FUTURE WORLD HOLDINGS LIMITED
未來世界控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 572)

2022
Annual Report

FSC
www.fsc.org
MIX
Paper | Supporting responsible forestry
FSC™ C176382

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liang Jian *(Chairman and Chief Executive Officer)*
Mr. Yu Zhenzhong *(Vice Chairman)*
Ms. Wang Qian[1] *(Vice Chairman)*
Mr. Yu Qingrui
Mr. Su Wei[2]
Mr. Yuan Yifeng[3]
Mr. Li Rui[3]
Mr. Cheung Kit Shing[3]

Independent Non-Executive Directors

Mr. He Yi[2]
Mr. Guo Yaoli[5]
Ms. Xia Liping[6]
Mr. Chen Pei[7]

AUDIT COMMITTEE

Mr. He Yi[2] *(Chairman)*
Mr. Guo Yaoli[5]
Ms. Xia Liping[6]

REMUNERATION COMMITTEE

Mr. Guo Yaoli[5] *(Chairman)*
Mr. He Yi[2]
Ms. Xia Liping[6]

NOMINATION COMMITTEE

Mr. He Yi[2] *(Chairman)*
Mr. Guo Yaoli[5]
Ms. Xia Liping[6]

COMPANY SECRETARY

Mr. Ho Wai Kuen[4]

COMPANY WEBSITE

www.fw-holdings.com

1 Appointed on 31 May 2022
2 Appointed on 1 July 2022
3 Appointed on 19 August 2022
4 Appointed on 22 September 2022
5 Appointed on 29 September 2022
6 Appointed on 9 December 2022
7 Resigned on 21 March 2023

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2601-2604 and 2637-2640, 26/F.,
Sun Hung Kai Centre,
30 Harbour Road,
Wanchai,
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUDITOR

Moore Stephens CPA Limited
Certified Public Accountants
(Registered Public Interest Entity Auditor)
801-806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

SHARE REGISTRAR

Hong Kong
Computershare Hong Kong Investor Services Limited
Shop 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Cayman Islands
Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL BANKERS

Public Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited
Chong Hing Bank Limited

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Future World Holdings Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2022.

PROSPECTS AND OUTLOOK

The Group are principally engaged in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services and (vi) securities brokerage business. The Group will continue to explore opportunities in these core businesses so as to create long-term value for its shareholders.

Since year 2019, the Group has embarked on new strategic initiatives and developed the business with high technology business including revolves around industrial robot systems, intelligence hardware for service robots, new energy transportation and entertainment technology.

Whilst the high technology business segment of the Group has continued to contribute to the Group, in light of the disruption in the supply chain as a result of the COVID-19 pandemic, the Group is in the course of reviewing its high technology business and expects that the business environment of high technology business segment and outlook for the coming financial year will remain highly challenging and uncertain. To mitigate the impact of the COVID-19 pandemic on the high technology business segment, the Group will develop more different innovative technology products and applications, pursue huge market opportunities and diversify its high technology business portfolio with a view to broading its income stream which shall be in the best interests of the Company and its shareholders as a whole.

The directors of the Company are optimistic about the securities market development in Hong Kong and have resolved to continue its securities brokerage business. The continuous return of Chinese concept stocks to Hong Kong will attract the PRC and international capital to flow into Hong Kong, driving the prospects of Hong Kong stocks to be bright. The Group will seize this opportunity to develop its securities brokerage business. The Group obtained the licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities through FW Securities. FW Securities aims at providing broader and more diversified services to customers including but not limited to providing securities dealing and advising securities services acting as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent for companies listed or to be listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for their fund raising in IPOs, rights issues, open offers or placing of new and/or existing shares and debt securities. FW Securities will charge placing or underwriting commission at a rate determined by negotiation with clients which is generally in line with market practice. Besides, the Group will provide margin financing service to securities trading clients at a market rate through the acquisition of a securities broker's firm in the near future.

Chairman's Statement

APPRECIATION

I would like to take this opportunity to express the Board's sincere gratitude to all shareholders, investors, bankers, business associates and customers for their continuous support to the Group, and to all employees for their hard work and contributions during the past year.

Liang Jian
Chairman

Hong Kong, 31 March 2023

FINANCIAL RESULTS

The Group's revenue for the year ended 31 December 2022 has decreased to approximately HKD47,137,000, which is 45.2% lower compared with the revenue of approximately HKD85,991,000 for the year ended 31 December 2021. The decrease in revenue was mainly attributed to the decrease in revenue of the segment of the high technology business. Details of high technology business are set out in the "High Technology Business" section below. The Group recorded a net loss of approximately HKD15,605,000 for the year ended 31 December 2022 (2021: approximately HKD18,755,000). The decrease in a net loss was mainly attributable to net effect of (i) fair value loss of investment properties of approximately HKD12,860,000 (2021: fair value gain of approximately HKD16,368,000); (ii) aggregate amount of credit loss allowances on trade and other receivables, corporate bond, loan and interest receivables and loan commitments, net of approximately HKD36,823,000 (2021: approximately HKD2,844,000); (iii) fair value gain of financial assets at fair value through profit or loss of approximately HKD47,130,000 (2021: approximately HKD213,000); (iv) income tax credit of approximately HKD4,580,000 (2021: approximately HKD42,000); and (v) one-off impairment on property, plant and equipment and right-of-use assets amounting to HKD6,556,000 recognised for the year ended 31 December 2021.

The Group recorded a net loss of approximately HKD7,021,000 attributable to shareholders of the Company (2021: approximately HKD7,637,000) and basic and diluted loss per share of HKD0.08 and HKD0.08 for the year ended 31 December 2022 (2021: approximately HKD0.18 (restated) and HKD0.18 (restated)).

BUSINESS REVIEW

For the year ended December 31, 2022, due to adoption of tightened pandemic and control prevention policies in order to achieve the goal of dynamic clearing in response to the COVID-19 epidemic situation in the People's Republic of China (the "**PRC**"), it mainly affected the high technology business development as a result of disruption in the supply chain. The Group will keep continuous attention to the situation of COVID-19, assess and react actively to impact the financial position and operating results of the Group.

High Technology Business

Innovation and technology is an important growth engine for future economic development. Technology is leading the world into a new era, bringing with it a dramatic shift in the global economy. Leveraging on the expertise and experience of the directors and key management personnel, the Group has been involved in high technology business from previous years including but not limited to technology industry, intelligent robotics and related services and artificial intelligence products and application solutions. During the year ended 31 December 2022, a revenue of approximately HKD16,071,000 was generated (2021: HKD48,728,000) and a loss of approximately HKD18,917,000 (2021: HKD23,473,000) was recorded for the segment of high technology business. The decrease in revenue was mainly due to the implementation of strict transportation restrictions and boundary control in the PRC since resurgence of COVID-19 in the PRC during 2022. During the year ended 31 December 2022, no impairment loss on property, plant and equipment and right-of-use assets were recognised (2021: impairment loss on property, plant and equipment and right-of-use assets amounting to HKD1,068,000 and HKD5,488,000 were recognised).

During the year ended 31 December 2022, the revenue in high technology business was contributed by intelligent industrial welding robots and equipment business. The Group established a top welding tooling expert team for research and development, and be committed to the development, design, production and sales of a full range of non-standard customized positioner, all kinds of special welding and cutting tooling devices, and all kinds of unmanned and intelligent non-standard production lines. Our products will be applied to pressure vessels, low-temperature equipment, special vehicles, rail transit, offshore wind power, engineering machinery and other industries. In terms of artificial intelligence products and applications solutions business, the Group will continue to secure orders for our intelligent storage equipment business.

The Group has built up a technical team with strong technical and educational background and years of experience in robotic related business, and their experiences and expertise cover mechanical and robotic engineering, mechanical designs and electrical designs. The Board considers that the development in high technology business will contribute positively to the revenue of the Group and will be beneficial to the development of the Group, thereby creating values to the Company and its shareholders. Nevertheless, the Board also considers the high technology business in China to be highly competitive and will strive to secure orders for the sustainable development of the business segment.

Properties investment

The Group is currently holding (i) two residential properties located in Hong Kong which are on No. 19, Cumberland Road, Kowloon Tong (approximate saleable area of 5,808 square feet) and No. 1, Lincoln Road, Kowloon Tong (approximate saleable area of 6,892 square feet); (ii) one commercial property located at G/F, No. 20 Kwun Chung Street, Kowloon, Hong Kong (approximate saleable area of 684 square feet with a yard of 193 square feet); and (iii) 19 retail units in a development district known as "Fortune Town" (振業城) located at Henggang Road, Longgang District, Shenzhen, the PRC (中國深圳市龍崗區橫崗街道).

During the year ended 31 December 2022, the Group recorded rental income of approximately HKD7,108,000 (2021: HKD7,016,000) and fair value loss of approximately HKD12,860,000 (2021: fair value gain of approximately HKD16,368,000) on investment properties from the property investment segment.

The Group will continue to look for opportunity to expand and optimise its investment property portfolio with an aim to generate stable rental income and/or for capital appreciation.

Treasury business

The treasury business includes securities trading and investment business and money lending business.

Securities trading and investment business

The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The securities investments were classified under financial assets at fair value through other comprehensive income ("**Financial Assets at FVTOCI**") and financial assets at fair value through profit or loss ("**Financial Assets at FVTPL**") in the consolidated financial statements. As at 31 December 2022, the Group's securities trading portfolio comprised of equity securities of CMBC Capital Holdings Limited ("**CMBC Capital**", stock code: 1141), Central Wealth Group Holdings Limited ("**Central Wealth**", stock code: 0139), Shandong Hi-Speed Holdings Group Limited ("**SDHG**", stock code: 0412), HG Semiconductor Limited ("**HG**", stock code: 6908), TradeGo FinTech Limited ("**TradeGo**", stock code: 8017) and Zhixin Group Holding Limited ("**Zhixin**", stock code: 2187) listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the year ended 31 December 2022, the Group subscribed investment in the corporate bond with the principal amount of HKD20,000,000 issued by a entity incorporated in the Cayman Islands. Details of investment in corporate bond are set out in "Material Events" section below.

As a whole, the securities trading and investment segment recorded a profit of approximately HKD38,430,000 during the year ended 31 December 2022 (2021: a loss of approximately HKD12,500,000). The profit was mainly due to fair value gain of Financial Assets at FVTPL of approximately HKD47,130,000 during the year ended 31 December 2022 (2021: approximately HKD213,000). The Group recorded dividend income of approximately HKD590,000 (2021: approximately HKD3,815,000) and interest income from debt instrument of approximately HKD426,000 (2021: approximately HKD213,000). Besides, the Group recorded net realised gain of Financial Assets at FVTPL of approximately HKD33,000 (2021: net realised loss of approximately HKD4,110,000). For the securities investment under Financial Assets at FVTOCI, the Group recorded a fair value loss of approximately HKD4,128,000 during the year ended 31 December 2022 (2021: approximately HKD45,207,000) through other comprehensive income. As at 31 December 2022, the carrying amount of investment in corporate bond was approximately HKD15,010,000 (2021: Nil) and the Group recorded the provision for expected credit loss on investment in corporate bond of approximately HKD4,990,000 (2021: Nil) during the year ended 31 December 2022.

As at 31 December 2022, details of the securities investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 31.12.2022	Original cost of the interest as at 31.12.2022	Market value of the interests as at 31.12.2022	Fair value (loss)/gain for the year	Release of fair value loss from fair value reserve for the year
			HKD'000	HKD'000	HKD'000	HKD'000
FVTOCI						
CMBC Capital (stock code: 1141)	7,890,000	0.702%	163,707	17,200	(48,353)	207,672
Central Wealth (stock code: 0139)	426,061,316	2.615%	33,188	48,997	45,605	4,479
CA Cultural Technology Group Limited (stock code: 1566)	–	–	–	–	(1,380)	10,980
Subtotal			196,895	66,197	(4,128)	223,131

Name of the investees	Number of shares held	Percentage of equity interest as at 31.12.2022	Original cost of the interest as at 31.12.2022	Market value of the interest as at 31.12.2022	Fair value gain/(loss) for the year	Realised gain for the year
			HKD'000	HKD'000	HKD'000	HKD'000
FVTPL						
SDHG (stock code: 0412)	4,396,500	0.073%	16,051	25,148	9,097	–
HG (stock code: 6908)	390,000	0.067%	1,498	1,154	(343)	–
TradeGo (stock code: 8017)	19,124,000	3.187%	17,212	19,449	2,237	–
Zhixin (stock code: 2187)	6,296,000	0.842%	12,874	16,370	3,495	–
Central Wealth (stock code: 0139)	455,910,000	2.798%	19,871	52,430	32,552	–
China Evergrande New Energy Vehicle Group Limited (stock code: 0708)	–	–	–	–	–	33
Securities bond issued by a PRC entity	N/A	N/A	5,385	5,482	92	–
Subtotal			72,891	120,033	47,130	33
Total			269,786	186,230	43,002	

As at 31 December 2022, the Group held securities investment portfolio with market value of approximately HKD186,230,000 (2021: approximately HKD104,106,000). Except for the investment in Central Wealth, at 31 December 2022, there were no other investments held by the Group of which value was more than 5% of the net assets of the Group.

Performance and prospects of the major investees

CMBC Capital

CMBC Capital and its subsidiaries (the "**CMBC Capital Group**") was principally engaged in the securities business, investment and financing and asset management, corporate finance and advisory business. China Minsheng Banking Corporation Limited, one of the largest private banks in the PRC, has indirect interest in over 60% of the issued shares capital of CMBC Capital as at 31 December 2022.

As mentioned in its annual result announcement for the year ended 31 December 2022, the CMBC Capital Group has recorded net loss after tax amounted to approximately HKD437 million, as compared to the net profit after tax of approximately HKD291 million for the year ended 31 December 2021. The CMBC Capital Group's basic and diluted loss per share attributable to ordinary equity holders of the parent for the year ended 31 December 2022 was both HK37.96 cents (2021: both HK24.55 cents). Revenue has decreased by approximately 10.4% to approximately HKD802 million for the year ended 31 December 2022, compared to approximately HKD895 million for the year ended 31 December 2021.

The share price of CMBC Capital closed at HKD2.18 as at 31 December 2022 (31 December 2021: HKD4.83).

Central Wealth

Central Wealth and its subsidiaries (the "**Central Wealth Group**") are principally engaged in the securities and futures dealing business, financial investment, property investments, money lending business and Chinese medicine clinic business.

As mentioned in Central Wealth's annual results announcement for the year ended 31 December 2022, the net loss was approximately HKD105 million as compared to net loss of approximately HKD371 million for the year ended 31 December 2021. Basic and duilted loss per share attributable to ordinary equity holders of the parent for the year was both approximately HK0.67 cents (2021: both HK2.32 cents). The Central Wealth Group recorded a revenue of approximately HKD278 million for the year ended 31 December 2022, compared to a revenue of approximately HKD244 million for the year ended 31 December 2021.

The share price of Central Wealth closed at HKD0.12 as at 31 December 2022 (31 December 2021: HKD0.01).

SDHG

SDHG and its subsidiaries (the "**SDHG Group**") are principally engaged in industrial investment, standard investment business, non-standard business and licensed financial services.

As mentioned in its interim report for the six months ended 30 June 2022, the SDHG Group has recorded net profit after tax amounted to approximately HKD301 million, as compared to the net profit after tax of approximately HKD258 million for the six months ended 30 June 2021. The SDHG Group's basic and diluted earnings per share attributable to ordinary equity holders of the parent for the six months ended 30 June 2022 was HK1.26 cents and HK1.26 cents (2021: HK1.92 cents (restated) and HK1.91 cents (restated)). Revenue has increased by approximately 125.4% to approximately HKD1,217 million for the six months ended 30 June 2022, compared to approximately HKD540 million for the six months ended 30 June 2021.

The market price of SDHG closed at HKD5.72 as at 31 December 2022 (31 December 2021: HKD3.20).

HG

HG and its subsidiaries (the "**HG Group**") are principally engaged in the design, development, manufacturing, subcontracting and sales of semiconductors, including light-emitting diode beads and LED lighting products in China.

As mentioned in its interim report for the six months ended 30 June 2022, the HG Group has recorded net loss after tax amounted to approximately RMB52 million, as compared to the net loss after tax of approximately RMB41 million for the six months ended 30 June 2021. The HG Group's basic and diluted loss per share attributable to ordinary equity holders of the parent for the six months ended 30 June 2022 was both RMB9.14 cents (2021: both RMB9.70 cents). Revenue has decreased by approximately 42.7% to approximately RMB43 million for the six months ended 30 June 2022, compared to approximately RMB75 million for the six months ended 30 June 2021.

The market price of HG closed at HKD2.96 as at 31 December 2022 (31 December 2021: HKD7.28).

