank balances	25	**613,996**	50,373
		1,169,706	474,996
Total assets		**1,491,038**	772,181
EQUITY			
Capital and reserves			
Share capital	26	**2,640**	2,640
Reserves		**185,652**	227,408
Equity attributable to owners of the Company		**188,292**	230,048
Non-controlling interests		**(119)**	1,166
Total equity		**188,173**	231,214

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	28	**1,876**	5,079
Liabilities for long service payments	29	**681**	884
Amounts due to related companies	32	**397,072**	103,196
Borrowings	33	**–**	28,000
Deferred tax liabilities	30	**7,705**	11,050
		407,334	148,209
Current liabilities			
Contract liabilities	22	**65,736**	18,880
Trade and other payables	31	**318,189**	279,004
Lease liabilities	28	**1,380**	1,211
Borrowings	33	**499,728**	79,047
Tax payables		**10,498**	14,616
		895,531	392,758
Total liabilities		**1,302,865**	540,967
Total equity and liabilities		**1,491,038**	772,181
Net current assets		**274,175**	82,238
Total assets less current liabilities		**595,507**	379,423

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2023:

Mr. Yu Zhuyun
Director

Mr. Li Menglin
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company							
	Share capital HK$'000 (Note 26)	Share premium HK$'000	Merger reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2021	2,640	88,276	11,010	2,292	58,137	162,355	102	162,457
Profit/(loss) for the year	–	–	–	–	61,985	61,985	(1,699)	60,286
Other comprehensive income/(expense):								
Exchange differences arising on translation of foreign operations	–	–	–	6,112	–	6,112	1,463	7,575
Reclassification of cumulative translation reserve upon disposal of foreign operations	–	–	–	(210)	–	(210)	–	(210)
Total comprehensive income/(expense) for the year	–	–	–	5,902	61,985	67,887	(236)	67,651
Disposal of subsidiaries (Note 37)	–	–	–	–	–	–	(153)	(153)
Capital contributions from non-controlling interest	–	–	–	–	–	–	1,259	1,259
Acquisition of additional interests in a subsidiary	–	–	–	–	(194)	(194)	194	–
Balance at 31 December 2021 and 1 January 2022	2,640	88,276	11,010	8,194	119,928	230,048	1,166	231,214
Loss for the year	**–**	**–**	**–**	**–**	**(27,843)**	**(27,843)**	**(2,485)**	**(30,328)**
Other comprehensive expense								
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**(13,081)**	**–**	**(13,081)**	**(10,411)**	**(23,492)**
Reclassification of cumulative translation reserve upon disposal of foreign operations	**–**	**–**	**–**	**(832)**	**–**	**(832)**	**–**	**(832)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(13,913)**	**(27,843)**	**(41,756)**	**(12,896)**	**(54,652)**
Disposal of subsidiaries (Note 37)	**–**	**–**	**–**	**–**	**–**	**–**	**11,611**	**11,611**
Balance at 31 December 2022	**2,640**	**88,276**	**11,010**	**(5,719)**	**92,085**	**188,292**	**(119)**	**188,173**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Net cash used in operations	34	**(62,706)**	(27,331)
Income tax paid		**(5,040)**	(955)
Income tax refunded		**–**	311
Net cash used in operating activities		**(67,746)**	(27,975)
Cash flows from investing activities			
Payments for investment properties		**–**	(123,083)
Interest received		**158**	97
Proceeds on disposal of property, plant and equipment		**–**	2,140
Net cash inflow/(outflow) from disposal and deemed disposal of subsidiaries, net of cash disposed		**32,755**	(541)
Purchases of property, plant and equipment		**(78,445)**	(15,560)
Net cash used in investing activities		**(45,532)**	(136,947)
Cash flows from financing activities			
Interest paid		**(5,515)**	(3,413)
Capital contributions from non-controlling interests		**–**	1,259
Increase in amounts due to related companies		**310,291**	57,813
Repayments of borrowings		**(137,843)**	(40,633)
New loans raised		**536,960**	146,394
Principal elements of lease payments		**(1,947)**	(1,400)
Net cash generated from financing activities		**701,946**	160,020
Net increase/(decrease) in cash and cash equivalents		**588,668**	(4,902)
Cash and cash equivalents at beginning of the year		**50,373**	53,757
Effects of foreign exchange rate changes		**(25,045)**	1,518
Cash and cash equivalents at end of the year		**613,996**	50,373
Analysis of balances of cash and cash equivalents			
Cash and bank balances	25	**613,996**	50,373

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 29 March 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares (the "**Shares**") have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 29 March 2018. As at 31 December 2022, its parent and ultimate holding company is Central Culture Resource Group Limited, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and wholly-owned by Mr. Yu Zhuyun ("**Mr. Yu**"), the controlling shareholder of the Company.

The Company's registered office address is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands, and the Company's principal place of business in Hong Kong is Unit 2102–03 & 10–12, 21/F, K. Wah Centre, 191 Java Road, North Point, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the business of (i) building works and construction related business in Hong Kong and the People's Republic of China (the "**PRC**" or "**China**"); (ii) food and beverage ("**F&B**") supply chain; (iii) health and wellness; (iv) smart logistic and information system and (v) new energy and engineering, procurement, and construction ("**EPC**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the current year and prior year presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of the consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures

(i) Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

(ii) New and amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Principles of consolidation

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, the statement of changes in equity and the consolidated statement of financial position, respectively.

2.3.2 Changes in ownership interest in subsidiaries

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Principles of consolidation *(Continued)*

2.3.3 Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisitions failed to meet the definition of business combination are treated as acquisitions of assets and liabilities instead of business combination.

Acquisition-related costs are expenses as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

2.3.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within "finance cost". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within 'other income and net gains/(loss)'.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency transaction differences arising are recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Property, plant and equipment

The property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives or lease term, where applicable, as follows:

Machinery and equipment	20%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statements of profit or loss and other comprehensive income.

2.7 Investment properties

Investment property, principally comprising leasehold land, is held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recognised in the consolidated statement of profit or loss and other comprehensive income within "(Loss)/gain on fair value changes of investment properties".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Intangible assets

2.8.1 Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquirees and the acquisition date fair value of any previous equity interest in the acquirees over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The Group's goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.8.2 Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Properties available for sale

Properties available for sale are stated at the lower of cost and net realisable value. The cost of properties available for sale comprises the acquisition cost of land, aggregate cost of development and other direct expenses capitalised. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs to be incurred in selling the properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Properties available for sale *(Continued)*

The amount of any write down of properties available for sale is recognised as an expense in the year write down or loss occurs. The amount of any reversal of any write down arising from an increase in net realisable value is recognised in the consolidated statement of profit or loss and other comprehensive income in the year in which the reversal occurs.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit of loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

2.11.3 Measurement *(Continued)*

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

2.11.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables and contract assets.

Impairment on other receivables is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if the payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.18 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Current and deferred income tax *(Continued)*

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if it arises from initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

The Group operates defined contribution plans and pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. There were no forfeited contributions available to offset future employer's contributions to the schemes.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Employee benefits *(Continued)*

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

(v) Long service payments

Under the Hong Kong Employment Ordinance, the Group is required to make long service payments to its employees upon the termination of their employment or retirement on ground of old age when the employee fulfils certain conditions and the termination meets the required circumstances. Further, where accrued benefits (excluding any part attributable to the employee's contributions) have been paid to the employee, or is being held in a mandatory provident fund scheme by the employee, which is the case for most of the eligible employees of the Group, the long service payment is offset against the aforementioned amount of benefits to the extent that they relate to the employee's years of service for which the long service payment is payable.

Based on the Group's past experience and the directors' knowledge of the business and work force, the Group makes its estimates of its obligations to make long service payments to its employees in the event of termination of their employment or retirement. The Group's obligations to make such long service payments are recognised in the financial statements as long service payment liabilities at the present value (where the effect of discounting is material) of the long service payment obligations, which are estimated after deducting the entitlements accrued under the Group's defined contribution retirement scheme that are attributable to contributions made by the Group. Service cost, net interest on the long service payment liabilities (where discounting to present value is adopted because the effect of discounting is material) and premeasurements of the long service payment liabilities are recognised in profit or loss.

2.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.22 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Revenue from contracts with customers *(Continued)*

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

(i) Foundation works and superstructure building works

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For contracts that contain variable consideration (variation order of construction work), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

- the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Revenue from contracts with customers *(Continued)*

(ii) Property development and investment

Revenue arising from the sale of properties developed for sales/under development for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties pre-sold prior to the date of revenue recognition were included in the consolidated statement of financial position under "contract liabilities".

(iii) Property management services

Revenue arising from property management services is recognised in the accounting period in which the services are rendered. The Group bills a fixed amount for services provided to the customers and recognises as revenue in the amount to which the Group satisfies performance obligations by transferring the services to its customers.

(iv) Trading of construction materials/Sales of healthcare products and healthy food/Sales of agricultures products, food and beverage materials

Revenue from sales of goods is recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligations that could affect the customers' acceptance of the products. A delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that consideration is unconditional because only the passage of time is required before the payment is due.

(v) Manufacturing and sales of photovoltaic products and EPC

Revenue from the manufacturing and sales of photovoltaic products and EPC directly to the customers is recognised at the point that the control of the finished products has passed to the customers, which is primarily upon the delivery of the products to the customers.

(vi) Logistic services and information technology development

Revenues from the provision of logistics services and information technology development are recognised when the services are rendered.

2.23 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Leases *(Continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date. Depreciation on right-of-use assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated lease period.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the year in which the dividends are approved by the Group's shareholders or directors, where appropriate.