TradGo

TradeGo and its subsidiaries (the "**TradeGo Group**") are principally engaged in providing cloud-based market and trading integrated terminal products and system services for Hong Kong brokerage firms, and has a leading market position in providing front office trading system services and market data services for Hong Kong brokerage firms.

As mentioned in its interim report for the six months ended 30 September 2022, the TradeGo Group has recorded net profit amounted to approximately HKD17 million, representing an increase of approximately 67.2% when compared to the six months ended 30 September 2021 of HKD10 million. The TradeGo Group's basic and diluted earnings per share for the period were both HK2.98 cents (2021: both HK1.81 cents). Revenue has increased by approximately 35.2% to approximately HKD51 million for the six months ended 30 September 2022, compared to approximately HKD37 million for the six months ended 30 September 2021.

The market price of TradeGo closed at HKD1.02 as at 31 December 2022 (31 December 2021: HKD0.72).

Zhixin

Zhixin and its subsidiaries (the "**Zhixin Group**") are principally engaged in manufacturing and sale of ready-mixed concrete, precast concrete components and manufacturing and sale of bricks and recycling tailings in the PRC.

As mentioned in its interim report for the six months ended 30 June 2022, the Zhixin Group has recorded net profit after tax amounted to approximately RMB530,000 as compared to the net profit after tax of approximately RMB10,221,000 for the six months ended 30 June 2021. The Zhixin Group's basic and diluted earnings per share attributable to ordinary equity holders of the parent for the six months ended 30 June 2022 was both RMB0.00071 (2021: both RMB0.015). Revenue has decreased by approximately 4.4% to approximately RMB306,675,000 for the six months ended 30 June 2022, compared to approximately RMB320,690,000 for the six months ended 30 June 2021.

The market price of Zhixin closed at HKD2.60 as at 31 December 2022 (31 December 2021: HKD2.14).

Money lending business

The Group's money lending business is conducted through its wholly-owned subsidiary Globally Finance Limited ("**Globally Finance**"), a company incorporated in Hong Kong since early 2015 in Hong Kong and Globally Finance holds a valid Money Lender License under the Money Lenders Ordinance. Globally Finance is principally carrying out loan financing business by providing secured and unsecured loans to its customers. All the money lending transactions to the borrowers are financed by the Group's internal funds.

The Group would reach out to different potential individual customers and also the management of certain potential corporate customers through the business and social networks of the management of the Company. Meanwhile, referrals of borrowers from existing clients are also welcomed. As those persons knew that the Group operates a money lending business, they might ask for a financing opportunity. Globally Finance would then assess the credit of such potential customers based on its credit policy and procedure and considers loan application on credit policy and procedures to assess the loan application.

There is no specific industry requirement for corporate customers. However, companies listed on the Main Board of the Stock Exchange are more favourable. Updated financial statements from corporate customers were required for the approval of loans. There is no specific industry background for individual borrowers. However, through the network of the management, the individual borrowers were mainly merchants engaged in property investment industry. The Group requests that individual borrowers have stable incomes, which should be free from any secured loan products (except self-residential mortgage) under other banks/financial institutions or unsecured loan products under financial institutions (except banks) by customers' declaration.

The Group struck a successful balance by adhering to an effective comprehensive policy as well as prudent procedures relating to loan approvals, loan renewals, loan top-ups, loan recovery, loan compliance, monitoring and anti-money laundering.

Globally Finance is operated and managed by its management committee. The management committee of Globally Finance comprises 2 individuals as of 31 December 2022, which are directors of Globally Finance and the Company. All members of the management committee have years of experience in accounting, corporate development and/or financial management experience and have overseen the business operations of Globally Finance. All the loans are required to be approved by the management committee of Globally Finance.

Interest income from the Group's money lending business during the year ended 31 December 2022 amounted to approximately HKD21,063,000, showing a decrease of approximately 5.7% from approximately HKD22,330,000 in 2021. Operating loss from this business segment amounted to approximately HKD5,527,000 (2021: operating profit of approximately HKD19,987,000) during the year ended 31 December 2022.

As at 31 December 2022, the total gross amount of loan and interest receivables amounted to HKD231,953,000 (2021: HKD353,749,000) and the Group granted loans to 17 (2021: 13) borrowers under its money lending business. 2 (2021: 2) of the borrowers are corporate borrowers and are listed companies in Hong Kong. The remaining 15 (2021: 11) borrowers are individual borrowers and the loans were personal loans. As at 31 December 2022, save for one (2021: one) individual borrower (the "**Connected Borrower**"), all the other borrowers are third parties independent of and not connected with the Company and/or its subsidiaries. The annual interest rates for loans range from 5.0% to 7.7% (2021: 5.0% to 7.0%). The grant of loan to the Connected Borrower is on normal commercial terms and the grant falls under the de minimis exemption under Chapter 14A of the Listing Rules.

The below table disclose the details of loan and interest receivables as at 31 December 2022:

Borrowers	**Original principal** HKD	**Tenure**	**Interest rate**	**Secured**
Personal Borrower A	8,500,000	19/8/2020-19/8/2022 (Note (i))	6.0%	N
Personal Borrower B	6,000,000	31/8/2020-31/8/2022 (Note (i))	6.0%	N
Personal Borrower C	8,000,000	4/9/2020-4/9/2022 (Note (i))	6.0%	N
Personal Borrower D (*)	25,000,000	21/12/2020-21/12/2023	5.0%	Y
Personal Borrower E (*)	28,300,000	21/12/2020-21/12/2023	6.0%	Y
Personal Borrower F	5,300,000	8/4/2021-8/4/2023	6.0%	N
Personal Borrower G	3,000,000	1/6/2021-31/5/2024	6.0%	N
Personal Borrower H	4,000,000	2/6/2021-1/6/2024	5.0%	N
Personal Borrower I	4,250,000	7/12/2021-7/12/2023	6.0%	N
Personal Borrower J	2,500,000	23/12/2021-23/12/2023	6.0%	N
Personal Borrower K	1,500,000	30/12/2021-30/12/2023	6.0%	N
Personal Borrower L	1,300,000	30/5/2022-29/7/2022 (Note (i))	6.0%	N
Personal Borrower M	3,000,000	21/9/2022-20/9/2024	7.5%	N
	6,500,000	20/10/2022-19/10/2024	7.5%	N
Personal Borrower N	2,000,000	20/9/2022-20/9/2023	7.5%	N
Personal Borrower O	15,000,000	17/10/2022-16/10/2025	7.7%	N
Corporate Borrower A (#)	236,000,000	7/10/2020-31/12/2023 (Note (ii))	7.0%	Y
Corporate Borrower B	10,000,000	8/1/2021-7/1/2024	7.0%	N

* The loans were secured by collaterals which are properties located in the PRC.
# The loan was secured by collaterals which are equity securities listed in Hong Kong.

Notes:

(i) These loans were matured as at 31 December 2022. Among these loans, amounted to HKD7,000,000 were settled in March 2023, and the remaining balances of these loans will be settled on or before 31 December 2023 according to the repayment schedules agreed with the Borrowers A, B, C and L. In March 2023, certain shares of a listed company in Hong Kong with a total fair value of approximately HKD37,415,000 owned by Borrowers A, B and L were pledged to the Group as securities of their loans and interests due to the Group.

(ii) Corporate Borrower A provided 65,356,000 shares of a company listed in Hong Kong to the Group as collateral with a total fair value of approximately HKD373,836,000 as at 31 December 2022.

The actual interest rate offered would be affected by a number of factors considered by Globally Finance including the term and amount of the loan, availability of collaterals and the bank lending interest rate. The applicant with better repayment ability will usually get better financing terms and less security and/or collaterals may be needed. In general, an unsecured loan will result in higher interest rates and shorter loan terms, whilst secured loans usually result in lower interest rates. Furthermore, the loan size would also be taken into consideration and in general, the interest rate would be higher for bigger loan sizes.

In respect of the loan granted to Corporate Borrower A, the revolving loan facility was originally granted in 2017 with an interest rate of 8%, which was the market rate at that time. The interest rate was reduced to 7% in 2020 after arm's length negotiations taking into consideration of a number of factors, including the credit assessment, the loan amount and the bank lending rate at that time. Corporate Borrower A is a company listed on the Main Board of the Stock Exchange. The grant of loan to Corporate Borrower A was duly approved by the shareholders of the Company at the extraordinary general meeting held on 16 December 2020. As such, Globally Finance considers that whilst the loan amount granted to Corporate Borrower A is significantly higher than the other borrowers, the loan amount and the interest rate are justified.

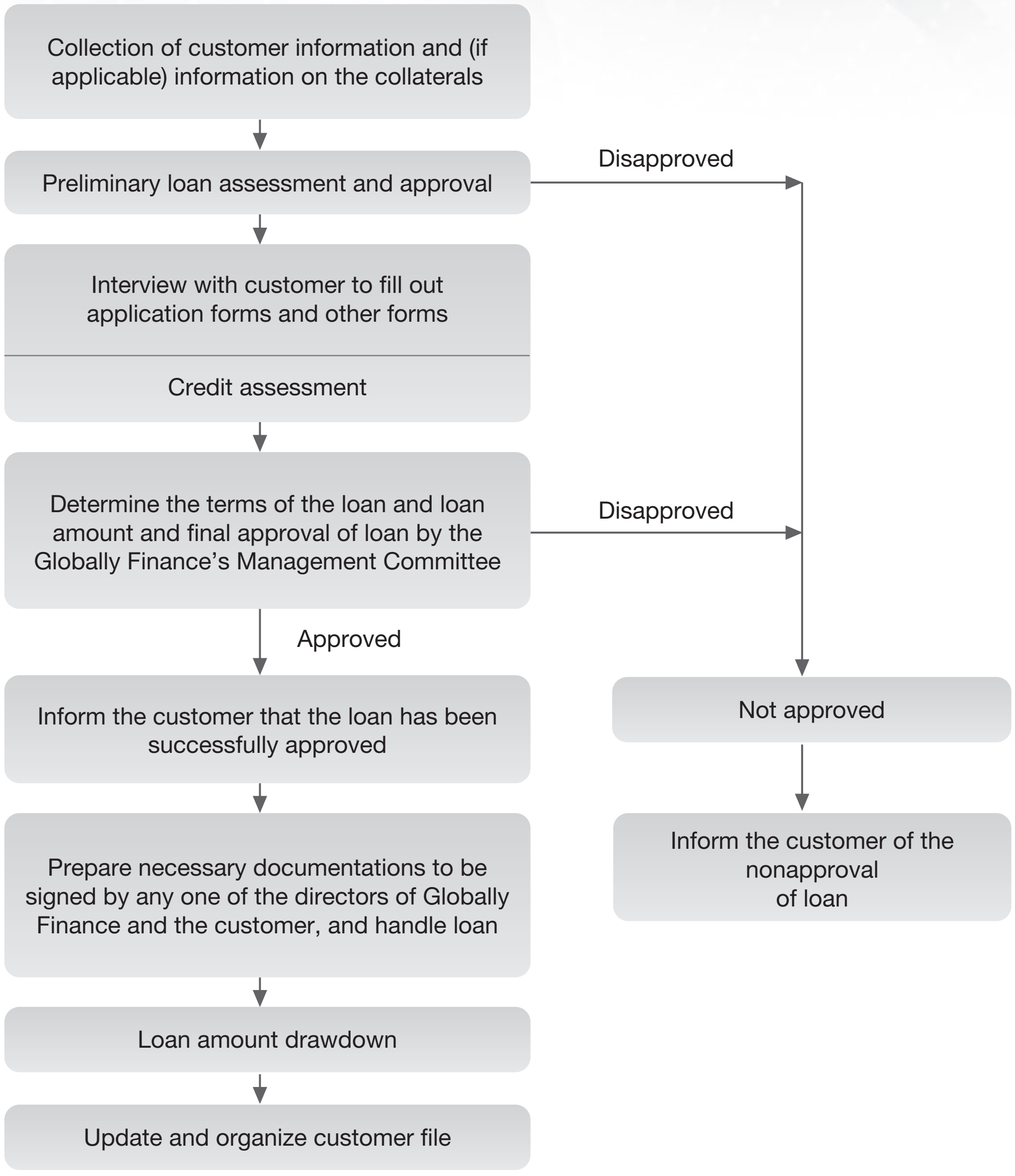
In order to minimize the risks faced associated with the business of Globally Finance, Globally Finance has adopted a set of credit policies and procedures as set out in the credit policy and procedure manual, which gives a clear guideline to grant the loan and enable the management committee to assess the risks and financial position of the potential borrowers. For material lending transactions, Globally Finance shall conduct credit review procedures in accordance with standard commercial practices for the purpose of determining the ability of applicants to meet their financial obligations. The application must in the first place, abide by certain credit constraints before further process and being reviewed by the management committee of Globally Finance. Applicants will be required to submit all information necessary for conducting the reviews as required by Globally Finance. In assessing the credit application of the borrower, the following parameters must be reasonably taken into consideration:

A) the amount of Globally Finance's potential financial exposure associated with the applicant;

B) the repayment ability of the applicant;

C) the security and/or collaterals provided; and

D) others, e.g. external market conditions, legal compliance etc.



Upon receiving the required application and supplemental information, Globally Finance will conduct a financial review to evaluate an applicant's financial viability and to determine an appropriate amount of credit limit. Interest rate posed on the approved loan amount be set with reference to the prevailing market rate, the level of risk involved in each case as well as the general economic and business environment. The interest rate shall not exceed the threshold set out in the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong).

The Company confirms that it has complied with the requirements set out in Chapters 14 and/or 14A of the Listing Rules when it granted the loans to each of the borrowers, whose loan(s) was still outstanding as at 31 December 2022.

Save for the grant of loan to the Connected Borrower as disclosed above, the Company has no agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person with respect to the grant of loans to the borrower(s) whose loan(s) was still outstanding as at 31 December 2022 and 2021.

During the year ended 31 December 2022, the Group assessed and estimated credit loss allowances ("**ECL**") for the loan and interest receivables according to the requirement of Hong Kong Financial Reporting Standard ("**HKFRS**") 9 issued by the Hong Kong Institute of Certified Public Accountants. In calculating the ECL rates, the Group considers historical loss rates for each category, the prevailing economic conditions, the value of the collateral and adjusts for forward looking data. For the loans which are classified as 'Loss' should be written off, the final approval should be obtained from Globally Finance's management committee.

Globally Finance will conduct reviews of customers' financial standing to assess any necessary adjustments to the amounts of credit limits and collateral (if any). For the purpose of conducting such reviews, all customers will be required to submit the updated financial proof documents promptly upon Globally Finance's request. These reviews will be carried out from time to time.

Credit reviews may be performed in response to material changes in a customer's financial standing or as requested by a customer. Customers will be required to inform Globally Finance in writing of any material change in their financial status within 10 days of its occurrence. The customers are required to disclose the following material change in their financial status to Globally Finance:

– The latest income proof

– Any material change in assets/liabilities

– Bank account statement

– Property land search report

– The latest company balance sheet and profit or loss.

Globally Finance will review the reported material changes in terms of their impact on a customer's financial capacity. Depending on the nature of these material changes, Globally Finance may find it necessary to reassess the customer's credit limit and collateral (if any) requirement.

Should Globally Finance decide, as a result of that review, to lower or terminate the credit facility to a customer, that customer would be required to supply additional financial assurance in the forms and amounts acceptable to Globally Finance to insure full coverage of the customer's total potential exposure.

Normally, Globally Finance will assess the repayment ability and the risk of default for each borrower for half a year or a year except for the high risk borrowers.

Based on the result of credit assessment on debtors, the ECL on loan and interest receivables as at 31 December 2022 was approximately HKD31,491,000 (2021: HKD21,504,000), and ECL on loan and interest receivables of approximately HKD9,987,000 (2021: reversal of ECL of approximately HKD206,000) was charged (2021: credited) to consolidated profit or loss for the year ended 31 December 2022.

Securities brokerage business

The business is carried on through Future World Securities Investment Limited ("**FW Securities**"), a wholly-owned subsidiary of the Company. FW Securities is incorporated in Hong Kong with limited liability and is carrying on business in Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance.

During the year ended 31 December 2022, no revenue (2021: approximately HKD1,092,000) was generated and a loss of approximately HKD1,050,000 (2021: approximately HKD142,000) was recorded for the securities brokerage business.

The Group considers that the provision of margin financing services to its securities brokerage customers will allow it to broaden its customer base and also assists the development of the securities brokerage business.

The Company applied the money proceeds from the Rights Issue (as defined in the "Material Events" section below) during the year ended 31 December 2022 for the capital injection of FW Securities, which would then utilize such proceeds to provide relevant margin financing services to its customers. Subsequent to 31 December 2022, since the application by FW Securities for license the necessary for the provision of margin financing services was yet to be approved by the Securities and Futures Commission, the Group had reallocated the net proceeds from the Rights Issue which had originally been designated for the provision of margin financing services by FW Securities, for the acquisition of a securities brokerage firm in Hong Kong to commence its securities margin financing business and the expansion in its investment portfolio. Details of the change in use of net proceeds from the Rights Issue are set out in the "Material Events" section below.

Trading business and related services

Trading business and related services include trading of face masks and COVID-19 test kits.

Sky Faith International Investment Limited, a wholly-owned subsidiary of the Company, has been, on an exclusive basis, authorised and appointed as the Hong Kong Exclusive Authorisation Distributor (excluding Mainland China) of "OJABIO", a brand of United Cn Limited, the predecessor of which is known as Wenzhou OJA Biotechnology Co., Ltd. for (1) COVID-19 Antigen Test Kits; and (2) Real-time PCR Test Kits for COVID-19 (together as the "**Test Kits**") for a term of three years from 25 November 2020. The Test Kits are effective and efficient detection kits for qualitative determination of the presence of the COVID-19 in the human body and can provide affordable "early diagnosis" solutions for society. Relevant certifications have also been obtained for the Test Kits.

During the year ended 31 December 2022, revenue of approximately HKD1,879,000 (2021: approximately HKD2,797,000) was generated and a loss of approximately HKD739,000 (2021: approximately HKD1,813,000) was recorded as a whole for the segment of trading business and related services. With an aim to focus its resources and manpower on other main businesses of the Group, the Group ceased its trading business of the Test Kits since end of 2022 and will seek for opportunities in the other trading business.

FINANCIAL REVIEW

Liquidity, financial resources and funding

During the year ended 31 December 2022, the Group mainly financed its operations by cash generated from the operation, bank borrowings and net proceeds from the Rights Issue as set forth in the section headed "Material Events". The Group had total bank deposits and cash and bank balances of approximately HKD38,983,000 as at 31 December 2022 (2021: approximately HKD12,077,000). The Group had total borrowings of approximately HKD372,583,000 (2021: approximately HKD408,206,000) are comprised of bank borrowings of approximately HKD285,914,000 (2021: approximately HKD299,236,000) and other borrowings of approximately HKD86,669,000 (2021: approximately HKD108,970,000) as at 31 December 2022.

Among bank borrowings, approximately HKD90,214,000 are repayable within one year, approximately HKD10,440,000 are repayable over one year but not exceeding two years, approximately HKD33,181,000 are repayable over two years but not exceeding five years and approximately HKD152,079,000 are repayable over five years. The bank borrowings bear interest at (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, (iii) 2.5% per annum over HIBOR (1 week to 1 month) and (iv) fixed rate at 3.85% per annum.

The other borrowings are comprised of margin loans and revolving loans. The margin loan payables bear fixed interest at 7.5% per annum. The margin loan payables are repayable within one year and were guaranteed by the Company as at 31 December 2022 and 2021. The revolving loan bear a fixed interest rate of the bank's HKD Prime Rate – 2% per annum.

The gearing ratio, which is calculated as total borrowings divided by total equity, was 39.83% (2021: 44.60%) as at 31 December 2022. Net assets were approximately HKD935,461,000 (2021: HKD915,252,000) on the same date.

As at 31 December 2022, the Group has total current assets of approximately HKD404,262,000 (2021: approximately HKD110,335,000) and total current liabilities of approximately HKD433,278,000 (2021: approximately HKD461,697,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 0.93 (2021: 0.24) as at 31 December 2022.

The Group's finance costs for the year were approximately HKD14,301,000 (2021: approximately HKD17,005,000) and were mainly related to interests paid on the bank borrowings and margin loans. The decrease in finance costs was due to a decrease in the total borrowings during the year.

Pledge of assets

At 31 December 2022, the Group's investment properties, with a carrying amount of HKD660,000,000 (2021: approximately HKD671,000,000), have been pledged to secure the bank borrowings granted to the Group.

As at 31 December 2022, the Group had pledged an investment property with a carrying amount of HKD283,000,000 (2021: approximately HKD287,000,000); the securities investment under Financial Assets at FVTOCI of approximately HKD66,197,000 (2021: approximately HKD97,308,000); and the securities investment under Financial Assets at FVTPL of approximately HKD63,995,000 (2021: approximately HKD6,798,000) to secure the other borrowings.

Foreign currency management

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of each group entity. The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

Litigations and contingencies

As at 31 December 2022, the Group had no significant litigations and contingencies (2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 43 employees situated in Hong Kong and China (2021: 53 employees). The Group's emoluments policies are formulated based on industry practices and performance of individual employees.

MATERIAL EVENTS

Share consolidation

On 15 December 2021, the Company proposed to implement a share consolidation on the basis that every twenty issued and unissued shares of par value of HKD0.02 each (the "**Old Shares**") will be consolidated into one consolidated share of par value of HKD0.4 each (the "**Shares**") (the "**Share Consolidation**").

Pursuant to an ordinary resolution passed on 21 February 2022, the Share Consolidation was approved by the shareholders of the Company and has become effective on 23 February 2022. Immediately after the Share Consolidation, the authorised ordinary and preference share capital of the Company had become HKD249,480,000 divided into 623,700,000 Shares and HKD520,000 divided into 1,300,000 Shares respectively and the total number of issued ordinary shares of the Company was adjusted from 1,093,921,858 to 54,696,092 (the "**Consolidated Shares**").

For further information in relation to the Share Consolidation, please refer to the announcements of the Company dated 15 December 2021, 14 January 2022, 31 January 2022 and 21 February 2022 and the circular of the Company dated 31 January 2022.

Rights issue

On 15 December 2021, the Company announced the proposed rights issue, by way of the issue of up to 82,044,138 Shares (the "**Rights Shares**"), on the basis of three rights shares for every two Consolidated Shares held on 4 March 2022 at the subscription price of HKD0.90 per Rights Share (the "**Rights Issue**"). Upon completion of the Rights Issue on 20 May 2022, a total of 61,399,399 Rights Shares were issued pursuant to the terms of the Rights Issue and the number of the Company's ordinary Shares in issue became 116,095,491. The number of 61,399,399 Rights Shares issued pursuant to the terms of the Rights Issue represents approximately 112% of the Company's existing issued share capital before the completion of the Rights Issue and approximately 53% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

The net proceeds from the Rights Issue after deducting the expenses were approximately HKD52.5 million (the "**Net Proceeds**"). The Company intends to apply the Net Proceeds as to (i) approximately 65% for capital injection of FW Securities, which would then utilize such proceeds to provide relevant margin financing services to its customers; (ii) approximately 20% for repayment of loan and interest; and (iii) the remaining balance for general working capital of the Group, of which approximately HKD7.9 million for payment of operating expenses (the "**Intended Use**").

During the year ended 31 December 2022, the Group had applied the Net Proceeds according to the Intended Use. In particular, the Group had applied approximately HKD34.0 million (the "**Capital**"), representing approximately 65% of the Net Proceeds, to complete capital injection of FW Securities in the form of shares subscription in FW Securities (the "**Capital Injection**"). Since the Capital Injection, the Capital has remained idle because the application by FW Securities for the license (the "**License**") necessary for the provision of margin financing services was yet to be approved by the Securities and Futures Commission ("**SFC**"), despite the fact that the application was submitted back in August 2022. Although FW Securities had consistently and proactively followed up with the SFC in relation to its application status, it remained uncertain as to when FW Securities could obtain the License.

In light of the uncertainty as aforementioned and upon review of the Group's operational needs, business segments and their future prospects, on 24 February 2023, the Company reallocates the net proceeds which had originally been designated for the provision of margin financing services by FW Securities of approximately HKD34.0 million (the "**Unutilized Net Proceeds**"), representing approximately 65% of the Net Proceeds, for (i) the acquisition of a securities brokerage firm in Hong Kong and (ii) the expansion in the investment portfolio of the Group, details of which are set forth as follows:

	Initial allocation	**Utilized Net Proceeds**	**Unutilized Net Proceeds for reallocation**	**Revised allocation of Unutilized Net Proceeds**
	HKD million	*HKD million*	*HKD million*	*HKD million*
Provision of margin financing services by FW Securities	34.0	–	34.0	–
Repayment of loan and interest	10.6	10.6	–	–
General working capital	7.9	7.9	–	–
Acquisition of a securities brokerage firm	–	–	–	8.0
Expand investment portfolio	–	–	–	26.0
Total	52.5	18.5	34.0	34.0

Up to the date of this report, the Unutilized Net Proceeds was approximately HKD34 million, of which HKD26 million was used for acquisitions of Hong Kong listed equities and subscription of short-term notes issued by the independent third parties of the Company. The Company estimates that the Untilized Net Proceeds of approximately HKD8 million will be used for acquisition of a securities brokerage firm during the year ending 31 December 2023.

Details of the Rights Issue were set out in the Company's announcements dated 15 December 2021, 14 January 2022, 31 January 2022, 21 February 2022, 7 March 2022, 17 March 2022, 18 March 2022, 4 May 2022, 19 May 2022, 24 February 2023 and circular of the Company dated 31 January 2022 and prospectus of the Company dated 12 April 2022.

Change in board lot size

With effect from 20 December 2022, the board lot size of the Company for trading on the Stock Exchange was changed from 20,000 Shares to 4,000 Shares, whilst the monetary value of each board lot has changed from HKD8,000 to HKD1,600. Further details on the change in board lot size are set out in the announcement dated 29 November 2022 of the Company.

Adjustment to exercise price and number of share options under the share option scheme

Prior to the implementation of the Share Consolidation and completion of the Rights Issue, the Company had the outstanding share options to subscribe for an aggregate of 129,358,424 Old Shares at an weighted average exercise price of HKD0.20 per Old Share (the "**Share Options**") under the share option schemes of the Company adopted on 22 February 2012 and 30 June 2021 (the "**Share Option Schemes**") respectively.

Pursuant to the terms and conditions of the Share Option Schemes, the weighted average exercise price and the number of the Share Options were adjusted upon the implementation of the Share Consolidation and the completion of the Rights Issue (the "**Adjustment**"). Details of the Adjustment are set out below:

	Before completion of the Share Consolidation		**After completion of the Share Consolidation**		**After completion of the Rights Issue**	
	Prevailing weighted average exercise price	**Number of share option of HKD0.02 each**	**Adjusted weighted average exercise price**	**Adjusted number of share option of HKD0.40 each**	**Adjusted weighted average exercise price**	**Adjusted number of share option of HKD0.40 each**
Share options	HKD0.20	129,358,424	HKD3.95	6,467,920	HKD3.80	6,597,527

Save for the above Adjustment, all other terms and conditions of the Share Options remain unchanged.

The Company's auditor, Moore Stephens CPA Limited has performed certain factual finding procedures on the Adjustments in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants and issued a report of factual findings to the Board stating that the computation of the Adjustments is mathematically accurate and is in compliance with the terms and conditions of the Share Option Schemes.

Subscription of bonds

On 26 October 2022, the Company entered into the subscription agreement with the independent third party of the Group (the "**Subscriber**"), pursuant to which, among other matters, the Company has conditionally agreed to subscribe for, and the Subscriber has conditionally agreed to issue to the Company, the 7.5% bond at an aggregate consideration of HKD20,000,000 with the maturity date on 25 October 2025, subject to the terms and conditions of the subscription agreement. The subscription was completed on 26 October 2022. Details of the subscription of bond are set out in the announcement of the Company dated 26 October 2022 and 3 March 2023.

Disposal of equity interests in a PRC subsidiary

On 10 January 2022, a wholly-owned subsidiary of the Company, 江蘇未徠棟楠科技有限公司, entered into a conditional sales and purchases agreement (the "**Sales and Purchases Agreement**") with an independent third party of the Group, 揚州桓武科技有限公司，a limited liability company incorporated in the PRC. Pursuant to the Sales and Purchases Agreement, 江蘇未徠棟楠科技有限公司 agreed to sell its 55% equity interest of 江蘇未徠哈工漫威機器人有限公司，represent the entire equity interest held by the Group, with a consideration of RMB1 subject to and conditional upon the terms of the Sale and Purchase Agreement. The transaction has completed on 16 February 2022. Accordingly, 江蘇未徠哈工漫威機器人有限公司 ceased to be a subsidiary of the Group.

For further information in relation to the disposal, please refer to the announcement of the Company dated 10 January 2022.

EXECUTIVE DIRECTORS

Mr. Liang Jian ("Mr. Liang")

Mr. Liang, aged 42, has been appointed as an executive director of the Company, the chairman of the Board and the chief executive officer of the Company ("**CEO**"). He is the senior vice president of 嚴格集團股份有限公司 (formerly known as 哈工大機器人集團股份有限公司) and is in charge of the sales and marketing businesses. Mr. Liang has over 16 years of experience in marketing, investment, finance and management sectors. He was an executive director of Asia Investment Finance Group Limited (stock code: 33), a company listed on the Main Board of the Stock Exchange from 28 November 2018 to 18 December 2018. Mr. Liang is also currently a director of various subsidiaries of the Company. Mr. Liang obtained a bachelor degree of mechanical design manufacturing and its automation from Harbin Engineering University in 2003 and a master degree in business administration from Tongji University (同濟大學) in the PRC in 2010.

Mr. Yu Zhenzhong

Mr. Yu Zhenzhong, aged 43, has been appointed as an executive director of the Company and the vice chairman of the Board on 13 March 2019. He is the senior vice president of 嚴格集團股份有限公司 (formerly known as 哈工大機器人集團股份有限公司) and focuses on the research and development of robots and artificial intelligence equipment. Mr. Yu Zhenzhong is also currently a director of various subsidiaries of the Company. Mr. Yu Zhenzhong obtained a doctoral degree in mechanical and electronic engineering from 哈爾濱工業大學 in 2011. He was awarded the Science and Technology Progress Award (中國商業聯合會科技進步獎) from the China General Chamber of Commerce in 2017, the Innovation Award (中國產學研合作創新獎) from the China Industry-University-Research Institute Collaboration Association in 2017 and 合肥市創新領軍人才稱號 in 2018, respectively.

Mr. Yu Qingrui ("Mr. Yu")

Mr. Yu, aged 51, has been appointed as an executive director of the Company in September 2014. Mr. Yu specialises in property investment and trading business in the PRC. After graduating from high-school in 1989, Mr. Yu joined the shipping and trading business in the PRC. He was the general manager of a shipping company before he became a private investor in 2003. In 2011, Mr. Yu joined a marketing and management firm in Shanghai and served as their property investment manager. He is currently an executive director of Central Wealth which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**").

Ms. Wang Qian ("Ms. Wang")

Ms. Wang, aged 47, has been appointed as an executive director of the Company and vice chairman of the Board on 31 May 2022. She has over 20 years of experience in finance, investment and management area. From October 2001 to June 2002, she was employed by PricewaterhouseCoopers Consulting, with her last position as a consultant and was primarily responsible for enterprise strategy and financial management consultation. She successively acted as a senior manager of the finance strategy & business development department at the US headquarters of Goodyear Tire & Rubber Company and the Asia-Pacific region Finance Director of Goodyear Engineered Products Company from July 2004 to March 2009, where she was primarily in charge of mergers and acquisitions, and annual operation planning, as well as organising and supervising the financial activities for Asia Pacific region. After Goodyear Engineered Products Company was acquired by The Carlyle Group, she had led several acquisitions and restructuring projects. Since March 2009, she has served as the president of HIXIH Investment, a company principally engaged in the business of equity and securities investment, and she is primarily responsible for company management and investment business, during which she has accomplished and participated in several initial public offering projects in the New York Stock Exchange, the Stock Exchange and the Shanghai Stock Exchange for companies in finance, energy and resources, high-tech industries. She received a certificate of Certified Public Accountant granted by the Accountancy Board in the USA in October 2005. Since January 2016, she has been employed by Huili Resources (Group) Limited, a company listed on the main board of the Stock Exchange (stock code: 1303), as an executive director. Ms. Wang received her bachelor of economics from the Central University of Finance and Economics in July 1998. Ms. Wang received her master of business administration from the Carnegie Mellon University in the USA in May 2004.

Biographical Details of Directors

Mr. Su Wei ("Mr. Su")

Mr. Su, aged 42, has been appointed as an executive director of the Company on 1 July 2022. He has over 15 years of experience in the meat trading business. From 2004 to 2013, he worked in several multinational companies and was engaged in the trading of meat products in Shanghai, the PRC. Since May 2013, He has been serving as a general manager of ESS-FOOD (Shanghai) Trading Co. Ltd. of the Danish Crown Group (丹尼斯冠(上海)貿易有限公司). He obtained a bachelor's degree in commerce (management science and marketing) in October 2003 and a graduate diploma in commerce in August 2004 from the University of Sydney, respectively.