2.25 Deposit and prepayment for life insurance policy

Life insurance policy that can be terminated at any time is determined by the upfront payments plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. If withdrawal is made, a pre-determined specified amount of surrender charge would be imposed.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.28 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

2.29 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

(b) the party is an entity where any of the following conditions applies:

- (i) has control or joint control of the Group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Group's overall risk management programmed focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from monetary assets and liabilities of certain subsidiaries denominated in foreign currencies other than their functional currencies. The currencies giving rise to this risk are primarily Renminbi and the United States Dollar.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Assets		**Liabilities**	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Renminbi ("**RMB**")	**34,302**	154,425	**–**	440,357
United States Dollar ("**US$**")	**3,292**	3,214	**–**	–

Sensitivity analysis

If RMB has been appreciated/depreciated 5% against the foreign currency and all other variable were held constant, the Group's post-tax loss for the year would decrease/increase by approximately HK$1,906,000 (31 December 2021: decrease/increase by approximately HK$4,585,000). No sensitivity analysis is presented for foreign currency fluctuation between US$ against HK$ because HK$ is pegged to US$ and assumed that the rate would not be materially affected by any changes in movement in value of the HK$ against other currencies.

(ii) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings and lease liabilities. The Group is not exposed is not exposed to significant cash flow interest rate risk. The Group currently does not have interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iii) Credit risk

Credit risk arises mainly from trade receivables, contract assets, other receivables and deposits and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk on trade receivables, contract assets and other receivables and deposits, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The credit quality of the debtors is assessed based on their financial position, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors. In addition, the Group reviews the recoverable amount of each individual trade receivable, contract assets and other receivables and deposits balance at the end of each of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the credit risk is significantly reduced.

As at 31 December 2022, there were two (31 December 2021: three) customers which individually contributed over 10% of the Group's trade receivables. The aggregate amounts of trade receivables from these customers amounted to 65% respectively (31 December 2021: 48%) of the Group's total trade receivables as at 31 December 2022.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iii) Credit risk *(Continued)*

The Group's internal credit risk grading comprises the following categories:

Category	Group definition of category	Basis for recognition of ECL
Performing	There have low risk of default and has not been any significant increase in credit risk since initial recognition	12-month ECL
Doubtful	There have been significant increase in credit risk since initial recognition	Lifetime ECL — not credit impaired
Default	There is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Bank balances

The credit risk of bank balances is considered not material as such amounts are placed in reputable banks with high credit rating assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regarded as low.

Other receivables and deposits

As at 31 December 2022 and 2021, the internal credit rating of other receivables and deposits were performing. Management has measured the loss allowances of these financial assets at 12m ECL. The Group uses past due information and forward-looking information to assess whether credit risk has increased significantly since initial recognition.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iii) Credit risk *(Continued)*

Trade receivables and contract assets

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been assessed individually and/or collectively using a provision matrix with appropriate groupings based on same risk characteristics and the days past due. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. The ECL also incorporate forward-looking information such as actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.

As at 31 December 2022 and 2021, the loss allowance for trade receivables, contract assets and other receivables and deposits were determined as follows:

	Weighted average expected loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
		HK$'000	HK$'000	HK$'000
At 31 December 2022				
Trade receivables	**15.6%**	**230,495**	**(36,001)**	**194,494**
Contract assets	**0.4%**	**105,350**	**(463)**	**104,887**
Other receivables and deposits	**1.6%**	**111,723**	**(1,821)**	**109,902**
At 31 December 2021				
Trade receivables	2.0%	146,893	(2,919)	143,974
Contract assets	0.4%	137,470	(576)	136,894
Other receivables and deposits	1.2%	39,564	(473)	39,091

The estimated loss rate are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effect.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iii) Credit risk *(Continued)*

The movement in the loss allowances for trade receivables, contract assets and other receivables and deposits during the years ended 31 December 2022 and 2021 are as follows:

	Trade receivables Life-time ECL (not credit impaired) HK$'000	Trade receivables Life-time ECL (credit impaired) HK$'000	Contract assets Life-time ECL (not credit impaired) HK$'000	Other receivables and deposits (12-month ECL) HK$'000
As at 1 January 2021	802	–	544	316
Provision for loss allowance recognised in profit or loss during the year	2,088	–	38	146
Exchange realignment	29	–	(6)	11
As at 31 December 2021 and 1 January 2022	2,919	–	576	473
Transfer to credit-impaired	**(964)**	**964**	**–**	**–**
Provision for/(reversal of) loss allowance recognised in profit or loss during the year	**71**	**34,811**	**(68)**	**1,476**
Disposal of subsidiaries	**(722)**	**–**	**–**	**(10)**
Exchange realignment	**(99)**	**(979)**	**(45)**	**(118)**
As at 31 December 2022	**1,205**	**34,796**	**463**	**1,821**

The creation and release of provision for impaired trade receivables, contract assets and other receivables and deposits have been included in administrative and other operating expenses in the consolidated statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iv) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient financial resources to fund their operations.

The following table details the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating based on current rates at the end of each reporting period) and the earliest date the Group may be required to pay:

	On demand or within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
At 31 December 2022					
Trade and other payables	**318,189**	**–**	**–**	**318,189**	**318,189**
Amounts due to related companies	**–**	**–**	**397,072**	**397,072**	**397,072**
Borrowings	**500,142**	**–**	**–**	**500,142**	**499,728**
Lease liabilities	**1,518**	**1,932**	**–**	**3,450**	**3,256**
	819,849	**1,932**	**397,072**	**1,218,853**	**1,218,245**
At 31 December 2021					
Trade and other payables	279,004	–	–	279,004	279,004
Amounts due to related companies	–	1,390	101,806	103,196	103,196
Borrowings	84,757	29,400	–	114,157	107,047
Lease liabilities	1,495	1,495	4,112	7,102	6,290
	365,256	32,285	105,918	503,459	495,537

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the debts as at each year end divided by the total equity as at each year end.

The gearing ratios of the Group are as follows:

	2022 **HK$'000**	2021 HK$'000
Debts	**502,984**	113,337
Total equity	**188,173**	231,214
Gearing ratio	**267.3%**	49.0%

3.3 Fair value estimation

The Group's financial instruments carried at fair value as at 31 December 2022 and 2021 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 2022 HK$'000	Fair value as at 2021 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Listed equity securities classified as financial assets at fair value through profit or loss	**796**	–	Level 1	Quoted bid prices in an active market	N/A

There were no transfers between Level 1, 2 and 3 in current and prior years.

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL HK$'000
At 1 January 2022	–
Addition	720
Disposal	(720)
At 31 December 2022	**–**

During the year ended 31 December 2022, the Group had loss of control in some subsidiaries after the completion of disposal. The valuation of the investment in these private entities used adjusted net assets value method and are within level 3 of fair value hierarchy. The adjusted net assets value method calls for a summation of the fair values of all assets belonging to an entity and a reduction of that aggregate by the fair values of that entity's total liabilities.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The directors of the Company consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Progress towards of completion of construction works

The Group recognises its contract revenue over time by reference to the progress towards complete satisfaction of a performance obligation of the end of the reporting period, measured based on the surveys of work performed to date of the individual contract of construction works relative to total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company have to determine the appropriate valuation techniques and inputs for fair value measurement.

In estimating the fair value of investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified valuer to perform the valuation. At the end of each reporting period, the management of the Group works closely with the independent qualified valuer to establish the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurement. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Company. Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed in Note 16.

Properties available for sale

An assessment of the net realisable value is made in each reporting period. The Group takes into consideration the current market environment and the estimated market value of properties. Such assessment was made based on certain assumptions, which are subject to uncertainty and might materially differ from actual results. Net realisable value of properties for sale is determined based on the Group's assessment of the price ultimately expected to be realised in the ordinary course of business by reference to prevailing market conditions less all estimated selling expenses. Impairment is made if the estimated net realisable value is less than the carrying amount. If the actual net realisable value on properties available for sale is less than expected as a result of change in market condition, a material provision for impairment loss may result. The carrying amount of the properties available for sale is approximately HK$72,547,000 (31 December 2021: HK$92,369,000).

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSS) AND SEGMENT INFORMATION

Revenue, other income and net gains/(loss) recognised during the current year and prior year are as follows:

	2022 HK$'000	2021 HK$'000
Revenue		
Building works and construction related business	842,215	810,358
Supply chain of F&B	198,669	93,149
Health and wellness	483,997	176,139
Logistics services and information technology development	19,718	6,590
New energy and EPC	58,594	–
Revenue from contracts with customers	1,603,193	1,086,236
Rental income	10,448	–
	1,613,641	1,086,236
Other income and net gains/(loss)		
Interest income	158	97
Business consulting fee	9,173	–
Loss on fair value change of financial assets at fair value through profit or loss	(9,097)	–
Net gain on disposal of property, plant and equipment	–	46
Gain/(loss) on disposal and deemed disposal of subsidiaries	34,959	(908)
Government grants	1,207	536
Operating lease income	845	3,380
Waiver of repayment obligation for a loan	–	37,800
Sundry income	621	462
	37,866	41,413

During the year ended 31 December 2022, the Group recognised government grants of approximately HK$1,207,000 of which approximately HK$760,000 in respect of Covid-19-related subsidies, related to Employment Support Scheme provided by the Hong Kong government, the grants were recognised when the required employment conditions were fulfilled. Government grants of approximately HK$447,000 (31 December 2021: HK$536,000) were recognised during the year as there were no unfulfilled conditions.

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSS) AND SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue from contracts with customers

	2022 HK$'000	2021 HK$'000
Timing of revenue recognition		
Over time	**204,369**	281,477
A point in time	**1,398,824**	804,759
	1,603,193	1,086,236
Types of services or goods		
Foundation works and superstructure building works	**158,614**	241,107
Sale of properties	**16,708**	85,769
Property management services	**45,755**	40,370
Trading of construction materials	**737,824**	443,112
Sales of agriculture products, food and beverage materials	**32,040**	93,149
Sales of healthcare products and healthy food	**533,939**	176,139
Manufacturing and sales of photovoltaic products and EPC	**58,595**	–
Logistics services and information technology development	**19,718**	6,590
	1,603,193	1,086,236

Performance obligations for contracts with customers

Foundation works and superstructure building works

The performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue for these works is therefore recognised over time using output method, i.e. based on surveys of the relevant services completed by the Group to date with reference to certificates issued by customers or payment applications confirmed by internal surveyor. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations in these contracts under HKFRS 15.