Mr. Yuan Yifeng ("Mr. Yuan")

Mr. Yuan, aged 45, has been appointed as an executive director of the Company on 19 August 2022. He had served in the PRC Government from 2003 to 2016. Since 2021, he joined as chief executive of Jinsheng Engineering Management Consulting (Shenzhen) Co., Ltd. (今盛工程管理諮詢(深圳)有限公司), a wholly-owned PRC subsidiary engaging in property development of Kaisa Group Holdings Ltd. ("**Kaisa Group**"). The shares of Kaisa Group are listed on the Stock Exchange (stock code: 1638). He obtained a master's degree in applied economics from Xi'an Jiaotong University (西安交通大學) in May 2003.

Mr. Cheung Kit Shing ("Mr. Cheung")

Mr. Cheung, aged 32, has been appointed as an executive director of the Company on 19 August 2022. He has experience in both the banking and finance industry. From 2016 to 2021, he worked as a senior relation manager at Industrial Bank Co., Ltd (興業銀行). Since 2021, he joined Everway Creation Limited, a company engaging in financial investment, as project manager and director. He obtained a bachelor's degree in science with high distinction from University of Toronto in September 2015. Mr. Cheung is also currently a director of various subsidiaries of the Company.

Mr. Li Rui ("Mr. Li")

Mr. Li, aged 39, has been appointed as an executive director of the Company on 19 August 2022. He has over 12 years of experience in the banking industry and investment expertise in the health care and technology sector. He first joined BOCI Securities Limited (中銀國際證券) in Beijing as a senior manager in the sales and trading department from 2009 to 2011. He then joined J.P. Morgan First Capital Securities, a joint venture between J.P. Morgan and First Capital Securities Company Limited in Beijing, as a senior associate of the equity capital market department from 2011 to 2013. From 2013 to 2018, he worked at Huaying Securities Co. Ltd. (華英證券有限公司) with his last position as an executive director of the structure finance division in Shanghai. From 2018 to 2020, he served as the managing partner of Grandbay Capital Group. In 2021, he joined New Concepts Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 2221), with his last position as investment director. He obtained a bachelor's degree in geology from Peking University in 2006. He then obtained a master's degree in finance from the University of Hong Kong and a master's degree in economics from Peking University, respectively, in 2009. Mr. Li is also currently a director of various subsidiaries of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. He Yi ("Mr. He")

Mr. He, aged 50, has been appointed as an independent non-executive director of the Company on 1 July 2022. He has over 23 years of experience in the financial industry. He held various senior management roles in several banks in the PRC. He first joined Credit Agricole Indosuez in the PRC in 1994 and later served as the head of treasury of First Sino Bank in 1997. He then worked for the Australia and New Zealand Banking Group Limited as the deputy general manager in the PRC. From 2008 to 2012, he joined the Shanghai branch of Barclays Bank as the general manager. In 2012, he was appointed as the chief executive officer of Nomura China Bank. In January 2015, he founded Shanghai Yaoxin Investment Management Company Limited* (上海堯信投資管理有限公司) and has been serving as an executive director and the general manager. He is also a certified public accountant in the PRC. Since May 2011, he has been serving as an independent non-executive director of Kai Yuan Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1215). Since June 2016, he has also been appointed as an independent non-executive director of Sunshine Oilsands Ltd., the shares of which are listed on the Stock Exchange (stock code: 2012). He obtained a master's degree in economics from Fudan University (復旦大學) in July 2001.

Mr. Guo Yaoli ("Mr. Guo")

Mr. Guo, aged 54, has been appointed as an independent non-executive director of the Company on 29 September 2022. He has more than 20 years of experience in the PRC legal profession. He first worked for the PRC government from 1993 to 1997. He then worked as a lawyer in various law firms in Beijing since 1999. Since June 2020, he has been employed as an independent director of Tianjin Ruixin Technology Co., Ltd. (天津銳新昌科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300828). Since November 2022, he has also been appointed as an independent non-executive director of Sheng Yuan Holdings Limited., the shares of which are listed on the Stock Exchange (stock code: 00851). He received both his Bachelor of Laws degree and Master of Laws degree from the China University of Political Science and Law in June 1993 and in January 2001, respectively.

Ms. Xia Liping ("Ms. Xia")

Ms. Xia, aged 40, has been appointed as an independent non-executive director of the Company on 9 December 2022. She first worked as a manager of the funding department in Aivtech International Group Co. (泛藍國際集團) from 2010 to 2013. From 2014 to 2017, she was the manager of the finance department of Shenzhen Fortune Capital Management Co., Limited (深圳財富盛世資本管理有限公司). Since 2017, she has been serving as a director and the manager of the finance department at Smart Technology Group HK Limited (智創科技集團香港有限公司). She obtained a bachelor's degree in business administration from Southwestern University of Finance and Economics (西南財經大學) in January 2020 and a Master of Business Administration from The Chubb Institute and December 2022, respectively.

Report of the Directors

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding. Its subsidiaries are principally engaged in (i) high technology business, (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services and (vi) securities brokerage business; details of which are set out in Note 41 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 71 to 72.

DIVIDEND

No final dividend was paid to the shareholders of the Company during the year (2021: Nil).

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 174. This summary does not form part of the audited consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business and a discussion and analysis of the Group's performance during the year including the material factors underlying its results and financial position and the likely future developments of its business, as required by Schedule 5 of the Company Ordinance, is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Financial Review" of the "Management Discussion and Analysis" of this annual report.

Principal risks and Uncertainties

The Company has identified principal risks and uncertainties that the Group faces with respect to economic risks, business and strategic risk, financial risks, ESG risks and capital risks related to the Group's corporate structure. The Group's business, future results of operations and future prospects could be materially and adversely affected by those risks and uncertainties. The following highlights the principal risks and uncertainties of the Group and it is not meant to be exhaustive. There may be other risks and uncertainties which are not known to the Group or which may not be material now but turn out to be material in the future.

Economic Risks

– A severe or prolonged downturn of economy.

– Negative effect on our operational, financing or investing activities due to inflation, fluctuations of interest rates and other measures relating to financial policies.

Business and strategic risk

The risk of material adverse changes to the Group's business performance, development prospects and/or ability to deliver its strategy, caused by changes in the business, economic, competitive, regulatory, or political environment in which the Group operates.

ESG risk

Regarding for the Group's risk management and internal control systems are based, the Group is integrating ESG (environmental, social and governance) risks into its risk management and internal control systems to better manage enterprise-wide risks. Some of the ESG risks are of particular concern to the Group including climate change, energy consumption and waste management for environmental aspect; and community investment and supply chain management for social aspect. Such integration can provide additional strategic and operational leverage for the Group.

Financial Risk

Details of financial risk are set out in Note 44 to the consolidated financial statements.

Capital Risk

Details of capital risk are set out in Note 42 to the consolidated financial statements.

Compliance with Relevant Laws and Regulations

During the year, as far as the Directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

Relationships with Stakeholders

Employees are regarded as the most important and valuable assets of the Group. Competitive remuneration packages and a sound performance appraisal system with appropriate incentives are provided and implemented to attract and motivate employees. In addition, to conform to the market standard, the Group regularly reviews the remuneration package of employees and makes necessary adjustments. Moreover, the Group understands the importance of maintaining good relationship with business partners is vital to achieve its long-term goals. Thus, senior management of the Group have kept good communication, promptly exchanged ideas and shared business update with them as and when appropriate. During the year, there was no material and significant dispute between the Group and its business partners.

Environmental Policies

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise its environmental impact by saving electricity and encouraging recycle of office supplies and other materials. In this year, we have strived to maintain a stable level of electricity usage, reduce water consumption and adopt more environmentally friendly vehicles to facilitate the transition to a carbon-neutral future. In the future, we will continue to assess and embed ESG in our strategic plan and strive to play a leadership role in building a brighter and more sustainable future for society.

More information are provided in the Environmental, Social and Governance Report on pages 47 to 64.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in Notes 16 and 18 to the consolidated financial statements respectively.

SHARE CAPITAL

The share capital of the Company only comprises of ordinary shares. As at 31 December 2022 and the date of this report, the Company had 116,095,491 and 116,095,491 shares in issue respectively. Particulars of the Share Consolidation and Rights Issue are set out on pages 17 to 19 of this annual report. Details of the movements in the Company's share capital are set out in Note 34 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and laws of the Cayman Islands.

RESERVES

The Company's reserves available for distribution to shareholders as at 31 December 2022 amounted to approximately HKD832,918,000 (2021: HKD850,033,000).

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 35 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

DONATIONS

No donations for charitable and other purposes made by the Group during the year ended 31 December 2022 (2021: HKD10,000).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue during the year attributable to the Group's five largest customers was 79.4% of the Group's total revenue, of which 30.5% was made to the largest customer.

The aggregate purchase during the year attributable to the Group's five largest suppliers was 58.5% of the Group's total purchase, of which 29.6% was made to the largest supplier.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's customer or suppliers during the year.

DIRECTORS

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

Executive Directors

Mr. Liang Jian *(Chairman and CEO)*	
Mr. Yu Zhenzhong *(Vice Chairman)*	
Mr. Cai Linzhan	*(resigned on 10 October 2022)*
Mr. Lau Fai Lawrence	*(resigned on 1 July 2022)*
Ms. Liao Jianrong	*(appointed on 1 February 2022 and resigned on 22 April 2022)*
Mr. Yu Qingrui	
Ms. Wang Qian *(Vice Chairman)*	*(appointed on 31 May 2022)*
Mr. Su Wei	*(appointed on 1 July 2022)*
Mr. Yuan Yifeng	*(appointed on 19 August 2022)*
Mr. Li Rui	*(appointed on 19 August 2022)*
Mr. Cheung Kit Shing	*(appointed on 19 August 2022)*

Independent Non-Executive Directors

Mr. Chen Pei	*(resigned on 21 March 2023)*
Mr. Siu Siu Ling, Robert	*(resigned on 1 July 2022)*
Mr. Tam Tak Wah	*(retired on 29 June 2022)*
Mr. Zheng Zongjia	*(resigned on 10 October 2022)*
Mr. He Yi	*(appointed on 1 July 2022)*
Mr. Guo Yaoli	*(appointed on 29 September 2022)*
Ms. Xia Liping	*(appointed on 9 December 2022)*

During the year and up to the date of this report, Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Li Rui and Mr. Cheung Kit Shing are also directors of certain of the subsidiaries of the Company.

All directors of the Company appointed by the Board during the year ended 31 December 2022 are subject to re-election at the next following general meeting or the next following annual general meeting of the Company after their appointments. In accordance with the Company's Articles of Association, at each annual general meeting, one-third of the directors of the Company for the time being, or, if their number is not a multiple of three, then the number nearest to, but not less than one-third, shall retire from office by rotation.

DIRECTORS' SERVICE CONTRACTS

None of the directors of the Company being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 12 to the consolidated financial statements.

UPDATES ON DIRECTORS' INFORMATION

The following is updated information of Directors of the Company since the publication of the Company's 2021 annual report are disclosed as below pursuant to Rule 13.51B(1) of the Listing Rules:

1. With effect from 1 February 2022, Ms. Liao Jianrong has been appointed as executive director of the Company. With effect from 22 April 2022, Ms. Liao Jianrong has resigned as executive director of the Company.

2. With effect from 31 May 2022, Ms. Wang Qian has been appointed as executive director of the Company and the vice chairman of the Board.

3. With effect from the conclusion of the annual general meeting ("**AGM**") held on 29 June 2022, Mr. Tam Tak Wah retired from his position as independent non-executive director of the Company, the chairman of the Audit Committee and the Nomination Committee, and a member of the Remuneration Committee.

4. With effect from 1 July 2022, Mr. Lau Fai Lawrence has resigned as executive director of the Company.

5. With effect from 1 July 2022, Mr. Siu Siu Ling, Robert has resigned as an independent non-executive director of the Company, and has ceased to be the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

6. With effect from 1 July 2022, Mr. Su Wei has appointed as executive director of the Company.

7. With effect from 1 July 2022, Mr. He Yi has been appointed as an independent non-executive director of the Company, the chairman of the Audit Committee and the Nomination Committee and a member of Remuneration Committee.

8. With effect from 19 August 2022, Mr. Yuan Yifeng has appointed as executive director of the Company.

9. With effect from 19 August 2022, Mr. Li Rui has appointed as executive director of the Company.

10. With effect from 19 August 2022, Mr. Cheung Kit Shing has appointed as executive director of the Company.

11. With effect from 29 September 2022, Mr. Guo Yaoli has been appointed as an independent non-executive director of the Company, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

12. With effect from 10 October 2022, Mr. Cai Linzhan has resigned as executive director of the Company.

13. With effect from 10 October 2022, Mr. Zheng Zhongjia has resigned as an independent non-executive director of the Company, and has ceased to be a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

14. With effect from 9 December 2022, Ms. Xia Liping has been appointed as an independent non-executive director of the Company, and a member of each of the Remuneration Committee, the Audit Committee and the Nomination Committee.

15. With effect from 21 March 2023, Mr. Chen Pei has been resigned as an independent non-executive director of the Company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules, were as follows:

Long positions in the ordinary shares and the underlying shares of the Company

Name of Directors	Capacity	Personal Interest	Other Interest	Total Interest	Percentage of Company's issued share capital
Yu Qingrui	Beneficial owner	133,511	509,241 *(Note)*	642,752	0.55%

Note:

These interests represent options granted to the directors of the Company as beneficial owners under the share option schemes of the Company adopted on 22 February 2012 and 30 June 2021. The number of options had been adjustment as a result of the implementation of share consolidation with effect from 23 February 2022 (the "**Share Consolidation**") and the completion of right issue on 20 May 2022 (the "**Rights Issue**"). Details of the interests of the Directors in the share options of the Company are disclosed in the section "Share Option Schemes" below.

Save as disclosed above, as at 31 December 2022, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 22 February 2012, the Company adopted a share option scheme (the "**Scheme 2012**"). Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 30 June 2021, the Scheme 2012 was terminated and a new share option scheme (the "**Scheme 2021**") was adopted. The adoption of Scheme 2021 will not in any event affect the terms of the grant of such outstanding options that has already been granted under the Scheme 2012 and shall continue to be valid and subject to the provisions of the Scheme 2012. The remaining life of the Scheme 2021, which will expire on 29 June 2031, is approximately less than 10 years from the date of the adoption of the Scheme 2021.

The movements in share options during the year are listed below:

			Number of share options								
Grantee	**Date of grant**	**Exercise price per shares**	**As at 01.01.2022**	**Granted during the year**	**Exercised during the year**	**Adjustment in relation to the Share Consolidation**	**Adjustment in relation to the Rights Issue**	**Lapsed during the year**	**As at 31.12.2022**	**Exercise period**	**Vesting date**
Directors											
Yu Qingrui	27.03.2020	10.95	6,165,168	–	–	(5,856,910)	–	(308,258)	–	27.03.2020 – 26.03.2022	27.03.2020
	21.05.2021	2.44	9,400,000	–	–	(8,930,000)	13,522	–	483,522	21.05.2021 – 20.05.2023	21.05.2021
	17.09.2021	2.10	500,000	–	–	(475,000)	719	–	25,719	17.09.2021 – 16.09.2023	16.03.2022
Former director											
Lau Fai Lawrence *(Note 2)*	17.09.2021	2.10	9,900,000	–	–	(9,405,000)	14,241	–	509,241	17.09.2021 – 16.09.2023	16.03.2022
Siu Yun Fai *(Note 3)*	27.03.2020	10.95	6,165,168	–	–	(5,856,910)	–	(308,258)	–	27.03.2020 – 26.03.2022	27.03.2020
	17.09.2021	2.10	500,000	–	–	(475,000)	–	(25,000)	–	17.09.2021 – 16.09.2023	16.03.2022
Cai Linzhan *(Note 4)*	27.03.2020	10.95	6,165,168	–	–	(5,856,910)	–	(308,258)	–	27.03.2020 – 26.03.2022	27.03.2020
	17.09.2021	2.10	500,000	–	–	(475,000)	719	(25,719)	–	17.09.2021 – 16.09.2023	16.03.2022
Director of a subsidiary											
In aggregate	17.09.2021	2.10	29,700,000	–	–	(28,215,000)	42,723	–	1,527,723	17.09.2021 – 16.09.2023	16.03.2022
Employees											
In aggregate	27.03.2020	10.95	6,562,920	–	–	(6,234,774)	–	(328,146)	–	27.03.2020 – 26.03.2022	27.03.2020
	17.09.2021	2.10	53,800,000	–	–	(51,110,000)	57,683	(685,000)	2,062,683	17.09.2021 – 16.09.2023	16.03.2022
Total			129,358,424	–	–	(122,890,504)	129,607	(1,988,639)	4,608,888		

Notes:

1. The number of the outstanding share options and exercise price had been adjusted as a result of the Share Consolidation and the Rights Issue during the year ended 31 December 2022.

2. Mr. Lau Fai, Lawrence has resigned as an executive director of the Company on 1 July 2022.

3. Mr. Siu Yun Fat has resigned as an executive director of the Company on 31 December 2021.

4. Mr. Cai Linzhan has resigned as an executive director of the Company on 10 October 2022.

5. The closing price of the shares immediately before 27 March 2020 was HKD0.56. The closing price of the shares immediately before 21 May 2021 was HKD0.123. The closing price of the shares immediately before 17 September 2021 was HKD0.105.

Apart from the above movements, no share options were granted, exercised, lapsed or cancelled under the share option schemes of the Company during the year.

At 31 December 2022, an aggregate of 4,608,888 shares of the Company at par value of HKD0.4 each are issuable for share options granted under the Scheme 2012 and Scheme 2021, representing approximately 3.97% of the total number of issued shares of the Company. The weighted average remaining contractual life of these outstanding share options is approximately 0.68 years (2021: 1.40 years).

Further details of the share option schemes of the Company are set out in Note 36 to the consolidated financial statements.

SHARE AWARD SCHEME

The Company adopted a share award scheme on 15 July 2015 (the "**Share Award Scheme**"). The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group.

The existing scheme mandate limit in respect of the granting of share awards under the Scheme Award Scheme has been refreshed at the annual general meeting of the Company on 31 May 2018 which the total number of shares of the Company may be awarded under the Share Award Scheme shall not be exceed 10% of the shares of the Company in issue as at 31 May 2018. Notwithstanding the foregoing, the Company will not issue or grant any awarded shares under the Share Award Scheme which would result in the total number of the awarded shares together with shares which may be issued upon exercise of all outstanding share options granted but yet to be exercised under the share option schemes of the Company representing in aggregate over 30% of the Company's shares in issue as at the date of such grant.

During the year, no shares of the Company were purchased by the trustee of the Share Award Scheme pursuant to the terms of the trust deed of the Share Award Scheme (2021: Nil). No share award has been granted, vested, lapsed and cancelled during the year (2021: Nil).

As at 31 December 2022, no shares of the Company were held by the trustee of the Share Award Scheme (31 December 2021: Nil).

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections "Share Option Schemes" and "Share Award Scheme" above and Note 36 "Share Option Scheme/Equity Settled Share-based Transactions" to the consolidated financial statements, at no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2022, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares and the underlying shares of the Company

Name of Shareholder	Capacity	Number of Shares	Percentage of the Company's issued share capital
Chu Mo Kwan	Beneficial owner	11,715,000	10.09%
Liu Mingzhong	Beneficial owner	11,320,000	9.75%
Tan Jinkang	Beneficial owner	11,220,000	9.66%
Yip Chun Tat	Beneficial owner	10,980,000	9.46%
Yang Xuan Zi	Beneficial owner	10,880,000	9.37%
哈爾濱工業大學("**哈工大學**") *(Note)*	Interest of controlled corporation	9,454,000	8.14%
哈爾濱工業大學資產投資經營有限責任公司 ("**哈工投資**") *(Note)*	Interest of controlled corporation	9,454,000	8.14%
嚴格集團股份有限公司 (formerly known as 哈工大機器人集團股份有限公司) ("**嚴格集團**") *(Note)*	Interest of controlled corporations	9,454,000	8.14%
上海嚴格企賦科技服務有限公司 (formerly known as 哈工大機器人集團上海科技服務有限 公司) ("**上海嚴格**") *(Note)*	Interest of controlled corporations	9,454,000	8.14%
Ha Wu Industrial Hong Kong Investment Holding Co., Limited (formerly known as HRG Robotics International Limited) ("**Ha Wu Industria**l")	Beneficial owner	9,454,000	8.14%
Fang Wen Wen	Beneficial owner	7,067,500	6.09%

Note:

Ha Wu Industrial has a security interest in 9,454,000 shares of the Company. Each of 哈工大學, 哈工投資, 嚴格集團 and 上海嚴格 is deemed to be interested in the 9,454,000 shares held by Ha Wu Industrial by reason of interests of controlled corporations within the meaning of Part XV of the SFO.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 31 December 2022 as required pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

There were no transactions, arrangements or contracts in relation to the Company's businesses, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the year or any time during the year, and in which a director of the Company or an entity connected with a director of the Company had, whether directly or indirectly, a material interest, nor there were any other transactions, and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Mr. Yu Qingrui is a director of Central Wealth Group Holdings Limited ("**Central Wealth**") throughout the year as well as holding 319,200,000 shares in Central Wealth respectively as at 31 December 2022 representing approximately 1.96% of the issued share capital of Central Wealth whose principal activities are securities and futures dealing business, financial investment, property investments, money lending business and Chinese medicine clinic business. The Company and Central Wealth are separate listing entities run by separate and independent management. Mr. Yu Qingrui cannot personally control the Board and is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, Central Wealth.

During the year and/or up to the date of this report, Mr. Liang Jian, Mr. Yu Zhenzhong and Mr. Chen Pei (Mr. Chen Pei resigned as independent non-executive director of the Company on 21 March 2023) held directorships in companies engaged in high technology business. The aforesaid companies have been operating under separate and independent managements. None of the above-mentioned directors of the Company can personally control the Board and each of them is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

Save as disclosed above, none of the directors of the Company has any interests in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

COMPETING BUSINESS

During the year and/or up to the date of this report, 嚴格集團, which is deemed to be interested in approximately 8.14% of the issued share capital of the Company and thus a substantial shareholder of the Company, is principally engaged in the design, development, manufacturing and sales of robots and specializes in robotics industry and related businesses. 嚴格集團 has been operating independently from the Group. Moreover, 嚴格集團 is a global strategic partner of the Company. Therefore, the Group is capable of carrying on its businesses independently of and at arm's length from the business of 嚴格集團.

During the year ended 31 December 2022, save as disclosed above, none of the substantial shareholders of the Company or any of their associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

RELATED AND CONNECTED PARTY TRANSACTIONS

Details of material related party transactions for the year are set out in Note 40 to the consolidated financial statements.

Save as disclosed herein, the Company has not entered into other transactions with its connected parties which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in so far as they are applicable.

EMOLUMENT POLICY

The Group remunerates its employees based on their performance, experience and prevailing market rate. Other employee benefits include provident fund scheme, share option scheme, share award scheme as well as discretionary bonuses. The determination of emoluments of the directors of the Company had taken into consideration of their respective experience, responsibilities in the Company and the prevailing market conditions.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during 2022.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received the annual confirmation of independence from each of the independence non-executive directors of the Company as required under Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive directors of the Company are independent.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, damages and expenses which he/she may sustain or incur or about the execution and discharge of his/her duties or in relation thereto. The Company has arranged appropriate Directors' and Officers' liability insurance coverage for the directors and officers of the Company during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, at least 25% of the Company's total issued ordinary share capital was held by the public as at the date of this report.

AUDIT COMMITTEE

The Audit Committee of the Company has met the external auditor of the Company and reviewed the audited consolidated financial statements of the Company for the year.

AUDITOR

Moore Stephens CPA Limited, the auditor of the Company, will retire and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Cheung Kit Shing
Director

Hong Kong, 31 March 2023

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to have a better understanding and evaluate and manage risks (including environmental, social and governance risks), and to safeguard the interests of its shareholders and to enhance the performance of the Group. The Board focuses on creating long-term sustainable growth for shareholders of the Company and delivering long-term values to all stakeholders of the Group.

The Company's corporate governance practices are based on the principles of good corporate governance set out in the Corporate Governance Code in the Appendix 14 of the Listing Rules (the "**CG Code**"). The Company has complied with all code provisions during the year ended 31 December 2022 as set out in the CG Code except for the following deviations:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer ("**CEO**") should be separate people and should not be performed by the same individual. The roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Liang Jian during the year. The Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. The Board understands the importance of complying with the code provision C.2.1 of the CG Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate person will be nominated to take up the different roles of chairman and chief executive officer.

BUSINESS MODEL AND STRATEGY

The Group's mission is to render premium customer service by adoption of flexible business model, strategy and prudential risk and capital management framework.

By recognising the importance of stakeholders at the Board level and throughout the Group, the Company strives to create values to the stakeholders through sustainable growth and continuous development as follows:

- Reliable, consistent and transparent communication with investors and stakeholders
- Building a health company culture
- Flexible, diverse, inclusive and open culture to attract and retain talent

To achieve the Company's goals, the Board and the management have played and will continue to play an active role in the Group's development of business model to strength the culture of the Group in serving customers well with high quality service; the communication with investors and stakeholders; the Group's business strategic drive for business expansion; the determination of the Group's risk appetite and tolerance levels; and the Group's setting of strategic goals, priorities and initiatives undertaken to motivate staff to achieve business and financial targets.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

BOARD OF DIRECTORS

As at 31 December 2022, the Board comprised twelve directors, eight of which are executive directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Ms. Wang Qian, Mr. Yu Qingrui, Mr. Su Wei, Mr. Yuan Yifeng, Mr. Li Rui, Mr. Cheung Kit Shing; and four are independent non-executive directors, namely Mr. Chen Pei, Mr. He Yi, Mr. Guo Yaoli and Ms. Xia Liping.

Biographical details of the directors are set out under the section "Biographical Details of Directors" on pages 21 to 23 of this report. Save as disclosed in the section, to the best knowledge of the directors, the Board is not aware of any financial, business, family or other material/relevant relationships among members of the Board.

The Board is responsible for the leadership and control of the Group, overseeing the Group's businesses, strategic decisions and performance, evaluating the performance of the Group and supervising the management. In addition, the Board reserves the authority to make final decisions for all major matters of the Company, including internal control and risk management, dividend payout, material transaction, preparation and release of financial information, appointment of directors, and other significant financial matters. The Board is also responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code. In order to enhance efficiency, the Board has delegated the day-to-day responsibilities and operations to the executive directors of the Company and senior management of the Group.

Appropriate insurance cover has been arranged by the Company in respect of potential legal action against its directors and officers arising out of corporate activities of the Group.

ATTENDANCE OF DIRECTORS AND COMMITTEE MEMBERS

The following table summaries the attendance by individual director and committee member at meetings in 2022:

	Number of Board meetings attend/held	Number of Audit Committee's meetings attend/held	Number of Remuneration Committee's meetings attend/held	Number of Nomination Committee's meetings attend/held	Number of general meetings attend/held	Number of extraordinary general meetings attend/held
Executive Directors						
Mr. Liang Jian	2/12	–	–	–	1/1	0/1
Mr. Yu Zhenzhong	0/12	–	–	–	0/1	0/1
Mr. Cai Linzhan *(note 1)*	10/10	–	–	–	1/1	1/1
Mr. Lau Fai Lawrence *(note 2)*	5/6	–	–	–	1/1	1/1
Mr. Yu Qingrui	11/12	–	–	–	1/1	1/1
Ms. Liao Jianrong *(note 3)*	0/1	–	–	–	–	1/1
Ms. Wang Qian *(note 4)*	7/7	–	–	–	1/1	–
Mr. Su Wei *(note 5)*	6/6	–	–	–	–	–
Mr. Yuan Yifeng *(note 6)*	6/6	–	–	–	–	–
Mr. Li Rui *(note 7)*	3/5	–	–	–	–	–
Mr. Cheung Kit Shing *(note 8)*	6/6	–	–	–	–	–
Independent Non-Executive Directors						
Mr. Chen Pei	0/12	–	–	–	0/1	0/1
Mr. Siu Siu Ling, Robert *(note 9)*	4/6	0/1	1/3	1/3	1/1	1/1
Mr. Tam Tak Wah *(note 10)*	4/5	1/1	2/2	2/2	1/1	1/1
Mr. Zheng Zongjia *(note 11)*	9/10	2/2	5/5	5/5	1/1	1/1
Mr. He Yi *(note 12)*	4/6	1/1	3/3	3/3	–	–
Mr. Guo Yaoli *(note 13)*	2/2	–	1/1	1/1	–	–
Ms. Xia Liping *(note 14)*	–	–	–	–	–	–

Notes:

1. Mr. Cai Linzhan resigned as a director on 10 October 2022
2. Mr. Lau Fai Lawrence resigned as a director on 1 July 2022
3. Ms. Liao Jiangrong was appointed as director on 1 February 2022 and resigned as a director on 22 April 2022
4. Ms. Wang Qian was appointed as director on 31 May 2022

5. Mr. Su Wei was appointed as director on 1 July 2022

6. Mr. Yuan Yifeng was appointed as director on 19 August 2022

7. Mr. Li Rui was appointed as director on 19 August 2022

8. Mr. Cheung Kit Shing was appointed as director on 19 August 2022

9. Mr. Siu Siu Ling, Robert resigned as director on 1 July 2022

10. Mr. Tam Tak Wah retired from director on 29 June 2022

11. Mr. Zheng Zongjia resigned as director on 10 October 2022

12. Mr. He Yi was appointed as director on 1 July 2022

13. Mr. Guo Yaoli was appointed as director on 29 September 2022

14. Mx. Xia Liping was appointed as director on 9 December 2022

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year, the role and the duties of chairman and CEO were performed by Mr. Liang Jian.

INDEPENDENT NON-EXECUTIVE DIRECTORS

All the independent non-executive directors are appointed with no specific term and all are subject to re-election at least once every three years under the Company's Memorandum and Articles of Association.

The independent non-executive directors are professions or executive of high caliber with diversified industry expertise and bring a wide range of skills and experience to the Group. They bring to the Group independent judgment on issues of strategy, performance, key appointments, environmental protection, risk management and internal control through their contribution at Board meetings, thus safeguarding the interests of shareholders and the Company as a whole.

At relevant times during the year ended 31 December 2022, the Company failed to meet the requirements as required in Rules 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing at least one third of the Board and with at least one of them possessing appropriate professional accounting and financial management expertise required under the Listing Rules. At relevant times during the year ended 31 December 2022, the Company also failed to meet the requirements as required in Rules 3.21 of the Listing Rules relating to establish an audit committee comprising non-executive directors only and a minimum of three numbers. Following the appointment of Ms. Xia Liping as an independent non-executive director, a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 9 December 2022, the Company will have 12 directors, the Company had complied with the requirements under Rules 3.10A and 3.21 of the Listing Rules.

The Company has received from each of the independent non-executive directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent in accordance with the independence guidelines set out in the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The appointment of a new director is made on the recommendation of the Nomination Committee and the Board and by the shareholders of the Company in a general meeting.

All directors appointed by the Board are subject to re-election at the next following general meeting or the next following annual general meeting of the Company after their appointments. All directors, including the independent non-executive directors shall retire from office by rotation at least once every three years as referred to the Company's Memorandum and Articles of Association which provides that at each annual general meeting one third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

DIRECTORS' TRAININGS

Induction package are provided to newly appointed director to ensure that each director of the Company is familiar with the role of the Board, the legal and other duties and responsibilities as director of the Company as well as the business and corporate governance practices of the Group. According to the code provision C.1.4 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All existing directors have provided a record of training they received during the year to the Company, which includes attending seminars, reading various materials regarding directors' responsibilities, updates on the Listing Rules and corporate governance policy, etc.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee with defined terms of reference (available on the websites of the Company and the Stock Exchange), which are of no less exacting terms than those set out in the code provisions of the CG Code.

Audit Committee

The Audit Committee was established on 1 November 2011 and currently consisted of three independent non-executive directors: Mr. He Yi (Chairman), Mr. Guo Yaoli and Ms. Xia Liping. Mr. He Yi is possessing the appropriate professional accounting and financial management expertise as required under the Listing Rules.

The major roles and functions of the Audit Committee are:

1. to monitor and assess the integrity and accuracy of the financial reporting disclosures, respective accounting policies, significant accounting judgments and the requirements in respect of the interim and annual financial statements;

2. to oversee the Company's relationship with the external auditors including (but not limited to) making recommendations to the Board on their appointment, re-appointment and removal, the approval of their remuneration and their terms of engagement, and assessing their independence and objectivity;

3. to discuss with the external auditor the nature and scope of the audit before the audit commences, assess the external audit process, discuss issues arising from the interim review and annual audit, and any matters the external auditor may wish to discuss;

4. to review the effectiveness of the internal control over the financial reporting of the Group; and

5. to review the Company's financial controls, the internal audit function, the overall governance, risk management and internal control systems.

During the year, the Audit Committee held two meetings. At the meetings, the Audit Committee has met the external auditor and reviewed the audited financial statements for the financial year ended 31 December 2021 and the interim report for the six months ended 30 June 2022. The Audit Committee has also reviewed the Group's accounting policies and practices, the Listing Rules and statutory compliance, risk management, internal controls and financial reporting matters. It keeps to review the independence and objectivity of the Company's external auditors and the non-audit services provided by the Company's external auditors to the Group.