Sale of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties pre-sold prior to the date of revenue recognition were included in the consolidated statement of financial position under "contract liabilities".

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSS) AND SEGMENT INFORMATION *(Continued)*

Performance obligations for contracts with customers *(Continued)*

Property management services

Revenue arising from property management services is recognised in the accounting period in which the services are rendered. The Group bills the amount for services provided to the customers and recognises as revenue in the amount to which the Group satisfies performance obligations by transferring the services to its customers. The Group has elected the practical expedient for not disclosing the remaining performance obligations for these types of contracts.

Trading of construction materials/Sales of healthcare products and healthy food/Sales of agricultures products, food and beverage materials

Revenue from sales of goods is recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligations that could affect the customers' acceptance of the products. A delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that consideration is unconditional because only the passage of time is required before the payment is due.

Manufacturing and sales of photovoltaic products and EPC

Revenue from the manufacturing and sales of photovoltaic products and EPC directly to the customers is recognised at the point that the control of the finished products has passed to the customers, which is primarily upon the delivery of the products to the customers.

Logistics services and information technology development

The performance obligation is satisfied at a point in time when the services is transferred and accepted by the customers.

Transaction price allocated to the remaining performance obligations from contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and 2021 and the expected timing of recognising revenue are as follows:

	2022 HK$'000	2021 HK$'000
Provision of foundation works and superstructure building works		
Within one year	**293,256**	162,989
Over one year	**55,721**	3,929
	348,977	166,918

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSS) AND SEGMENT INFORMATION *(Continued)*

Segment information

The Group's operating segments are determined based on information reported to the board of directors of the Company, being the chief operating decision-maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

(i) Building works and construction related business — provision of piling works, excavation and lateral support works, and pile cap construction and building works; development and sale of properties and holding of properties for investment and leasing purposes; provision of property management services, which include security, cleaning, greening, gardening, repair and maintenance; and supplying of construction materials;

(ii) F&B supply chain — provision of agriculture products, food and beverage materials supply chain business;

(iii) Health and wellness — provision of health and wellness services, which include the healthcare consulting and sales of healthcare products and healthy food;

(iv) Smart logistic and information system — provision of logistics services and information technology development; and

(v) New energy and EPC — manufacturing and sales of photovoltaic products and EPC.

The Group has introduced an additional segment of new energy and EPC during the Reporting Year.

In previous year, (i) foundation works and superstructure building works and trading of construction materials suppliers, (ii) property development and investment, and (iii) property management were reported to the CODM as stand-alone business units and constituted separate segments. Following a change in the Group's operating and reporting structure, starting from the year 2022, such business activities are combined into a single segment before being reported to the CODM. Accordingly, the CODM now reviews the Group's internal reporting based on the five abovementioned segments. Following the changes in reporting segments, the comparative segment information has been reclassified.

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSS) AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and result by operating segments:

For the year ended 31 December 2022

	Building and construction related business HK$'000	F&B supply chain HK$'000	Health and wellness HK$'000	Smart logistic and information system HK$'000	New energy and EPC HK$'000	Elimination HK$'000	Total HK$'000
REVENUE							
Revenue from external customers	852,663	198,669	483,997	19,718	58,594	–	1,613,641
Inter-segment sales	112,542	–	2,238	–	–	(114,780)	–
	965,205	198,669	486,235	19,718	58,594	(114,780)	1,613,641
RESULT							
Segment (loss)/profit	(43,754)	(783)	(2,697)	1,063	(3,091)	–	(49,262)
Other income and net gains/(loss)							37,866
Unallocated corporation expenses							(14,094)
Finance costs							(5,520)
Loss before income tax							(31,010)

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSS) AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 December 2021

	Building and construction related business HK$'000	F&B Supply chain HK$'000	Health and wellness HK$'000	Smart logistic and information system HK$'000	Elimination HK$'000	Total HK$'000
REVENUE						
Revenue from external customers	810,358	93,149	176,139	6,590	–	1,086,236
Inter-segment sales	73,997	–	–	–	(73,997)	–
	884,355	93,149	176,139	6,590	(73,997)	1,086,236
RESULT						
Segment profit/(loss)	67,555	(1,982)	(7,266)	(2,373)	–	55,934
Other income and gains/(loss)						41,413
Unallocated corporation expenses						(14,395)
Finance costs						(3,413)
Profit before income tax						79,539

Segment revenue reported above represents revenue generated from external customers. Inter- segment revenue is charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the (loss)/profit from each segment without allocation of other income and net gains/(loss), unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSS) AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment assets and liabilities

	2022 HK$'000	2021 HK$'000
Segment assets		
Building and construction related business	**709,377**	701,641
F&B supply chain	**885**	4,048
Health and wellness	**40,017**	9,081
Smart logistic and information system	**18,888**	319
New energy and EPC	**564,888**	–
Total segment assets	**1,334,055**	715,089
Unallocated corporate assets	**156,983**	57,092
Consolidated total assets	**1,491,038**	772,181
Segment liabilities		
Building works and construction related business	**439,765**	483,952
F&B supply chain	**1,095**	6,025
Health and wellness	**39,340**	14,432
Smart logistic and information system	**11,489**	1,506
New energy and EPC	**454,771**	–
Total segment liabilities	**946,460**	505,915
Unallocated corporate liabilities	**356,405**	35,052
Consolidated total liabilities	**1,302,865**	540,967

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

- all assets are allocated to operating segments other than deposit and prepayment for life insurance policy, tax recoverable, cash and bank balance and other unallocated corporate assets; and

- all liabilities are allocated to operating segments other than tax payables, deferred tax liabilities, liabilities for long service payments and other unallocated corporate liabilities.

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSS) AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Other segment information
For the year ended 31 December 2022

	Building and construction related business HK$'000	F&B supply chain HK$'000	Health and wellness HK$'000	Smart logistic and information system HK$'000	New energy and EPC HK$'000	Unallocated HK$'000	Total HK$'000
Addition to non-current assets	403	–	4,330	–	66,101	37,762	108,596
Depreciation of property, plant and equipment	6,928	–	357	–	24	1	7,310
Depreciation of right-of-use assets	–	–	1,998	–	–	–	1,998
Loss on fair value changes of investment properties	(7,308)	–	–	–	–	–	(7,308)

For the year ended 31 December 2021

	Building and construction related business HK$'000	F&B supply chain HK$'000	Health and wellness HK$'000	Smart logistic and information system HK$'000	New energy and EPC HK$'000	Unallocated HK$'000	Total HK$'000
Addition to non-current assets	14,624	35	899	–	–	2	15,560
Depreciation of property, plant and equipment	6,863	2	507	91	–	–	7,542
Depreciation of right-of-use assets	261	–	1,505	4	–	110	1,880
Gain on fair value changes of investment properties	45,254	–	–	–	–	–	45,254

5. REVENUE, OTHER INCOME AND NET GAINS/(LOSS) AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Geographical information

The Group's operations are located in both Hong Kong and the PRC.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Hong Kong	**101,544**	137,812	**20,934**	24,202
The PRC	**1,512,097**	948,424	**297,105**	269,769
	1,613,641	1,086,236	**318,039**	293,971

Note: Non-current assets excluded deposit and prepayment for life insurance policy.

Information about major customers

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

	2022 HK$'000	2021 HK$'000
Customer I[1]	**166,005**	N/A[3]
Customer II[2]	**165,662**	N/A[3]
Customer III[2]	**N/A[3]**	109,353

[1] Revenue from trading of health and wellness.

[2] Revenue from building and construction related business.

[3] The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective year.

6. FINANCE COST

	2022 HK$'000	2021 HK$'000
Interest on borrowings	5,201	3,043
Interest on lease liabilities	319	370
	5,520	3,413

7. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before taxation has been arrived at after charging/(crediting):

	2022 HK$'000	2021 HK$'000
Auditors' remuneration	1,580	1,450
Depreciation of property, plant and equipment	7,310	7,542
Depreciation of right-of-use assets	1,998	1,880
Provision for impairment losses on trade receivables	34,160	2,088
(Reversal of)/provision for impairment losses on contract assets	(68)	38
Provision for impairment losses on other receivables and deposits	1,466	146
Rental expense from short-term leases	1,149	1,893
Cost of properties and other inventories sold recognised as an expense	337,477	–
Staff costs (including directors' emoluments)	43,246	49,699

8. EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2022 HK$'000	2021 HK$'000
Directors' emoluments	**2,118**	2,118
Other staff costs	**40,009**	46,121
Retirement scheme contributions — defined contribution plan, excluding directors	**1,119**	1,460
	43,246	49,699

The Group operates defined contribution schemes in Hong Kong which comply with the requirements under the Mandatory Provident Fund ("**MPF**") Schemes Ordinance. All assets under the scheme are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

The employees of the Group's subsidiaries established in the PRC are required to participate in a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a certain percentage of basic payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

As at 31 December 2022 and 2021, there were no forfeited contributions available to offset future employers' contributions to the schemes.

9. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the years ended 31 December 2022 and 2021 are set out below:

	Fee HK$'000	Salaries, allowances and other benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2022					
Executive directors					
— Mr. Yu Zhuyun ("**Mr. Yu**") (Note (i))	–	600	–	18	618
— Mr. Li Menglin	–	550	–	–	550
Non-executive directors					
— Mr. Qiao Xiaoge	–	100	–	–	100
— Ms. Zhu Yujuan	–	100	–	–	100
Independent non-executive directors					
— Dr. Li David Xianglin	250	–	–	–	250
— Mr. Wang Wenxing	250	–	–	–	250
— Dr. Zhou Chunsheng	250	–	–	–	250
	750	1,350	–	18	2,118

9. BENEFITS AND INTEREST OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

	Fee HK$'000	Salaries, allowances and other benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2021					
Executive directors					
— Mr. Yu (Note (i))	–	600	–	18	618
— Mr. Li Menglin	–	550	–	–	550
Non-executive directors					
— Mr. Qiao Xiaoge	–	100	–	–	100
— Ms. Zhu Yujuan	–	100	–	–	100
Independent non-executive directors					
— Dr. Li David Xianglin	250	–	–	–	250
— Mr. Wang Wenxing	250	–	–	–	250
— Dr. Zhou Chunsheng	250	–	–	–	250
	750	1,350	–	18	2,118

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (31 December 2021: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year (31 December 2021: Nil).