Remuneration Committee

The Remuneration Committee was established on 1 November 2011 and currently consisted of three independent non-executive directors: Mr. Guo Yaoli (Chairman), Mr. He Yi and Ms. Xia Liping.

The major roles and functions of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of the directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; and

2. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During the year, the Remuneration Committee held six meetings and resolved to review and approve the remuneration policy and the remuneration packages of the directors and senior management. No director is involved in deciding his/her own remuneration.

Nomination Committee

The Nomination Committee was established on 20 March 2012 and currently consisted of three independent non-executive directors: Mr. He Yi (Chairman), Mr. Guo Yaoli and Ms. Xia Liping.

The major roles and functions of the Nomination Committee are as follows:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

3. to assess the independence of independent non-executive directors; and

4. to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors.

Nomination Policy

The nomination policy of the Company (the "**Nomination Policy**") sets out the key selection criteria and procedure for the appointment of any proposed candidate to the Board or re-appointment of any existing member of the Board.

Key selection criteria

In evaluating the suitability of a proposed candidate, the Nominating Committee shall consider the following factors, namely the potential contribution the candidates would bring to the Board:

(i) character and integrity;

(ii) professional qualifications, skills, knowledge and relevant experience or accomplishment appropriate to the nature of the Company's business;

(iii) commitment in respect of available time, interest and attention to the Company's business;

(iv) diversity perspectives, including but not limited to educational background, professional experience, industry expertise, knowledge and skills;

(v) compliance with the criteria of independence under Rule 3.13 of the Listing Rules, where the candidate is proposed to be appointed as an independent non-executive directors; and

(vi) any relevant factors deemed appropriate by the Nomination Committee from time to time.

The procedure of appointing and re-appointing a director is summarized as below:

– The Nomination Committee shall invite nominations of suitable candidate(s) through channels (including but not limited to job hunter, advertisement, network of the management or the Board) for consideration by the Nomination Committee.

– For the appointment of any proposed candidate to the Board, the Nomination Committee shall evaluate the proposed candidate(s) based on the selection criteria of this policy and undertake adequate due diligence in respect of such proposed candidate(s), and make recommendation for the Board's consideration and approval.

– For the re-appointment of retiring directors, the Nomination Committee shall review the director's overall contribution and performance and consider the selection criteria of this policy, and make recommendation to the Board and/or the shareholders of the Company for their consideration in connection with the re-election of retiring directors at general meetings.

– The Board will convene a meeting to consider the appointment or re-appointment of the proposed candidates as a director.

During the year, the Nomination Committee held six meetings and resolved to review the structure, size, composition and diversity of the Board and the qualifications for all directors and senior management of the Group; assess the independence of the independent non-executive directors; identify and recommend the appointment of new director to the Board for approval and nominate the re-appointment of retiring directors to the shareholders of the Company for approval.

Board Diversity Policy

The Board has adopted a board diversity policy since 1 September 2013 which sets out the approach to achieve diversity on the Board. A summary of the policy together with the measurable objectives set for implementing the policy, and the progress made towards achieving those objectives are disclosed below.

(i) Summary of the Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, gender, age, cultural, educational background, professional experience, skills and know-how. The Board consists of a diverse mix of Board members in terms of age, gender and tenure of office. As at 31 December 2022, the Board has two female directors out of twelve directors and the directors come from a variety of different backgrounds and have a diverse range of business, financial services and professional experience. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

(ii) Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, cultural, educational background, professional experience, skills and know-how.

(iii) Monitoring and Reporting

The Board and Nomination Committee will review the effectiveness of the board diversity policy and monitor the implementation of the board diversity policy annually. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2022.

The Company also adopted a code on no less exacting terms than the Model Code to regulate dealings in the securities of the Company by certain employees of the Group who are considered to be likely in possession of inside information in relation to the Company or its securities.

AUDITOR’S REMUNERATION

Amounts of approximately HKD1,280,000 and HKD496,000 in relation to the audit service and non-audit related services respectively provided by the Company’s auditor, were charged to the profit or loss for the year ended 31 December 2022. The non-audit services were mainly related to agreed-upon procedures on interim results, provision of internal control review and environmental, social and governance reporting support services, and acting as the reporting accountant for various circulars of the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

Up to the date of this report, the Board reviewed the Company’s corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, the Company’s compliance with the CG Code and the disclosures in this Corporate Governance Report except for the deviations from code provision C2.1 of the CG Code as detailed in the paragraphs headed “Corporate Governance Practices”.

RISK MANAGEMENT AND INTERNAL CONTROL

Goals and objectives

Effective risk management is important to the Group’s achievement of its strategic goals. The Group manages risk across multiple risk domains, including but not limited to business and strategic risk, eonomic risk, finanical risk, capital risk and ESG risk as set out in the “Principal risks and Uncertainities” section under Management Discussion and Analysis. The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management policy has been established to formalise the risk management of the Group, to build up a standard and effective risk management system, improve the ability of risk prevention, so as to ensure the Group is operating in a safety and steady environment, the operation management level could be increased and the Group's operational strategy and target could be achieved. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

Main features of the risk management and internal control systems

To ensure the efficient and effective operation of the business, relevant internal control procedures have been set up for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. These procedures are monitored and reviewed from time to time and updated where necessary.

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the key processes of the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and

- Considers the impact on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and

- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;

- Revises the risk management strategies and internal control processes in case of any significant change of situation; and

- Reports the results of risk monitoring to the management and the Board regularly.

An independent professional adviser has been engaged to conduct an annual review of the effectiveness of the risk management and internal control systems for the Group. During the year ended 31 December 2022, the scope of review included anti-money laundering and counter-terrorist financing cycle and financial reporting cycle for one of the subsidiaries with a principal activities of provision of money lending. Major findings and areas for improvement have been reported to the Audit Committee and the Board. All recommendations would be followed up closely by the management of the Group to ensure that they are implemented within a reasonable period of time. The Group therefore considered that its risk management and internal control processes are adequate to meet the needs of the Group in its current business environment and nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate.

ANTI-CORRUPTION POLICY AND WHISTLEBLOWING POLICY

Anti-corruption policy has been established which set out the Company's commitment, the scope of the policy and the reporting channels. The Group does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities. The anti-corruption Policy forms an integral part of the Group's corporate governance framework, which sets out the specific behavioural guidelines that the employees of the Group must follow to combat corruption. The Board acknowledges that it is responsible for implementing the policy and reviewing the effectiveness of the policy on an ongoing basis. All the employees are informed and expected to act with integrity, impartiality and honesty. The Group regularly organises and arranges various training on anti-corruption for the directors and employees of the Group. The details of the policy are set out in the "Environmental, Social and Governance Report" section below.

Whistleblowing policy has been established for our employees and the relevant third parties (e.g. customers, suppliers, creditors and debtors) who deal with the Group to raise concerns in confidence about suspected misconducts, malpractices or fraudulent activities relating to the Group. All employees and the relevant third parties of the Group are encouraged to report material risk issues or transactions to higher authorities pursuant to the whistleblowing policy. The whistleblowing policy is independent of management and the identity of the whistleblower will be treated with the strictest confidence. The Board acknowledges that it is responsible for implementing the policy and reviewing the effectiveness of the policy on an ongoing basis.

DIVIDEND POLICY

The Board has adopted a dividend policy which sets out the principles and guidelines of the Company in relation to the distribution of dividend to its shareholders. The Company will distribute dividends subject to the distributable profits in the financial statements prepared in accordance with the Company Law of Cayman Islands, HKFRSs and Hong Kong Accounting Standards and also to the provisions of the Company's Memorandum and Articles of Associations as well as all applicable laws.

When considering the payment of any dividends, the Board will take into account of the financial results, shareholders' interests, general business conditions and strategies, capital requirements, contractual restrictions on the payment of dividends by the Company to its shareholders or by its subsidiaries to the Company, taxation consideration, possible effects on the Company's creditworthiness, statutory and regulatory restrictions and any other factors may deem relevant. The Board will review the dividend policy of the Company as appropriate from time to time.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION POLICY

The Board recognises the importance of good communications with its shareholders and investors. The Board has adopted a shareholders communication policy setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring that its communications with the shareholders are timely, transparent, accurate and open. The Company continues to enhance relationships and communication with its investors and shareholders of the Company and is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The annual general meetings of the Company are the primary forum for communication by the Company with its shareholders and for shareholders participation. At the annual general meeting of the Company, the directors of the Company (or their delegates as appropriate) are available to meet shareholders and answer their enquires. The detailed procedures of conducting a poll are explained to shareholders at the commencement of the general meetings to ensure that shareholders are familiar with such procedures.

The Company updates its shareholders on its latest business developments and financial performance through its annual and interim reports, announcements and circulars. The corporate website of the Company (www.fw-holdings.com) has provided an effective communication platform to the public and the shareholders. The Board will review the effectiveness and monitor the implementation of the shareholders communication policy annually.

Procedures for shareholders to convene an extraordinary general meeting

One or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings can convene an extraordinary general meeting pursuant to Article 64 of the Company's Memorandum and Articles of Association. For proposing resolution at the general meeting, shareholders should submit it in writing to the directors or the company secretary with details. If the directors of the Company do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the directors of the Company, and all reasonable expenses incurred by the requisitionists as a result of the failure of the directors of the Company shall be reimbursed to them by the Company. The Board welcomes views and questions from the shareholders who may at any time send their enquiries and concerns to the Board by post, email or facsimile. The details of contact are as follows:

Address: Room Nos. 2601-2604 and 2637-2640, 26/F.,
Sun Hung Kai Centre, 30 Harbour Road,
Wanchai, Hong Kong

Fax number: (852) 2311-7738

Email: info@fw-fh.com

Procedures for shareholders to put forward proposals at shareholders' meeting

The Board is not aware of any provisions allowing the shareholders of the Company to put forward proposals at general meetings of the Company under the Memorandum and Articles of Association and the Companies Law of the Cayman Islands. Shareholders of the Company who wish to put forward proposals at general meetings may refer to the preceding paragraph to make written requisition to require the convening of an extraordinary general meeting of the Company.

CONSTITUTIONAL DOCUMENTS OF THE COMPANY

During the year, the Company has not made any changes to the Company's Memorandum and Articles of Association. An updated version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

In order to comply with the latest requirements under the Listing Rules, the Board proposed to put forward relevant resolution(s) for approval of the shareholder of the Company at the forthcoming annual general meeting for adoption of the second amended and restated memorandum and articles of association of the Company. Details of the proposed amendments to the existing amended and restated memorandum and articles of association of the Company will be disclosed in the circular of the Company to be despatched to shareholders of the Company in due course.

INTRODUCTION

The Board is pleased to present the Environmental, Social and Governance report (the "**ESG Report**") of the Group in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Group is committed towards sustainability and understands the importance of sustainable development of its business and community. The ESG Report discloses the Group's policies and practices for its commitment to sustainable development. As a platform for communication with all stakeholders, the ESG Report also makes responses to the major expectations of all stakeholders in efforts to facilitate mutual understandings.

Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Report of this annual report.

The Board acknowledges its responsibilities in preparing and issuing this report, including formulating overall ESG strategy, identifying ESG-related risks, implementing internal controls, supervising stakeholder engagement and materiality assessment and prioritizing matters concerned by our Group and our stakeholders in accordance to their values and importance.

STATEMENT FROM THE BOARD

In the midst of a complex business environment and pandemic ("**COVID-19**"), the Group devised counter measures, implemented COVID-19 security measures and explored new business opportunities. We are proud that our employees were able to uphold the core values of providing the high quality services and products to our customers despite these challenging times. We appreciate the continued commitment of all our employees as well as partners in giving back to the community and supporting our customers. In 2022, the Group actively upheld its high standard sustainability principles across all business lines by regularly reviewing of the ESG internal controls and continuously applying ESG risk management.

The Board has overall responsibility on the ESG management matters. Since the outbreak of COVID-19 in the end of 2019, COVID-19 has been lingering in the society for a period of time and the safety of our staff remains our top priority. The management regularly communicate with employees of different business line to ensure that there are sufficient protection measures in each business division and report to the Board on a regular basis. The pandemic related contingency measures, health guidelines and safety measures in the working environment are periodically reviewed and updated according to the staff's feedback and the development of COVID-19 situation. This ensures minimal disruption to our business operations.

The Group further proactively manages climate-related risks, which are critical to the Group's sustainable business development. To facilitate the transition to a net-zero economy in China and Hong Kong, the Group has developed a green environmental strategy covering all business units. The Group established environmental related key performance indicator to gauge the effectiveness of the current policies and to identify areas for improvement. The Group also works closely with partners and other stakeholders to influence them to environmentally friendly.

Going forward, the Group will focus on the green environmental strategy, protecting our employees from COVID-19 and new ESG opportunities. The Group looks forward to playing a leading role in building a brighter and a sustainable future for the society.

REPORTING PRINCIPLE

Materiality: This ESG report disclosed: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. For detail process to identify and the criteria for the selection of material ESG factors, please refer to section "Materiality Assessment".

Quantitative: ESG data are presented numerically to enable comparability against our previous year's performance, market standards and our peers. Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. For the methodologies, assumptions, calculation tools used and source of conversion factors used, please refer to "Environmental Aspect" and "Social Aspect".

Balance: This report strives to achieve objective, fair and truthful disclosure and reflection of the Group's achievements and practices in the environment and social dimensions in 2022, and also the dilemmas encountered and improvement measures with a sense of responsibility.

Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison. This report follows a consistent range of statistics and the statistics scope of 2022 corresponds with that in 2021.

SCOPE OF REPORT

The scope of the ESG Report mainly focuses on the Group's principle activities during 1 January 2022 to 31 December 2022 (the "**Reporting Period**"), which is in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services and (vi) securities brokerage business. In setting the reporting boundary, the board of directors has performed internal analysis on an annual basis and identified the major operation in Hong Kong and major operations located in Hefei of the People's Republic of China (the "**PRC**") to include in the ESG Report.

Unless otherwise stated, the information compiled in this ESG Report covers the environmental and social information and data of the main operation located in Hong Kong and Hefei of the PRC, the disclosure of systems, policies, and compliance with laws and regulations is made on a Group-wide basis. The Group has compiled KPI, as shown in this ESG Report and supplemented by notes for benchmarking purposes. The Group will continue to assess the key ESG aspects of the different businesses to determine whether they are required to be included in the ESG Report.

The information presented in the ESG Report included our Hong Kong office and two PRC offices.

STAKEHOLDERS ENGAGEMENT

Our sustainability framework revolves around identifying the key material ESG topics within our business operations which is conducted through our stakeholder engagement activities. We define stakeholders based on their relationship with the Group, the extent to which they are impacted by our business operations, and the degree that they affect our ability to reach our business targets.

The Group believes that listening to and understanding the opinions of stakeholders will provide a solid foundation for the sustainable development of the Group. In this regard, the Group actively explores various channels to maintain good communication with stakeholders including but not limited to shareholders, employees, customers, suppliers and business partners, local communities, government and regulatory bodies, to enhance the stakeholders' understanding of the development and operational policies, and to provide more opportunities for them to put forward suggestions so that the Group can provide them with timely and effective feedback regarding their concerns. This approach ensures that the Group can maintain a long-lasting relationship with our stakeholders and to achieve mutual benefits.