9. BENEFITS AND INTEREST OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

Note:

(i) Mr. Yu is also the chief executive officer of the Company and his emoluments disclosed above including these for services rendered by him as the chief executive officer.

(b) Five highest paid individuals

Of the five individuals with the highest in the Group, two (31 December 2021: none) were directors, whose emoluments are disclosed above. The emoluments paid to the remaining three (31 December 2021: five) individuals were as follows:

	2022 HK$'000	2021 HK$'000
Salaries and allowances	**2,445**	3,932
Discretionary bonuses	**116**	483
Retirement scheme contributions	**54**	75
	2,615	4,490

The emoluments fell within the following bands:

	2022 Number of individuals	2021 Number of individuals
Emolument bands (in HK$)		
Nil–HK$1,000,000	**2**	3
HK$1,000,001–HK$1,500,000	**1**	2

During the year, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (31 December 2021: Nil).

10. INCOME TAX (CREDIT)/EXPENSE

	2022 HK$'000	2021 HK$'000
Hong Kong Profits Tax		
— Current tax	–	–
The PRC Enterprise Income Tax		
— Current tax	2,045	14,771
Deferred tax	(2,727)	4,482
Income tax (credit)/expense	(682)	19,253

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2022 and 2021 as the Group has available tax losses brought forward from prior periods.

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

Pursuant to relevant PRC tax laws and regulations, the annual taxable income of a small low-profit enterprises (the "**Small Low-profit Enterprises**") that is not more than RMB1 million shall be taxed at a 20% corporate income tax rate on 12.5% (2021: 25%) of their taxable income amount for the proportion of taxable income not exceeding RMB1 million; and taxed at a 20% corporate income tax rate on 50% (2021: 50%) of their taxable income amount of more than RMB1 million but not exceeding RMB3 million for the year.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

10. INCOME TAX (CREDIT)/EXPENSE *(Continued)*

The tax (credit)/charge for the year can be reconciled to (loss)/profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2022 HK$'000	2021 HK$'000
(Loss)/profit before income tax	**(31,010)**	79,539
Calculated at the statutory tax rate of 16.5% (2021:16.5%)	**(5,117)**	13,124
Income not subject to tax	**(4,255)**	(22)
Expenses not deductible for tax purposes	**9,128**	138
Tax concession	**(222)**	–
Effect of PRC land appreciation tax	**(1,827)**	3,630
Tax losses for which no deferred income tax asset was recognised	**7,892**	7,402
Utilisation of tax losses previously not recognised	**(138)**	(1,003)
Effect of different taxation rates in other jurisdictions	**(6,143)**	(4,016)
Income tax (credit)/expense	**(682)**	19,253

11. (LOSS)/EARNINGS PER SHARE

	2022	2021
(Loss)/profit attributable to owners of the Company (HK$'000)	**(27,843)**	61,985
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (in thousand)	**1,056,000**	1,056,000
Basic (loss)/earnings per share (HK cent)	**(2.64)**	5.87

No diluted (loss)/earnings per share is presented for both years as there was no potential ordinary share outstanding.

12. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period are set out as follows:

Name	Place of incorporation/ operation and kind of legal entity	Principal activities	Issued and fully paid-up capital/ registered capital	Percentage of interest held	
				2022	2021
Wise Trend Engineering Limited ("**Wise Trend Engineering**")	Hong Kong, limited liability company	Business of foundation works and superstructure building works	Ordinary share HK$59,323,629	**100% (indirect)**	100% (indirect)
Wise Trend Construction & Engineering Limited ("**Wise Trend Construction & Engineering**")	Hong Kong, limited liability company	Handling human resources and related administrative matters of the Group	Ordinary share HK$10,000	**100% (indirect)**	100% (indirect)
Wise Trend Construction Limited ("**Wise Trend Construction**")	Hong Kong, limited liability company	Business of foundation works and superstructure building works	Ordinary share HK$1,000,000	**100% (indirect)**	100% (indirect)
浙江新田鋪農旅開發有限公司 Zhejiang Xintianpu Agricultural Travel Development Ltd*	PRC, limited liability company	Business of property development and investment	Registered capital RMB50,000,000	**100% (indirect)**	100% (indirect)
安徽中之環建築工程有限公司 Anhui Zhongzhihuan Construction Engineering Co., Ltd* ("**Anhui Zhongzhihuan Construction**")	PRC, limited liability company	Business of foundation works and superstructure building works	Registered capital RMB40,000,000	**100% (indirect)**	100% (indirect)
合肥廣益鑫貿易有限公司 Hefei Guangyixin Trading Co., Ltd* ("**Hefei Guangyixin**")	PRC, limited liability company	Trading of commodities	Registered capital RMB50,000,000	**–**	100% (indirect)
中環廣利恒(衢州)有色金屬貿易有限公司 Zhonghuan Guangliheng (Quzhou) Non-Ferrous Metal Trading Co., Ltd*	PRC, limited liability company	Trading of commodities	Registered capital RMB50,000,000	**100% (indirect)**	100% (indirect)
中環鑫信匯(衢州)貿易有限公司 Zhonghuan Xinxinhui (Quzhou) Trading Co., Ltd*	PRC, limited liability company	Trading of commodities, provision of health and wellness services and provision of agriculture products food and beverage materials supply chain business	Registered capital RMB50,000,000	**100% (indirect)**	100% (indirect)

12. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation and kind of legal entity	Principal activities	Issued and fully paid-up capital/ registered capital	Percentage of interest held	
				2022	2021
中之環大健康科技發展(北京)有限公司 Zhongzhihuanda Health Technology Development (Beijing) Co., Ltd.*	PRC, limited liability company	Provision of health and wellness services	Registered capital RMB50,000,000	**100% (indirect)**	100% (indirect)
安徽中港物業服務有限公司 Anhui Zhong Gang Property Service Co., Ltd*	PRC, limited liability company	Provision of property investment advisory services	Registered capital RMB8,000,000	**100% (indirect)**	100% (indirect)
中環數科(江蘇)智能科技有限公司 Central DigiTech (Jiang Su) Intelligent Technology Inc.*	PRC limited liability company	Provision of smart logistic and information system	Registered capital RMB20,000,000	**100% (indirect)**	–
中環中清(安徽)光伏組件有限公司 Zhonghuan Zhongqing (Anhui) Photovoltaic Module Co., Ltd*	PRC, limited liability company	Provision of new energy and EPC	Registered capital RMB100,000,000	**100% (indirect)**	–
中環孚堯低碳能源科技(浙江)有限公司 Zhonghuan Fuyao Low Carbon Energy Technology (Zhejiang) Co., Ltd*	PRC, limited liability company	Provision of new energy and EPC	Registered capital RMB30,000,000	**51% (indirect)**	–
浙江新莘農業科技有限公司 Zhejiang Xinxin Agricultural Technology Co., Ltd.*	PRC, limited liability company	Provision of health and wellness services	Registered capital RMB10,000,000	**60% (indirect)**	60% (indirect)
倫內斯塔健康管理(上海)有限公司 Lenesta Health Management (Shanghai) Co., Ltd.* ("**Lenesta Health**")	PRC, limited liability company	Provision of health and wellness services	Registered capital RMB6,500,000	**–**	100% (indirect)
上海中環尋玲健康管理有限公司 Shanghai Zhonghuan Xunling Health Management Co., Ltd.*	PRC, limited liability company	Provision of health and wellness services	Registered capital RMB1,000,000	**51% (indirect)**	51% (indirect)

Notes:

(a) In January 2021, the Group entered into a sale and purchase agreement to acquire 46.15% of the registered capital with nil consideration. After the acquisition, the Group indirectly held 100% equity interest in Lenesta Health. The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

(b) In June 2022, 上海雲爾愈醫療器械有限公司 Shanghai Yuneryu Medical Instrument Co., Ltd* ("**Shanghai Yuneryu**"), an indirect wholly-owned subsidiary of the Company, allotted and issued additional shares to one of its shareholders. Consequently, the Group's equity interest in Shanghai Yuneryu was diluted from 51% to 12.24% which resulted in loss of control. The transaction was accounted as a deemed disposal of subsidiary, Shanghai Yuneryu then became financial assets at fair value through profit or loss of the Group. The Group recorded net gain of approximately HK$144,000 on deemed disposal of subsidiary. The net outflows of cash and cash equivalents in respect of the disposal was approximately HK$195,000.

(c) None of the subsidiaries had issued any listed securities at the end of the reporting period. The Group had no subsidiaries which have material non-controlling interests for both year.

* English translation of the name of a Chinese company is provided for identification purpose only.