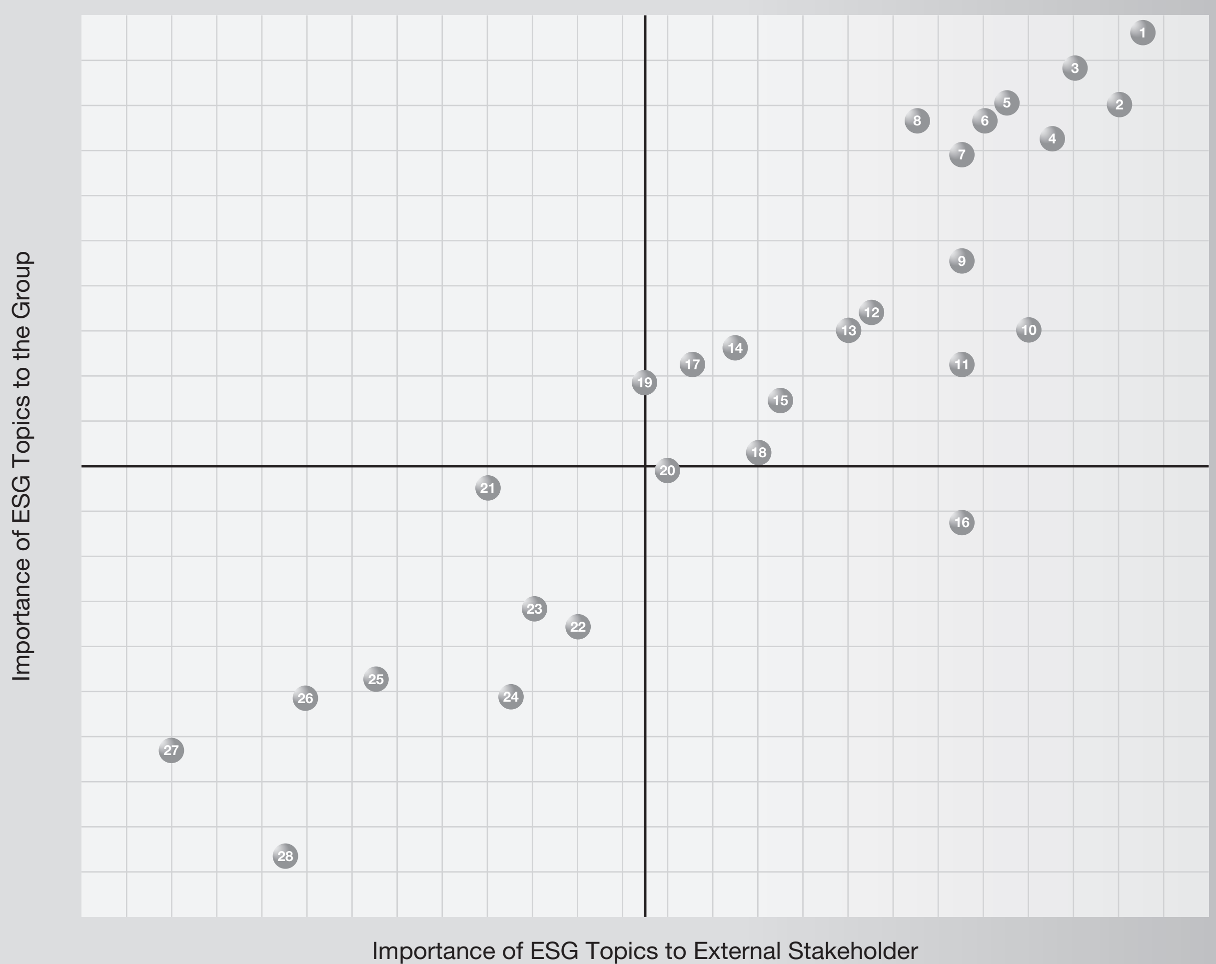
Stakeholders		Main interests and concerns	Communications Channels
Internal stakeholders	Shareholders	• Information disclosure and transparency • Financial stability • Return on investment	• General Meetings • Annual and interim reports • Official website • Press release
	Employees	• Career development opportunities • Employees' remuneration package and benefits • Health and safety of work environment	• Company events and activities • Internal meetings • Performance appraisal
External stakeholders	Customers	• Quality products and services • Customer satisfaction and privacy measure • Protect the rights of customers	• Customer satisfaction survey • Customer service hotline • E-mails
	Suppliers and business partners	• Long-term cooperation • Supplier's grading mechanism • Compliance with rules and regulation	• Conferences, telephone calls • Procurement meeting • Annual supplier performance review
	Local communities	• Corporate social responsibilities • Community interaction • Carbon footprint • Social welfare	• Community Events • Official website • Charitable and volunteering activities
	Government and regulatory bodies	• Compliance with the laws and regulations • Promote regional economic development and employment • Contribution to the "net-zero" climate change goal	• Consultations • Institutional visits and inspections • Information submission • E-mails

MATERIALITY ASSESSMENT

In order to enhance our understanding of stakeholder's perspective on the Group's ESG performance and sustainability strategy, the Group identified ESG issues that are critical to the Group and stakeholders through materiality survey. Based on its actual business activities and the industry characteristics, the Group identified and determined 28 environmental, social and governance related issues and invited both internal and external stakeholders to express their opinion on such 28 issues in terms of materiality. After integrating the opinions from the stakeholders with the sustainable development goals of the Group, the management of the Group summarized the issues in priority order and prepared the materiality matrix.

The following matrix states all related issues which are material to the stakeholders, whilst the results shown on the top-right area represent the issues that are more significant for the Group in formulating future environmental, social and governance plans and objectives, aiming to create sustainable value for stakeholders.

Materiality Assessment Matrix



Item	ESG Topic	Item	ESG Topic
1.	Customer satisfaction	15.	Environmentally preferable products and services
2.	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering	16.	Cultivation of local employment
3.	Occupational health and safety	17.	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers
4.	Preventing child and forced labour	18.	Mitigation measures to protect environment and natural resources
5.	Anti-corruption policies and whistle-blowing procedure	19.	Greenhouse gas emissions
6.	Customer information and privacy	20.	Product and service labelling
7.	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	21.	Water use
8.	Employee development and training	22.	Marketing communications (e.g. advertisement)
9.	Anti-corruption training provided to directors and staff	23.	Community support (e.g. donation, volunteering)
10.	Observing and protecting intellectual property rights	24.	Energy use (e.g. electricity, gas, fuel)
11.	Climate change	25.	Hazardous waste production
12.	Diversity and equal opportunity of employees	26.	Use of materials (e.g. paper, packaging, raw materials)
13.	Selection and monitoring of suppliers	27.	Air emissions
14.	Product health and safety	28.	Non-hazardous waste production

The top issues that stakeholders are the most concerned are positioned in the above ESG topic table in descending order. In 2022, the key ESG areas of focus on were customer satisfaction, number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering, and occupational health and safety.

STAKEHOLDERS' FEEDBACK

The Group values the feedbacks made by the stakeholders for future improvements. For any comments about this ESG Report or suggestions in enhancing our sustainability performance, please feel free to contact the Group via:

E-mail:	info@fw-holdings.com
Website:	http://www.fw-holdings.com
Address:	Room 2601-2604, and 2637-2640, 26/F Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong
Telephone:	(852) 2311 7728

A. ENVIRONMENTAL ASPECT

The Group strictly adheres to laws and regulations that have material impacts on the development of the Group, such as the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), the Law of the People's Republic of China on Environmental Impact Assessment (中華人民共和國環境影響評價法), the Law of the People's Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法), the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), and the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法).

Due to our business nature, we recognized that there are limited negative environmental impact on sewage, packaging material and hazardous waste.

We are fully aware of our responsibilities with regard to environmental protection and sustainable development. To align our environmental goal with our nations, our target is to achieve peak emission by 2030 and achieve net zero by 2060. The Group regularly reviews KPIs to ensure the alignment of national goal, if any significant fluctuations occur, we will find out the reason and formulate relevant policies to fix the deviation. Starting with the small things, such as the use of electrical appliances, water conservation, paperless office and official cars management, we have made specific regulations on daily behaviours of our employees to effectively reduce the use of water, electricity, paper and gasoline, and reduce energy consumption; at the same time, we strengthen the awareness of energy conservation and consumption reduction among all employees, which we believe it will help to develop good habits of conservation and environmental protection to all employees and laying a solid foundation for the sustainable development of the Group.

A1 Emissions

The Group's air emissions and Greenhouse Gas ("**GHG**") emissions mainly generated from the combustion of purchased electricity for office operation (both Hong Kong and the PRC) and three electric vehicles. The emissions data for the Reporting Period are presented in below together with comparative figures of preceding period:

Table 1 The Group's Total Air Emissions by Category in 2021 and 2022

Air emissions	**Unit**	2021	**2022**	**Percentage change**
Nitrogen Oxides (NO_x)*	kg	7.02	**33.50**	+377.21%
Particulate Matter (PM)	kg	0.52	**2.47**	+375.00%
Sulphur Oxides (SO_x)**	kg	0.07	**n/a**	–100.00%
Total emissions from gaseous fuel consumption and vehicles	kg	7.61	**35.97**	+372.67%

* *The significant increase in Nitrogen Oxides (NO_x) and Particulate Matter (PM) are due to epidemic situation, the Group tends to use Company's private cars instead of public transportation during the Reporting Period.*

** *There is no air emission in terms of Sulphur Oxides (SO_x) due to switching from gasoline oil private car to more environmentally friendly electric car.*

Table 2 The Group's Total Greenhouse Gas Emissions by Category and Intensity in 2021 and 2022

GHG emissions	Unit	2021	2022	Percentage change
GHG emissions from Scope 1 – Direct emission*	tCO_2e	12.87	**n/a**	–100.00%
GHG emissions from Scope 2 – Indirect emission	tCO_2e	44.39	**55.65**	+25.37%
Total GHG emissions from Scope 1 and 2	tCO_2e	57.26	**55.65**	–2.81%
Intensity of total GHG emissions	tCO_2e/no. of employees	1.08	**1.29**	+19.44%

* *There is no GHG emissions from Scope 1 due to the Group switch from gasoline oil private car to more environmentally friendly electric car.*

Waste Management

During the reporting period, the Group did not generate hazardous waste; as for non-hazardous waste, it is mainly domestic and paper waste; we believe it is a small portion relative to our business activities and is considered insignificant in terms of our business nature. In order to minimize the environmental impacts from non-hazardous waste generated by our business operations, the Group has implemented measures to manage different types of waste and launched different waste reduction initiatives in different working areas.

- Setting preference in using double-sided printing;
- Trays are also placed to collect single-sided used papers for reuse;
- Make good use of recycling bins;
- Electronic corporate information (including annual reports, interim reports, meeting notices, circulars and proxy forms) issued to our shareholders; and
- Employees should consider communicating in electronic means or documents instead of using print-out copies.

The Group was not aware of any non-compliance with applicable laws and regulations related to emissions, discharges into waste and land, generation of hazardous and non-hazardous waste including Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) during the Reporting Period.

A2 Use of Resources

A2.1 Energy Consumption

With the office-based operation, the Group's major energy consumption were sourced from purchased electricity. During the Reporting Period, the Group's energy consumption performance is as follows:

Table 3 The Group's Energy Consumption by Type in 2021 and 2022

Energy consumption	**Unit**	2021	**2022**	**Percentage change**
Fuel*	kWh	46,906.21	**n/a**	–100%
Electricity	kWh	74,637.54	**92,308.00**	+23.67%
Total energy consumption	kWh	121,543.75	**92,308.00**	–24.05%
Intensity of total energy consumption	kWh/no. of employees	2,293.40	**2,148.37**	–6.32%

* *There is no fuel consumption in 2022, as the Group switched from gasoline private cars to more environmentally friendly electric vehicles.*

Upon reviewing each year's energy consumption rate, the Group strives to further reduce energy consumption by adopting the following energy-saving measures:

Objectives	**Energy-saving measures**
Raise employees' awareness on energy conservation	• Notices posted around the working area to remind employees
Improve efficiency in using energy	• Indoor room temperatures should be maintained between 24°C – 26°C • Air filters are cleaned or replaced regularly by professional technicians to maximize cooling efficiency • Electrical appliances with high energy efficiency preferred over traditional models
Conserve energy consumption rate	• Switch off the computers after working hours • Lights and other facilities should also be switched off after use • Investigate unexpected high consumption of energy

A2.2 Water Consumption

The Group monitors and conserves our water consumption rate in order to improve the water use efficiency while we did not face any issue in sourcing water. Water consumption data are not available to the individual tenants in the Hong Kong office since it is directly managed by the building management office. Water consumption in PRC offices were only accounted for as shown below:

Table 4 The Group's Total Water consumption by Intensity in 2021 and 2022

Water consumption	**Unit**	2021	**2022**	**Percentage change**
Total water consumption	m^3	474.00	**117.00**	–75.32%
Intensity of water consumption	m^3/no. of employees	8.93	**2.72**	–69.55%

Compared the figure in 2021, the total water consumption decreased due to the implementation of effective water conservation measures as exhibited below:

- Monitored water usage to assess employee awareness of the importance of water conservation;
- Posted water conservation reminders at offices areas, especially at the pantry and washrooms;
- Strengthen the inspection and maintenance on water tap, water pipelines and water storage; and
- Purchase water-saving equipment.

A3 The Environment and Natural Resources

Considering the nature of the business and its unique geographical advantage, climate change would exert little influence on the development of the business of the Group. The main environmental impact of the business is the indirect impact of carbon dioxide generated from the use of electricity and paper in the daily activities of the business. The Group has taken steps to reduce the environmental impact by adopting the energy saving measurement mentioned in A1 Emissions and A2 Use of Resource.

A4 Climate Change

In the recent 2022 United Nations Climate Change Conference of the Parties (COP27), leaders around the globe continued worked together to search for solutions to address the worldwide challenges caused by climate change. As every nation has stepped up their efforts to address the challenges caused by climate change, the Group has also been closely monitoring the climate-related risk and exploring new opportunities. If there are any high-risk areas, the Group will prioritize resources to address and mitigate these risks. The Group's approach to the climate risk assessment falls under two categories, namely, physical risk and transition risk.

Physical risk

Acute physical risk: Acute physical risk arises from event-driven weather related events, such as typhoons, tsunamis and thunder storms. The service related business segments including provision of financing services, securities trading and investment and trading business would likely be impacted by these weather events. However, damage to our properties in our property investment business or damage to our inventories of the trading business may occur to an extent. In addition, there could also be temporary business disruptions which would affect our relationship with the customer. Contingency plans have been developed to mitigate the potential impact of various weather events to lower the resilient risk.

Chronic: Chronic physical risk arises from the longer term changes in climate patterns. For example, this includes reduced precipitations, increase in the average temperature and the rise in sea level. Similar to the acute physical risk, the service orientated business segments will be subject to a lower chronic physical risk. Relative to the aforementioned business segments, the technology business may be slightly impacted has our products may need be catered to the changes in the environment. As a result, the Group has taken into account of the potential impacts of climate pattern changes on the business.

Transition risk

Policy and legal risk: With the net-zero initiative in our business's operation region, the Group anticipates there could be new regulatory changes in the operating environment. The service related business segments are less likely to be subjected to these environmental policies. Although the Group does produce technological products for the customers, the process does not involve in generating large amount of pollutants or rely on the large quantity of natural resources. As a result, the policy and legal risk is regarded as low.

Technology risk: The Group strives to leverage on technology to not only reduce the impact on the environment but also to invent new ways to deliver an innovative solution for our large clientele. Since the technology in our business operation in particular the technology business utilizes low-emission production methods and machinery, the technology risk would be relatively low.

Market Risk: The Group understands that the innovation and technology is a vital growth engine for the future sustainable economic development, and an important role in reducing the overall carbon footprint in the economy. There is growing trend in the integration of technologies into the Company's operating environment and hence, the Group is currently focusing in this area. The market risk is relatively low as the Company has already furthered its position in this industry.

Reputational Risk: Overall, the Group's business operation does not utilize large amount of natural resources or emit significant amount of pollutants into the atmosphere. With the large proportion of the revenue from the technology industry, the reputational risk is regarded as low.

B. SOCIAL ASPECT

B1 Employment

As an employer, we believe that a diverse work environment will fuel innovation and ideas which is essential to our business and serve as the core competitive advantage. The Group respects and protects the rights and interests of every individual employee, employees' occupational health and safety, safeguards employees' interest, fully respects and values employees' enthusiasm, initiative and creativity, and strives to build a harmonious labour relationship.

The Group was not aware of any material non-compliance with any relevant laws and regulations, including

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (中華人民共和國勞動法); and
- Insurance Law of the People's Republic of China (中華人民共和國社會保險法)

that had created significant impacts on the business and operations of the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for the Reporting Period.

B1.1 Total Employment

We believe that working in a diverse and harmonious environment is the cornerstone of achieving our corporate goal – to deliver the best service to our customers in terms of cost, quality and products. The Group will continue to strive for gender diversity in different positions and levels. At the end of the Reporting Period, the Group had a total of 43 employees (2021: 53 employees) The total workforce categorised by (i) gender, (ii) employment category, (iii) age group and (iv) geographical area is shown below:

Table 5 The Group's Total Workforce by Gender, Employment Category, Age Group and Geographical Region in 2021 and 2022

Total Employment	**Categories**	2021	**2022**	**Percentage change**
Gender	Male	41	**32**	–21.95%
	Female	12	**11**	–8.33%
Employment category	Full time	46	**42**	–8.70%
	Part time	7	**1**	–85.71%
Age group	Below 30	6	**11**	+83.33%
	30-50	36	**26**	–27.78%
	Above 50	11	**6**	–45.45%
Geographical region	Mainland China	33	**18**	–45.45%
	Hong Kong	20	**25**	+25.00%

The Group understands that a competitive remuneration package together with good benefits and welfare encourage retention and foster a sense of belonging. The Group offers a comprehensive remuneration package as well as sound training programs for realizing their potentials and giving full play of their strengths for all its employees, and employees are remunerated fairly according to their contributions with reference to the market practice.