13. DIVIDENDS

No dividend was proposed or paid by the Board for the year ended 31 December 2022 (2021: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK$'000	Leasehold improvements HK$'000	Furniture fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost						
At 1 January 2021	27,513	1,181	1,979	5,794	–	36,467
Additions	14,597	302	661	–	–	15,560
Disposals of subsidiaries	–	–	(482)	–	–	(482)
Disposals	(4,035)	(115)	(106)	–	–	(4,256)
Exchange adjustments	–	31	122	8	–	161
At 31 December 2021	38,075	1,399	2,174	5,802	–	47,450
Accumulated depreciation						
At 1 January 2021	11,521	449	318	3,306	–	15,594
Charge for the year	6,065	158	540	779	–	7,542
Eliminated on disposals of subsidiaries	–	–	(222)	–	–	(222)
Eliminated on disposals	(2,111)	(28)	(23)	–	–	(2,162)
Exchange adjustments	–	3	72	2	–	77
At 31 December 2021	15,475	582	685	4,087	–	20,829
Net book value						
At 31 December 2021	22,600	817	1,489	1,715	–	26,621
Cost						
At 1 January 2022	**38,075**	**1,399**	**2,174**	**5,802**	**–**	**47,450**
Additions	**65,106**	**–**	**1,015**	**388**	**11,936**	**78,445**
Disposals of subsidiaries	**–**	**(927)**	**(1,403)**	**–**	**(11,873)**	**(14,203)**
Disposals	**–**	**–**	**–**	**(640)**	**–**	**(640)**
Exchange adjustments	**(1,683)**	**(48)**	**(179)**	**(23)**	**(63)**	**(1,996)**
At 31 December 2022	**101,498**	**424**	**1,607**	**5,527**	**–**	**109,056**
Accumulated depreciation						
At 1 January 2022	**15,475**	**582**	**685**	**4,087**	**–**	**20,829**
Charge for the year	**6,051**	**162**	**308**	**789**	**–**	**7,310**
Eliminated on disposals of subsidiaries	**–**	**(308)**	**(485)**	**–**	**–**	**(793)**
Eliminated on disposals	**–**	**–**	**–**	**(640)**	**–**	**(640)**
Exchange adjustments	**–**	**(12)**	**(79)**	**(14)**	**–**	**(105)**
At 31 December 2022	**21,526**	**424**	**429**	**4,222**	**–**	**26,601**
Net book value						
At 31 December 2022	**79,972**	**–**	**1,178**	**1,305**	**–**	**82,455**

15. RIGHT-OF-USE ASSETS

For both years, the Group leases certain properties as office premises for its operations. Leases contracts are entered into for fixed terms of two years (31 December 2021: five years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In addition, lump sum payments were made upfront to acquire the leased land from the owners with lease periods of forty years, and no ongoing payments will be made under the terms of these land leases for prior period. The relevant leasehold land were disposed during the year ended 31 December 2021.

	Staff quarter HK$'000	**Office premises** HK$'000	**Leasehold lands** HK$'000	**Total** HK$'000
At 31 December 2022				
Carrying amount	**–**	**3,125**	**–**	**3,125**
At 31 December 2021				
Carrying amount	–	6,066	–	6,066
For the year ended 31 December 2022				
Depreciation charge	**–**	**1,998**	**–**	**1,998**
For the year ended 31 December 2021				
Depreciation charge	261	1,509	110	1,880

	2022 **HK$'000**	2021 HK$'000
Finance costs (Note 6)	**319**	370
Expense relating to short-term leases	**1,149**	1,893
Total cash outflow for leases	**3,415**	3,663
Addition to right-of-use assets	**30,151**	–
Disposals of subsidiaries (Note 37)	**30,982**	5,139

The Group regularly entered into short-term leases for certain office premises and office equipment.

During the year, the local government provided the properties free of charge for supporting the development of the new photovoltaic project in Fengtai County, the PRC. There are no unfulfilled and other contingencies attached.

The lease agreements do not impose any covenants other than the security interests in the leases assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2021	71,149
Additions	123,083
Transfer from properties under development for sale	12,519
Net increase in fair value recognised in profit or loss	45,254
Exchange adjustments	5,434
At 31 December 2021 and 1 January 2022	257,439
Net decrease in fair value recognised in profit or loss	**(7,308)**
Exchange adjustments	**(20,741)**
At 31 December 2022	**229,390**

	2022 HK$'000	2021 HK$'000
Unrealised (loss)/gain on properties revaluation included in profit or loss	**(7,308)**	45,254

The fair value of the Group's investment properties located in the PRC at 31 December 2022 have been arrived at on the basis of a valuation carried out on the respective dates by Peak Vision Appraisals Limited, independent qualified professional valuers not connected to the Group.

During the year ended 31 December 2021, certain property under development for sale of the Group with carrying amounts of approximately HK$12,519,000 were completed and transferred to investment properties at fair value of approximately HK$12,669,000 at the date of transfer due to the change of usage as evidenced by inception of an operating lease. The difference between the carrying amount and fair value which amounted to approximately HK$147,000 was recognised in profit or loss.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 3 HK$'000	**Fair value as at 2022 HK$'000**	Level 3 HK$'000	Fair value as at 2021 HK$'000
Investment properties located in the PRC	**229,390**	**229,390**	257,439	257,439

There were no transfers into or out of Level 3 during the year (31 December 2021: Nil).

16. INVESTMENT PROPERTIES *(Continued)*

Investment properties	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
At 31 December 2022				
Hotels located in the PRC	Level 3	Income capitalisation method	Capitalisation rate 4.5%	The increase in capitalisation rate, would result in a decrease in fair value and vice versa.
			Market rent per month HK$34.4 per square metre	The increase in market rent, would result in a increase the fair value and vice versa.
Properties located in the PRC	Level 3	Income capitalisation method	Capitalisation rate 4%	The increase in capitalisation rate, would result in a decrease in fair value and vice versa.
			Market rent per month HK$43.7 per square metre	The increase in market rent, would result in a increase the fair value and vice versa.
At 31 December 2021				
Hotels located in the PRC	Level 3	Income capitalisation method	Capitalisation rate 4.5%	The increase in capitalisation rate, would result in a decrease in fair value and vice versa.
			Market rent per month HK$38.5 per square metre	The increase in market rent, would result in a increase the fair value and vice versa.
Properties located in the PRC	Level 3	Income capitalisation method	Capitalisation rate 4%	The increase in capitalisation rate, would result in a decrease in fair value and vice versa.
			Market rent per month HK$49.2 per square metre	The increase in market rent, would result in a increase the fair value and vice versa.

As at 31 December 2022 and 2021, the fair value was derived using the income capitalisation method, cross-referenced with comparable market transactions. The income capitalisation approach is based on the capitalisation of the existing rental income at appropriate capitalisation rates that by reference to the yields achieved in analysed market sales transactions and as expected by investors.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

17. INTANGIBLE ASSETS

	Goodwill HK$'000 Note (i)	Licence HK$'000 Note (ii)	Total HK$'000
At 1 January 2021	1,127	2,988	4,115
Disposal of Zhonggao Group	(382)	–	(382)
Exchange adjustments	12	100	112
As at 31 December 2021 and 1 January 2022	757	3,088	3,845
Disposal of Hefei Guangyixin (Note 37(a))	**(508)**	**–**	**(508)**
Exchange adjustments	**(28)**	**(240)**	**(268)**
As at 31 December 2022	**221**	**2,848**	**3,069**

Notes:

(i) The carrying amount of goodwill is allocated to the CGU as follows:

	2022 HK$'000	2021 HK$'000
Trading of construction materials	**–**	560
Property management	**221**	197
	221	757

(a) Provision of logistics services and information technology development

During the year ended 31 December 2021, the goodwill relating to provision of logistics services and information technology development was derecognised as the equity interest of Zhonggao Group was disposed.

17. INTANGIBLE ASSETS *(Continued)*

Notes: (continued)

(i) (Continued)

(b) Trading of construction materials

During the year ended 31 December 2022, the goodwill relating to trading of construction materials was derecognised as the equity interest of Hefei Guangyixin was disposed.

During the year ended 31 December 2021, the management performed impairment review for the goodwill. The recoverable amount of the CGU has been determined by a value-in-use calculation based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows covering a 5-year period as approved by management. The CGU's cash flows are extrapolated using a steady 2% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. All cash flows are using a pre-tax discount rate of 16.52%, that reflect the risks specific to the CGU. No impairment loss was recognised in respect of goodwill allocated to this CGU for the year as the recoverable amount to this CGU exceeded its carrying amount.

(c) Provision of property management services

During the year, the management performed impairment review for the goodwill. The recoverable amount of the CGU has been determined by a value-in-use calculation based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows covering a 5-year period as approved by management. The CGU's cash flows are extrapolated using a steady 2% growth rate (31 December 2021: 2%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. All cash flows are using a pre-tax discount rate of 19.61% (31 December 2021: 18.01%), that reflect the risks specific to the CGU. No impairment loss was recognised in respect of goodwill allocated to this CGU for the year as the recoverable amount to this CGU exceeded its carrying amount (31 December 2021: Nil).

(ii) The licence represents a second class main contractor in general construction works licence (建築工程施工總承包貳級) in the PRC.

The licence is considered by the management of the Group as having an indefinite useful life as it is expected to generate economic benefit to the Group indefinitely. The licence will not be amortised until its useful life is determined to be finite.

During the year, the management performed impairment review for the licence. The recoverable amount of the licence has been determined by a value-in-use calculation based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows covering a 5-year period as approved by management. The CGU's cash flows are extrapolated using a steady 2% growth rate (31 December 2021: 2%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. All cash flows are using a pre-tax discount rate of 14.41% (31 December 2021: 14.22%), that reflect the risks specific to the licence. No impairment loss was recognised for year as the recoverable amount to the licence exceeded its carrying amount (31 December 2021: Nil).

18. DEPOSIT AND PREPAYMENT FOR LIFE INSURANCE POLICY

The Group entered into a life Insurance policy with an insurance company to insure Mr. Ng Chi Bun Benjamin in 2017. Under the policy, Wise Trend Engineering is the beneficiary and policy holder and the total insured sum is US$ 1,080,000 (equivalent to approximately HK$8,424,000). Wise Trend Engineering is required to pay upfront deposits of approximately US$388,000 (equivalent to approximately HK$3,026,000). Wise Trend Engineering can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront payments of approximately US$388,000 (equivalent to approximately HK$3,026,000) plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. In addition, if withdrawal is made at any time during the first to the eighteenth policy year, as appropriate, a pre-determined specified amount of surrender charge would be imposed. The insurance company will pay Wise Trend Engineering a guaranteed interest of 3.55% per annum for the first year, followed by guaranteed interest of 2% per annum or above per annum for the following years.

At 31 December 2022, the deposits and prepayments for life insurance policies amounted to approximately HK$3,293,000 (31 December 2021: HK$3,214,000). The deposits and prepayments for life insurance policies are denominated in US$.

Included in sundries income for the year was amount of approximately HK$104,000 (31 December 2021: HK$102,000) in respect of income on deposit and prepayment for life insurance policy.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Equity securities listed in the United States	**796**	–

The fair value of the listed securities are determined based on quoted market bid price available on the relevant stock exchange.

Details of disclosure for fair value measurement are set out in Note 3.3.

20. PROPERTIES AVAILABLE FOR SALE

	2022 HK$'000	2021 HK$'000
Properties available for sale	**72,547**	92,369

21. FINANCIAL INSTRUMENTS BY CATEGORY

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
— mandatorily measured at FVTPL	**796**	–
Financial assets at amortised cost		
Trade and other receivables excluding prepayments	**304,396**	183,065
Cash and bank balances	**613,996**	50,373
Total	**918,392**	233,438
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**318,189**	279,004
Amounts due to related companies	**397,072**	103,196
Borrowings	**499,728**	107,047
Lease liabilities	**3,256**	6,290
Total	**1,218,245**	495,537

22. CONTRACT ASSETS AND CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Contract assets	**105,350**	137,470
Less: Provision for impairment losses	**(463)**	(576)
Contract assets — net	**104,887**	136,894
Contract liabilities	**(65,736)**	(18,880)
	39,151	118,014

Included in the Group's contract assets are amount due from a related party of approximately HK$8,885,000 as at 31 December 2022 (31 December 2021: HK$58,177,000).

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on factors other than passage of time. The contract assets are transferred to trade receivables when the rights become unconditional. When the Group receives a deposit before services are rendered, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

22. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

Included in contract liabilities as at 31 December 2022 were in relation to the types of service or goods as the followings: (i) amounted to approximately HK$19,465,000 (31 December 2021: HK$18,748,000) for foundation works and superstructure building works; (ii) amounted to approximately HK$14,260,000 (31 December 2021: nil) for property management services; (iii) amounted to approximately HK$28,400,000 (31 December 2021: nil) for trading of construction materials; (iv) amounted to approximately HK$1,062,000 (31 December 2021: HK$132,000) for sales of agricultures products, food and beverage materials; (v) amounted to approximately HK$ 2,000,000 (31 December 2021: nil) for sales of healthcare products and healthy food; (vi) amounted to approximately HK$549,000 (31 December 2021: nil) for logistics services and information technology development.

As at 31 December 2022, included in contract assets comprises retention receivables of approximately HK$22,517,000 (31 December 2021: HK$28,123,000). Retention receivables represented the monies withheld by customers of contract works fully recoverable within 1 year from the date of completion of construction contracts, in accordance with the terms specified in the relevant contracts. Generally, upon satisfactory completion of contract work as set out in the contract, partial of the retention money of such contract work will be released to the Group, while the remaining will be released to the Group upon the expiration of the defects liability period.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities:

	2022 HK$'000	2021 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	18,880	63,571

Details of impairment assessment of contract assets for the years ended 31 December 2022 and 2021 are set out in Note 3.1.

23. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**230,495**	146,893
Less: Provision for impairment losses on trade receivables	**(36,001)**	(2,919)
	194,494	143,974
Other receivables, deposits and prepayments	**147,663**	51,298
Less: Provision for impairment losses on other receivables and deposits	**(1,821)**	(473)
	145,842	50,825
	340,336	194,799

Notes:

(a) The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The credit period granted to customers is generally 7 to 270 days (2021: 7 to 270 days).

(b) The ageing analysis of the trade receivables (including amounts due from related companies of trading in nature) based on payment certificate date/invoice date is as follows:

	2022 HK$'000	2021 HK$'000
0–30 days	**99,220**	61,651
31–60 days	**43,344**	6,370
61–90 days	**10,242**	54,801
Over 90 days	**77,689**	24,071
	230,495	146,893

(c) Age of trade receivables that are past due but not impaired:

As at 31 December 2022, trade receivables of approximately HK$107,207,000 (31 December 2021: HK$14,169,000) were past due. Based on past experience and forward-looking estimates, the amounts are considered as recoverable.

(d) Included in the Group's other receivables are amounts due from related companies of approximately HK$1,187,000 as at 31 December 2022 (31 December 2021: HK$944,000), which are repayable on credit terms similar to those offered to other customers of the Group.

(e) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

23. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes (continued):

(f) Details of impairment assessment of trade and other receivables for the years ended 31 December 2022 and 2021 are set out in Note 3.1.

(g) Transfer of financial assets:

The following were the Group's trade receivables as at 31 December 2022 that were transferred to a financial institution in the PRC by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised cash received on the transfer as other borrowings (see Note 33). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	2022	2021
	HK$'000	HK$'000
Carrying amount of transferred assets	**83,528**	82,723
Carrying amount of associated liabilities	**71,538**	79,047

24. INVENTORIES

Inventories in the consolidated statements of financial position comprise:

	2022	2021
	HK$'000	HK$'000
Raw materials	**15,487**	–
Finished goods	**21,096**	–
	36,583	–

25. CASH AND BANK BALANCES

	2022 HK$'000	2021 HK$'000
Cash at banks	**613,929**	50,372
Cash on hand	**67**	1
Cash and cash equivalents	**613,996**	50,373

Notes:

(a) As at 31 December 2022, included in cash and cash equivalents of the Group was approximately HK$452,300,000 (31 December 2021: HK$9,830,000) of bank balances denominated in RMB placed with banks in the PRC, which are not freely convertible into other currencies.

(b) Cash at banks earns interest at floating rates based on daily bank deposit rates.

26. SHARE CAPITAL

	Number of shares '000	**Share capital** HK$'000
Ordinary shares of HK$0.0025 (31 December 2021: HK$0.0025) each		
Authorised:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	**20,000,000**	**50,000**
Issued and fully paid:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	**1,056,000**	**2,640**

27. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 13 March 2018 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, consultants or advisors, substantial shareholder, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

27. SHARE OPTION SCHEME *(Continued)*

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the board of directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 13 March 2018, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 December 2022 and 2021.

28. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Within one year	**1,380**	1,211
Within a period of more than one year but not exceeding two years	**1,876**	1,273
Within a period of more than two years but not exceeding five years	**–**	3,806
	3,256	6,290
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,380)**	(1,211)
Amount due for settlement after 12 months shown under non-current liabilities	**1,876**	5,079

Lease obligations that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	2022 HK$'000	2021 HK$'000
RMB	**–**	6,290

29. LIABILITIES FOR LONG SERVICE PAYMENTS

Under the Hong Kong Employment Ordinance, the Group is obligated to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. The long service payments are paid out from the Group's cash at banks when such payments are required.

	Total HK$'000
At 1 January 2021	820
Charged to profit or loss	64
At 31 December 2021 and 1 January 2022	884
Credited to profit or loss	**(203)**
At 31 December 2022	**681**

30. DEFERRED TAX LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 HK$'000	2021 HK$'000
Deferred tax liabilities	**7,705**	11,050

The components of deferred tax liabilities recognised in the consolidated statements of financial position and the movements during the years are as follows:

	ECL provision HK$'000	**Accelerated tax depreciation** HK$'000	**Land appreciation tax** HK$'000	**Total** HK$'000
At 1 January 2021	(13)	2,036	4,325	6,348
Charged to profit or loss (Note 10)	9	843	3,630	4,482
Exchange realignment	–	–	220	220
At 31 December 2021 and 1 January 2022	(4)	2,879	8,175	11,050
Credited to profit or loss (Note 10)	(2)	(898)	(1,827)	(2,727)
Exchange realignment	–	–	(618)	(618)
At 31 December 2022	**(6)**	**1,981**	**5,730**	**7,705**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to profits earned by the PRC subsidiaries amounting to approximately HK$145,371,000 as at 31 December 2022 (31 December 2021: HK$139,274,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$158,811,000 (31 December 2021: approximately HK$121,494,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of these estimated unused tax losses due to unpredictability of future profit streams. The losses may be carried forward indefinitely.

31. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables	**284,606**	239,056
Accruals and other payables	**33,583**	39,948
	318,189	279,004

Notes:

(a) Payment terms granted by suppliers are generally 7 to 270 days (2021: 7 to 270 days) from the invoice date of the relevant purchases.

(b) The ageing analysis of trade payables based on the invoice date is as follows:

	2022 HK$'000	2021 HK$'000
0–30 days	**166,872**	192,721
31–60 days	**36,991**	14,226
61–90 days	**1,750**	1,503
Over 90 days	**78,993**	30,606
	284,606	239,056

(c) In the Group's other payables are amounts due to related parties of approximately HK$804,000 as at 31 December 2022 (31 December 2021: HK$954,000), which are non-interest bearing and repayable on demand.

32. AMOUNTS DUE TO RELATED COMPANIES

As at 31 December 2022 and 2021, the amounts due to related companies are unsecured, non-interest bearing and repayable from two to three years.

33. BORROWINGS

	2022 HK$'000	2021 HK$'000
Bank borrowings — secured	4,690	–
Other borrowings — secured	71,538	79,047
Other borrowings — unsecured	423,500	28,000
	499,728	107,047

	2022 HK$'000	2021 HK$'000
The carrying amounts of the above borrowings are repayable:		
Within one year	499,728	79,047
Within a period of more than one year but not exceeding two years	–	28,000
	499,728	107,047
Less: Amount due for settlement within 12 months shown under current liabilities	(499,728)	(79,047)
Amount due for settlement after 12 months shown under non-current liabilities	–	28,000

The other borrowings amounting approximately HK$71,538,000 (2021: HK$79,047,000) are secured by certain trade receivables (Note 23) and bear interest at 9.3% per annum (2021: 9.3% per annum).

The other borrowings amounting approximately HK$28,000,000 (2021: HK$28,000,000) are unsecured and bear interest at 5% per annum (2021: 5% per annum).

The other borrowings amounting approximately HK$395,500,000 (2021: nil) are unsecured and non-interest bearing.

Borrowings that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	2022 HK$'000	2021 HK$'000
RMB	471,728	79,047

34. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of (loss)/profit before income tax to net cash used in operations

	2022 HK$'000	2021 HK$'000
(Loss)/profit before income tax	**(31,010)**	79,539
Adjustments for:		
Depreciation of property, plant and equipment	**7,310**	7,542
Depreciation of right-of-use assets	**1,998**	1,880
Interest income	**(237)**	(175)
Provision for impairment losses on trade receivables	**34,160**	2,088
(Reversal of)/provision for impairment losses on contract assets	**(68)**	38
Provision for impairment losses on other receivables and deposits	**1,466**	146
Loss/(gain) on fair value changes of investment properties	**7,308**	(45,254)
Loss on fair value changes of FATPL	**9,097**	–
Net gains on disposal of property, plant and equipment	**–**	(46)
Net (gains)/losses on disposal and deemed disposal of subsidiaries	**(34,959)**	908
Business consulting fee	**(9,173)**	–
(Reversal of)/provision for long service payments	**(203)**	64
Finance costs	**5,520**	3,413
Operating (loss)/profit before working capital changes	**(8,791)**	50,143
Decrease/(increase) in properties available for sale	**12,879**	(34,905)
Decrease in contract assets	**24,441**	34,462
Increase in trade and other receivables	**(189,656)**	(117,830)
Increase in inventories	**(37,554)**	–
Increase/(decrease) in contract liabilities	**49,675**	(60,849)
Increase in trade and other payables	**86,300**	101,648
Net cash used in operations	**(62,706)**	(27,331)

34. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities:

	Amounts due to related companies HK$'000	Borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 January 2021	49,087	–	8,320	57,407
Finance costs	–	3,043	370	3,413
Financing cash flow	57,813	102,718	(1,770)	158,761
Disposals of subsidiaries	(4,756)	–	(18)	(4,774)
Exchange adjustments	1,052	1,286	(612)	1,726
As at 31 December 2021 and 1 January 2022	103,196	107,047	6,290	216,533
Finance costs	**–**	**5,201**	**319**	**5,520**
Financing cash flow	**310,291**	**393,921**	**(2,266)**	**701,946**
Transfer to other payables and accruals	**–**	**(5)**	**–**	**(5)**
New leases entered	**–**	**–**	**4,327**	**4,327**
Disposals of subsidiaries	**(9,438)**	**–**	**(5,368)**	**(14,806)**
Exchange adjustments	**(6,977)**	**(6,436)**	**(46)**	**(13,459)**
As at 31 December 2022	**397,072**	**499,728**	**3,256**	**900,056**

(c) Major non-cash transaction

(i) During the year ended 31 December 2022, the Group received business consulting fee included in the other income of approximately HK$9,173,000. Such amount was settled by listed equity securities and recognised as financial assets at fair value through profit or loss.

(ii) During the year ended 31 December 2021, there is a waiver of repayment obligation for a loan of approximately HK$37,800,000, related to the waiver of loan obligation from an independent third party.

35. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

35. RELATED PARTY TRANSACTIONS *(Continued)*

Save as disclosed in Notes 22, 23, 31 and 32 to this report, the Group had the following significant related party transactions during the years are as follows:

(a) Transactions with related party

Name of related party	Nature of transaction	2022 HK$'000	2021 HK$'000
Grand Faith International Investment Limited (Notes (i) and (ii))	Rental expense from short-term leases	**550**	1,106
	Management fee	**3**	–
Linquan Zhongzhihuan Property Development Limited* (臨泉中之環置業有限公司) (Note (i))	Revenue from foundation works and superstructure building works	**26,496**	78,046

* English translation of the name of a Chinese company is provided for identification purpose only.

Notes:

(i) The companies were controlled by Mr. Yu.

(ii) The management fee and rental expenses for short-term leases payable to the above related parties are based on the agreements entered into between the parties involved.

(b) The emoluments of the directors and senior executives (representing the key management personnel) during the years ended 31 December 2022 and 2021 are disclosed in Note 9.

36. SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group to issue guarantees for the performance of contract works in the form of surety bonds of approximately HK$38,111,000 (31 December 2021: HK$14,998,000) as at 31 December 2022. Mr. Ng Wong Kwong, Ms. Ng Chung Yan May and Wise Trend Engineering have unconditionally and irrevocably agreed to indemnify to the insurance companies that issue such surety bonds for claims and losses the insurance companies may incur in respect of the bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract.

As at 31 December 2022, the Group paid a cash collateral of approximately HK$11,650,000 (31 December 2021: HK$4,300,000) to the insurance companies for the issuance of surety bonds and are included in other receivables, deposits and prepayments (Note 23).

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

37. DISPOSALS OF SUBSIDIARIES

(a) Disposal of Hefei Guangyixin

In February 2022, the Group disposed of its entire equity interest in Hefei Guangyixin, an indirect wholly-owned subsidiary of the Company, for nil consideration to a third party. The aggregated net liabilities of Hefei Guangyixin as at the date of disposal are set out as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Current assets	
Trade and other receivables	663
Bank balances	45
Current liabilities	
Trade and other payables	(2,299)
Net liabilities disposal of	(1,591)

Gain on disposal of Hefei Guangyixin

	HK$'000
Cash consideration received	–
Net liabilities disposed of	1,591
Goodwill	(508)
Reclassification of cumulative translation reserve upon disposal of Hefei Guangyixin to profit or loss	(137)
Gain on disposal	946

Analysis of net outflow of cash and cash equivalents in respect of the disposal of Hefei Guangyixin

	HK$'000
Consideration received in cash	–
Less: cash and cash equivalents disposed	(45)
Net cash outflow	(45)

37. DISPOSALS OF SUBSIDIARIES *(Continued)*

(b) Disposal of Lenesta Health

In June 2022, the Group disposed of its entire equity interest in Lenesta Health, an indirect wholly-owned subsidiary of the Company, for nil consideration to third parties. The aggregated net liabilities of Lenesta Health as at the date of disposal are set out as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Non-current assets	
Right-of-use assets	5,158
Property, plant and equipment	1,535
Current assets	
Other receivables	640
Bank balances	113
Current liabilities	
Other payables	(2,497)
Amount due to related companies	(5,994)
Lease liabilities	(1,080)
Non-current liabilities	
Lease liabilities	(4,334)
Net liabilities disposed of	(6,459)

Gain on disposal of Lenesta Health

	HK$'000
Cash consideration received	–
Net liabilities disposed of	6,459
Reclassification of cumulative translation reserve upon disposal of Lenesta Health to profit or loss	192
Gain on disposal	6,651

Analysis of net outflow of cash and cash equivalents in respect of the disposal of Lenesta Health

	HK$'000
Consideration received in cash	–
Less: cash and cash equivalents disposed	(113)
Net cash outflow	(113)

37. DISPOSALS OF SUBSIDIARIES *(Continued)*

(c) Disposal of Hao Zhe Kou (HK) Catering Management Limited and its subsidiaries (collectively named "Hao Zhe Kou Group")

In August 2022, the Group disposed of 41% its entire equity interests in Hao Zhe Kou Group, indirect wholly-owned subsidiaries of the Company, reducing its equity interest of 19% for nil consideration to third parties. The aggregated net liabilities of the Hao Zhe Kou Group as at the date of disposal are set out as follows:

Analysis of assets and liabilities of over which control was lost:

	HK$'000
Non-current assets	
Property, plant and equipment	2
Current assets	
Trade and other receivables	853
Bank balances	382
Current liabilities	
Trade and other payables	(2,081)
Amount due to related companies	(3,444)
Net liabilities disposed of	(4,288)

Gain on disposal of Hao Zhe Kou Group

	HK$'000
Cash consideration received	–
Net liabilities disposed of	4,288
Non-controlling interest	(1,043)
Reclassification of cumulative translation reserve upon disposal of Hao Zhe Kou Group to profit or loss	(33)
Gain on disposal	3,212

Analysis of net outflow of cash and cash equivalents in respect of the disposal of Hao Zhe Kou Group

	HK$'000
Consideration received in cash	–
Less: cash and cash equivalents disposed	(382)
Net cash outflow	(382)

37. DISPOSALS OF SUBSIDIARIES *(Continued)*

(d) Disposal of 京中環置業有限公司 JD Central Lead Property Limited* ("JD Central Lead") and its subsidiary

In November 2022, the Group disposed the entire equity interests of JD Central Lead and its subsidiary (collectively named "**JD Central Lead Group**"), indirect wholly-owned subsidiaries of the Company, for cash consideration of approximately RMB34,013,000 (equivalent to approximately HK$38,111,000) to a third party. The aggregated net assets of the JD Central Lead Group as at the date of disposal are set out as follows:

Analysis of assets and liabilities of over which control was lost:

	HK$'000
Non-current assets	
Right-of-use assets	25,824
Property, plant and equipment	11,873
Current assets	
Trade and other receivables	29,271
Bank balances	810
Current liabilities	
Trade and other payables	(41,672)
Net assets disposed of	26,106

Gain on disposal of JD Central Lead Group

	HK$'000
Cash consideration received and receivable	38,111
Net assets disposed of	(26,106)
Non-controlling interest	12,818
Reclassification of cumulative translation reserve upon disposal of JD Central Lead Group to profit or loss	(817)
Gain on disposal	24,006

Analysis of net inflow of cash and cash equivalents in respect of the disposal of JD Central Lead Group

	HK$'000
Consideration received in cash	34,300
Less: cash and cash equivalents disposed	(810)
Net cash inflow	33,490

37. DISPOSALS OF SUBSIDIARIES *(Continued)*

(e) Disposal of Shanghai Zhonggao and its subsidiary

In October 2021, the Group disposed the entire equity interests of Shanghai Zhonggao and its subsidiary (collectively named "**Zhonggao Group**") for nil considerations to a third party. The aggregated net liabilities of the Zhonggao Group as at the date of disposal are set out as follows:

Analysis of assets and liabilities of Zhonggao Group over which control was lost:

	HK$'000
Non-current assets	
Property, plant and equipment	260
Right-of-use assets	1
Current assets	
Trade and other receivables	3,692
Bank balances	523
Current liabilities	
Trade and other payables	(2,220)
Amounts due to related companies	(4,700)
Lease liabilities	(18)
Net liabilities disposed of	(2,462)

Gain on disposal of Zhonggao Group

	HK$'000
Cash consideration received	–
Net liabilities disposed of	2,462
Goodwill	(382)
Non-controlling interest	(153)
Cumulative exchange differences released	(78)
Gain on disposal	1,849

Analysis of net outflow of cash and cash equivalents in respect of the disposal of Zhonggao Group

	HK$'000
Consideration received in cash	–
Less: cash and cash equivalents disposed	(523)
Net cash outflow	(523)

37. DISPOSALS OF SUBSIDIARIES *(Continued)*

(f) Disposal of 阜陽中環文旅發展有限公司 Fuyang Zhonghuan Cultural Tourism Development Co., Ltd.* ("Fuyang Zhonghuan")

In October 2021, the Group disposed of its entire equity interest in Fuyang Zhonghuan for nil considerations to 阜陽中傳文旅發展有限公司 (Fuyang Zhonghuan Cultural Tourism Development Co., Ltd.*), a related company controlled by the ultimate controlling shareholder of the Company. The aggregated net assets of Fuyang Zhonghuan as at the date of disposal are set out as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Non-current assets	
Right-of-use assets	5,138
Current assets	
Bank balances	18
Current liabilities	
Other payables	(2,475)
Amount due to a related company	(56)
Net assets disposed of	2,625

Loss on disposal of Fuyang Zhonghuan

	HK$'000
Cash consideration received	–
Net assets disposed of	(2,625)
Reclassification of cumulative translation reserve upon disposal of Fuyang Zhonghuan to profit or loss	(11)
Loss on disposal	(2,636)

Analysis of net outflow of cash and cash equivalents in respect of the disposal of Fuyang Zhonghuan

	HK$'000
Consideration received in cash	–
Less: cash and cash equivalents disposed	(18)
Net cash outflow	(18)

37. DISPOSALS OF SUBSIDIARIES *(Continued)*

(g) Disposal of 珠海中環云健康管理有限公司 Zhuhai Zhonghuan Cloud Health Management Co., Ltd.* ("Zhuhai Zhonghuan Cloud")

In October 2021, the Group disposed of its entire equity interest in Zhuhai Zhonghuan Cloud upon deregistration.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Net assets disposed of	–

Loss on disposal of upon deregistration

	HK$'000
Net assets disposed of	–
Reclassification of cumulative translation reserve upon disposal of Zhuhai Zhonghuan Cloud to profit or loss	(107)
Loss on disposal	(107)

Analysis of net movement of cash and cash equivalents in respect of the deregistration of Zhuhai Zhonghuan Cloud

	HK$'000
Consideration received in cash	–
Less: cash and cash equivalents disposed	–
Net cash movement	–

37. DISPOSALS OF SUBSIDIARIES *(Continued)*

(h) Disposal of 上海億諾千金網絡科技有限公司 Shanghai Yinuo Qianjin Network Technology Co., Ltd.* ("Shanghai Yinuo Qianjin")

In October 2021, the Group disposed of its entire equity interest in Shanghai Yinuo Qianjin upon deregistration.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Net assets disposed of	–

Loss on disposal of upon deregistration

	HK$'000
Net assets disposed of	–
Reclassification of cumulative translation reserve upon disposal of Shanghai Yinuo Qianjin to profit or loss	(14)
Loss on disposal	(14)

Analysis of net movement of cash and cash equivalents in respect of the deregistration of Shanghai Yinuo Qianjin

	HK$'000
Consideration received in cash	–
Less: cash and cash equivalents disposed	–
Net cash movement	–

* English translation of the name of a Chinese company is provided for identification purpose only.

38. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Certain properties held by the Group for rental purposes have committed lessees for the next 10 years.

Undiscounted lease payments receivable on leases are as follows:

	2022 HK$'000
Within one year	10,177,000
In the second year	10,177,000
In the third year	10,177,000
In the fourth year	10,177,000
In the fifth year	10,177,000
After five years	40,710,000
	91,595,000

39. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position

	2022 HK$'000	2021 HK$'000
ASSETS		
Non-current assets		
Investment in subsidiaries	**50,124**	50,124
Current assets		
Other receivables	**2,136**	924
Amounts due from subsidiaries	**351,986**	24,717
Cash and cash equivalents	**9,093**	15,432
	363,215	41,073
Total assets	**413,339**	91,197
EQUITY		
Capital and reserves		
Share capital	**2,640**	2,640
Reserves	**23,090**	33,035
Total equity	**25,730**	35,675
LIABILITIES		
Non-current liabilities		
Amounts due to related companies	**329,165**	–
Current liabilities		
Other payables	**1,926**	3,014
Amounts due to subsidiaries	**56,518**	52,508
	58,444	55,522
Total liabilities	**387,609**	55,522
Total equity and liabilities	**413,339**	91,197
Net current assets/(liabilities)	**304,771**	(14,449)
Total assets less current liabilities	**354,895**	35,675

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2023 and signed on its behalf by:

Mr. Yu Zhuyun
Director

Mr. Li Menglin
Director

39. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2021	88,276	(44,476)	43,800
Loss and total comprehensive expense for the year	–	(10,765)	(10,765)
Balance at 31 December 2021 and 1 January 2022	88,276	(55,241)	33,035
Loss and total comprehensive expense for the year	**–**	**(9,945)**	**(9,945)**
Balance at 31 December 2022	**88,276**	**(65,186)**	**23,090**

Financial Summary

The financial summary of the Group for the current year and last five financial years/period is set as follows:

RESULTS

	For the year ended 31 December	For the year ended 31 December	For the nine months ended 31 December	For the year ended 31 March	
	2022	2021	2020	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**1,613,641**	1,086,236	373,527	180,447	199,228
Direct costs	**(1,582,543)**	(1,034,470)	(368,301)	(173,320)	(191,260)
Gross profit	**31,098**	51,766	5,226	7,127	7,968
Other income and net gains	**37,866**	41,413	3,207	4,347	1,512
(Loss)/gain on fair value changes of investment properties	**(7,308)**	45,254	35,703	5,375	–
Selling expenses	**(3,604)**	(8,257)	(3,857)	–	–
Administrative and other operating expenses	**(83,542)**	(47,224)	(36,326)	(27,381)	(18,852)
Finance costs	**(5,520)**	(3,413)	(76)	(18)	–
(Loss)/profit before income tax	**(31,010)**	79,539	3,877	(10,550)	(9,372)
Income tax credit/(expense)	**682**	(19,253)	(4,529)	(2,137)	(1,442)
(Loss)/profit for the year/period	**(30,328)**	60,286	(652)	(12,687)	(10,814)
Other comprehensive (expense)/income	**(24,324)**	7,365	2,395	(98)	36
Total comprehensive income/(expense) for the year/period attributable to owners of the Company	**(54,652)**	67,651	1,743	(12,785)	(10,778)
(Loss)/profit attributables to:					
Owners of the Company	**(27,843)**	61,985	(749)	(12,687)	(10,814)
Non-controlling interests	**(2,485)**	(1,699)	97	–	–
(Loss)/profit for the year/period	**(30,328)**	60,286	(652)	(12,687)	(10,814)
Total comprehensive (expense)/income attributable to:					
Owners of the Company	**(41,756)**	67,887	1,641	(12,785)	(10,778)
Non-controlling interests	**(12,896)**	(236)	102	–	–
Total comprehensive (expense)/income	**(54,652)**	67,651	1,743	(12,785)	(10,778)

	As at 31 December	As at 31 December		As at 31 March	
	2022	2021	2020	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**321,332**	297,185	112,533	43,206	13,523
Current assets	**1,169,706**	474,996	367,954	231,208	188,564
Non-current liabilities	**407,334**	148,209	13,723	3,646	1,782
Current liabilities	**895,531**	392,758	304,307	110,054	26,806
Equity attributable to owners of the Company	**188,292**	230,048	162,355	160,714	173,499
Non-controlling interests	**(119)**	1,166	102	–	–
Total equity	**188,173**	231,214	162,457	160,714	173,499

Summary of Properties

The properties held by the Group for the Reporting Year are set out as follows:

PARTICULAR OF PROPERTY HELD AS INVESTMENT PROPERTY

Name/location	Existing use	Gross Floor Area	Group's interest	Stage of completion	Purposes
Xintianpu Rural Wellness Centre Fushi Street, Qujiang District, Quzhou City, Zhejiang Province, PRC	Hotel	18,599 sqm	100%	100%	Long-term leasing
Xintianpu Rural Wellness Centre Block 4 A , Fushi Street, Qujiang District, Quzhou City, Zhejiang Province, PRC	Bungalow	262.24 sqm	100%	100%	Long-term leasing
Xintianpu Rural Wellness Centre Block 4 B , Fushi Street, Qujiang District, Quzhou City, Zhejiang Province, PRC	Bungalow	294.1 sqm	100%	100%	Long-term leasing
Xintianpu Rural Wellness Centre Block 5 B , Fushi Street, Qujiang District, Quzhou City, Zhejiang Province, PRC	Bungalow	294.1 sqm	100%	100%	Long-term leasing

PARTICULAR OF PROPERTY AVAILABLE FOR SALE

Name/location	Existing use	Gross Floor Area	Group's interest	Stage of completion	Purposes
Xintianpu Rural Wellness Centre Fushi Street, Qujiang District, Quzhou City, Zhejiang Province, PRC	Condominium	5,464.2 sqm	100%	100%	Properties available for sale