We conduct regular performance appraisals for our employees and all employees are given equal opportunities for promotions depending on their job performance, to ensure that the remuneration package given fairly and appropriately, still remains competitive to maintain a strong performance culture in the Group. On top of basic salary, the Group offers medical insurance coverage, five-day working arrangement, statutory holidays, paid annual leave, sick leave and maternity leave. Especially on festivals such as the Chinese New Year's Eve, Mid-Autumn Festival, Winter Solstice, Christmas Eve and New Year's Eve, employees are allowed to be dismissed earlier to celebrate with their families and friends.

The Group also holds social gathering activities and encourage employees' voluntary participation aiming at providing opportunities for employees to get connected with each other and creating a harmonious working environment. It is mutually beneficial to both the Group and employees as it provides employees a sense of belonging and self-worth, which helps foster better collaboration, positive work relationship and work performance.

B1.2 Employee Turnover

During the Reporting Period, the Group's overall employee turnover rate was approximately 28% in 2022 (2021: 81%). A relatively low turnover rate was recorded due to the revenue decreased in the robotics business in Mainland China. The table below shows the employee turnover rate by (i) gender, (ii) age group and (iii) geographical region:

Table 6 The Group's Employee Turnover Rate by Gender, Age Group and Geographical Region in 2021 and 2022

Percentage of Turnover rate	**Categories**	2021	**2022**
Gender	Male	93%	**28%**
	Female	83%	**27%**
Age group	Below 30	133%	**0%**
	30-50	97%	**31%**
	Above 50	45%	**67%**
Geographical region	Mainland China	130%	**19%**
	Hong Kong	25%	**36%**
Overall employee turnover rate		81%	**28%**

Moreover, the Group commits to provide a vast range of employment benefits to attract and retain talents. All employees are entitled to equal opportunities in terms of recruitment, training and development, job advancement, compensation and benefits. Employees are free from discrimination regardless of gender, ethnic, background, religion, colour, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws. Employees are encouraged to file a report if any violations or suspicions on sexual harassment are discovered, the cases will then be promptly investigated, whereas disciplinary actions will be executed on related personnel when necessary.

We do not dismiss our employees unnecessarily or unfairly, unless an employee fails to comply with our company policies and has committed an act of misconduct where, after serious consideration, termination is the disciplinary action.

B2 Health and Safety

The Group attaches great importance to providing employees with a safe and healthy working environment. As the operation of the Group belongs to general office operation, it does not involve high risk or high hazard work. Nevertheless, the Group had implemented the following measures in guaranteeing the health and safety of our employees:

- Smoking inside office premises is strictly prohibited;
- Diagrams with emergency exit indication and escape routes are posted at accessible areas;
- First aid boxes and other medical supplies are regularly being refilled and located at areas with easy access;
- Regular disinfection of office and high touchpoints; and
- In the event of extreme weather such as typhoons, employees are allowed to leave earlier after permissions are granted from their managers.

The safety of our employees remains our utmost priority. As to mitigate the impact of COVID-19, the Group has implemented precautionary measures to protect the health of employees:

- Face masks and alcohol-based hand sanitizers were constantly given to all employees and placed at workplace areas;
- Cleaning supplies suppliers arranged to give away disinfection supplies to employees;
- Non-contact thermometers were placed at the entrance of the office for employees monitor their body temperature;
- Sanitation and space disinfection were frequently carried out to maintain the hygiene of the workplace;
- Flexible working hours implemented; and
- Employees were provided with work from home arrangements.

During the Reporting Period and the past three years, the Group had not identified work related injuries or fatalities and there are no lost days due to work injuries also. The Group was not aware of any non-compliance with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Production Safety Law of the People's Republic of China (中華人民共和國安全生產法), Law of the People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法) and other relevant rules and regulations related to occupational health and safety in the Reporting Period.

B3 Development and Training

The Group believes that continuous education is the key to maintain the professionalism of staff, and it plays a key role to the Group's business growth and long-term sustainable development. Through employee workshops, these would facilitate the management's selection on potential talents to receive further training, subsequently the Group would be able to allocate new job responsibilities for designated employees based on their capabilities. Employees are allowed to attend training courses during office hours when necessary.

The percentage of total employees who took part in training in 2022 is 12% (2021: 15%). The tables below show (i) the breakdown of total employees trained by gender and employment category and (ii) the average training hours completed per employee by gender and employment category:

Table 7 Breakdown of Total Employees Trained by Gender and Employee Category in 2021 and 2022

Breakdown of total employees trained	Category	Units	2021	2022
Gender	Male	%	87%	**60%**
	Female		13%	**40%**
Employment category	Senior management	%	25%	**20%**
	Middle management		12%	**40%**
	Frontline and other employees		63%	**40%**

Table 8 Average Training Hours Completed Per Employee by Gender and Employee Category in 2021 and 2022

Average training hours completed per employee	Category	Units	2021	2022
Gender	Male	hours	5.63	**2.13**
	Female		2.75	**7.36**
Employment category	Senior management	hours	5.50	**3.64**
	Middle management		4.13	**6.83**
	Frontline and other employees		5.00	**1.35**
Overall average training hours completed per employee		hours	4.98	**3.47**

B4 Labour Standards

The Group is fully aware that exploitation of child and forced labour belongs to a violation of human rights and international labour conventions, therefore the Group strictly prohibits the occurrence of child labour or forced labour employment. In addition, the Group had extended our requirements for our partners or suppliers to follow along this standard. The applicable laws and regulations include Employment of Children Regulations and Employment of Young Persons (Industry) Regulations under the Employment Ordinance of Hong Kong, the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and the Labour Law of the People's Republic of China (中華人民共和國勞動法). The Group has continued to reinforce the process of recruitment that our Human Resources Personnel should verify the new joiner in reaching the legal minimum age for employment and should avoid in breaching any discriminatory requirements. Any labour-related issues will be handled with diligently and appropriate actions will be taken seriously, such as termination of employment contract.

During the Reporting Period, the Group was not aware of any incidents which were non-compliant with laws and regulations related to the prevention of child labour, forced labour or other employment-related issues.

B5 Supply Chain Management

The Group attaches great importance in connecting with our suppliers, as it is one of the key aspects in building up the Group's business in functioning smoothly. The Group maintains strategic partnerships with and supports our suppliers through an open and fair procurement process. The Group has also established processes in accordance with certain standards and requirements set by us to select and evaluate suppliers to ensure that the purchased goods comply with relevant standards and criteria. Procurement decisions take into account the following aspects of the potential suppliers: compliance with laws and regulations, past experience in product or services, products and services quality and the current market price.

As the Group prefers selecting suppliers who share the same environmental, social and ethical values with us, the Group also pays attention to the supplier' past environmental compliance record as well as their commitment to social responsibility part from the products and services quality. In 2022, the Group partnered with 92 key suppliers in total (2021: 164), the significant drop in the number of suppliers mainly due to decline in scale of business in the PRC. By referring to the primary location in which products and services are provided by suppliers, all key suppliers are located in the PRC.

During the Reporting Period, the Group was not aware of any suppliers that had any actions or practices which had caused significant negative impacts on business ethics, environmental protection, labour practices and human rights.

B6 Product Responsibility

The Group has established effective measures to deal with the issues of product quality to ensure all products that are supplied to our customers meet the requirements for product safety and quality. As abovementioned, the supplier's background and the quality of their products and services is assessed and evaluated by the Group before admitted as qualified suppliers.

Customers' feedback is always welcomed by the Group regardless of whether it is a positive compliment or recommendation of areas of improvement. The Group treasures the valuable piece of advice from its customers as an opportunity to gather experience and enhance service quality. Any complaint received from the customers will be handled seriously and timely followed-up.

During the Reporting Period, the Group was not aware of any products sold or shipped subject to recalls for safety and health reasons and any complaints related to products and services provided.

The Group is also committed to protecting the personal privacy of customers, employees, suppliers and business partners. The Group requires that personal data collected in any format or through any platform can be used only with the knowledge and consent. The Group has also taken the following appropriate precautions to prevent unauthorized or accidental access, processing, deletion, loss or use of such information:

- Strict policies have been set up in demanding our employees in handling personal privacy data attentively;
- Only personal information which are relevant and required for the business transaction will be requested;
- No personal data would be collected by a third party without any consent and authorization permitted from the owner;
- Personal data will only be applied for a directly related purpose;
- Application needed for before extending the use of personal data; and
- Firewalls and related systems are updated regularly to safeguard unauthorized access to the personal information database.

During the Reporting Period, the Group was not aware of any material non-compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of in Hong Kong) and other applicable local laws for data privacy.

All types of intellectual properties are protected as well as managed under the Group's senior management. Under our intellectual property management system, the Group regularly reviews, amends and enhances the intellectual property protection measures. The Group has obtained a license for the use of third-party software, information and other relevant products.

B7 Anti-corruption

The Group adopted an anti-corruption policy and strictly complies with all laws and regulations, and is fully committed to restricting any illegal activities, including corruption and bribery. The Group requires staff to understand and avoid any forms of illegal activities, work together in protecting the Group during daily operations and prevent any corruption activities. The Employee Handbook sets out the relevant guidelines on work ethics and the prevention of fraud, negligence, anti-bribery and corruption. All employees are given with an Employee Handbook upon employment, and must abide by the rules and guidelines during their employment.

The Group is committed to cultivate an open and transparent, fair and honest standardised internal management atmosphere, requiring employees, in particular the management to be honest and trustworthy as the basic code of conduct. Although COVID-19 has suspended the in-person seminars and training sessions on anti-corruption, our directors and employees were encouraged to review online materials and industry reports prepared by regulatory authorities. Going forward, the Group will continue to explore the different platforms of delivering formal anti-corruption training for our workforce, we plan to resume anti-corruption training in 2023.

In order to maintain a fair and ethical working environment, the Group abided by the local laws and regulations related to anti-corruption, including but not limited to the following:

- Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong);
- Anti-corruption law of the People's Republic of China (中華人民共和國反腐敗法); and
- Law of the People's Republic of China on Anti-Money Laundering (中華人民共和國反洗錢法)

The Group does not tolerate malpractices, corruption, bribery, and concealment. If any case of the above is confirmed, strict disciplinary actions will be taken immediately. During the Reporting Period, the Group or our employees were not involved in non-compliance with the laws and regulations related to the prevention of corruption, bribery, extortion, fraud and money laundering, and have not been involved in related lawsuits.

B8 Community Investment

The Group is committed to emboldening and supporting the public by various means of social participation and contribution as part of our strategic development. We strive to nurture corporate culture and practice corporate citizenship in daily work life. We target through donations and sponsorships by supporting non-profit-making organisations to help charitable, cultural, educational and other needs of society.

During the Reporting Period, the Group had donated a total of 66,850 Covid-19 Antigen Rapid Test Kits to Hong Kong charities, schools, etc.

The Group aims to encourage our employees to participate in charitable activities during their work and spare time as we believe participating in activities that repay the society can increase our employees' civic awareness while establishing correct values.

MOORE

Moore Stephens CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大華馬施雲
會計師事務所有限公司

Independent Auditor's Report to the Shareholders of Future World Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Future World Holdings Limited and its subsidiaries (together, the "**Group**") set out on pages 71 to 173, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HKD15,605,000 for the year ended 31 December 2022 and, as of that date, the Group has net current liabilities of approximately HKD29,016,000. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have identified the matters described below to be the key audit matters to be communicated in our report.

Estimation of fair value of investment properties

Refer to Notes 4, 5 and 18 to the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
The Group has three investment properties in Hong Kong and nineteen investment properties in the People's Republic of China. Such investment properties are measured at a total fair value of approximately HKD840,454,000 as at 31 December 2022. Significant estimation and judgement are required by the management of the Company to determine the fair values of the investment properties. To support management's estimation of the fair values, the Group engaged an external valuer to perform valuation on the investment properties as at 31 December 2022.	Our key procedures to address the matter included: • Evaluated the objectivity, independence and competency of the external valuer; • Assessed the methodologies, assumptions and inputs adopted in the valuation for estimating the fair values of the investment properties; and • Challenged the external valuer's key inputs adopted in the valuation for estimating the fair values of the investment properties and inspected the underlying documents or data to support those key inputs.

Impairment assessment of trade and other receivables and loan and interest receivables

Refer to Notes 4, 5, 24, 26 and 44(b) to the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2022, the Group had (i) trade receivables, (ii) other receivables and (iii) loan and interest receivables (net of credit loss allowances) amounting to approximately HKD3,062,000, HKD40,386,000 and HKD200,462,000, respectively. The Group had recognised credit loss allowances on (i) trade receivables, (ii) other receivables and (iii) loan and interest receivables amounting to approximately HKD8,937,000, HKD12,059,000 and HKD31,491,000 respectively as at 31 December 2022. The measurement of expected credit loss ("ECL") requires the application of significant judgement and increased complexity. We have identified management's impairment assessments on the Group's trade and other receivables and loan and interest receivables as a key audit matter because their carrying amounts are significant and the assessments required significant management judgement and involved high level of estimation uncertainty. To support management's estimation of the fair values, the Group engaged an external valuer to perform valuation on the ECL of trade and other receivables and loan and interest receivables.	Our key procedures to address the matter included: • Evaluated the objectivity, independence and competency of the external valuer; • Evaluated the ECL models, inputs and assumptions used by the Group in calculating the ECL; • Assessed the reasonableness of the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment; • Challenged whether historical experience is representative of current circumstances and of the recent losses incurred in the debtors and assessed the reasonableness of forward-looking adjustments, including the economic variables and assumptions used in each of the economic scenarios and their probability weightings; • Assessed the adequacy of the ECL recorded by reviewing subsequent settlements after the year end and any correspondence with debtors about expected settlement dates, as well as any collaterals obtained from debtors; and • Assessed the consolidated financial statement disclosures relating to the Group's exposure to credit risk.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report for the year ended 31 December 2022 of the Group other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 of the Company determine is necessary to enable the preparation of the 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee of the Company assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism 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 of the Company.

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

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

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

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

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

Moore Stephens CPA Limited
Certified Public Accountants

Ng Ngai Yan
Practising Certificate Number: P07422

Hong Kong, 31 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	**2022** **HKD'000**	2021 HKD'000
Net realised gain/(loss) from securities trading and investment	6	**33**	(4,110)
Revenue	6	**47,137**	85,991
Cost of sales		**(18,620)**	(51,595)
Gross profit		**28,517**	34,396
Other income and gains	8	**1,091**	559
Selling and distribution costs		**(530)**	(1,100)
Administrative expenses		**(31,686)**	(35,999)
Provision for credit loss allowances on trade receivables, net	44(b)(ii)	**(6,197)**	(2,997)
Provision for credit loss allowances on other receivables	44(b)(ii)	**(11,886)**	(189)
(Provision for)/reversal of credit loss allowances on loan and interest receivables, net	24	**(9,987)**	206
(Provision for)/reversal of expected credit loss on loan commitment, net		**(3,763)**	136
Change in fair value of investment properties	18	**(12,860)**	16,368
Change in fair value of financial assets at fair value through profit or loss		**47,130**	213
Provision for expected credit loss on investment in corporate bond	10	**(4,990)**	–
Impairment loss on property, plant and equipment	10	**–**	(1,068)
Impairment loss on right-of-use assets	10	**–**	(5,488)
Share of loss of an associate	19	**(45)**	(4)
Loss on early redemption of promissory note	33	**–**	(156)
Share-based payment expenses	36(a)	**(848)**	(2,823)
Gain on disposal of subsidiaries	37	**137**	264
Operating loss		**(5,884)**	(1,792)
Finance costs	9	**(14,301)**	(17,005)
Loss before income tax	10	**(20,185)**	(18,797)
Income tax credit	11	**4,580**	42
Loss for the year		**(15,605)**	(18,755)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 HKD'000	2021 HKD'000
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(13,332)**	5,229
Release of exchange reserve upon disposals of subsidiaries		**(65)**	21
Item that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income	20	**(4,128)**	(45,207)
Other comprehensive loss for the year, net of income tax		**(17,525)**	(39,957)
Total comprehensive loss for the year		**(33,130)**	(58,712)
Loss for the year attributable to:			
Owners of the Company		**(7,021)**	(7,637)
Non-controlling interests		**(8,584)**	(11,118)
		(15,605)	(18,755)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(24,944)**	(48,083)
Non-controlling interests		**(8,186)**	(10,629)
		(33,130)	(58,712)
Loss per share attributable to the owners of the Company	15		(Restated)
– Basic and diluted		**HKD(0.08)**	HKD(0.18)

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 HKD'000	2021 HKD'000
Non-current assets			
Property, plant and equipment	16	**2,353**	2,130
Right-of-use assets	17	**3,755**	472
Investment properties	18	**840,454**	865,687
Interest in an associate	19	**–**	56
Financial assets at fair value through other comprehensive income	20	**66,197**	97,308
Investment in corporate bond	21	**15,010**	–
Loan receivables	24	**30,758**	300,512
Deferred tax assets	25	**8,237**	4,792
Rental deposit	26	**1,485**	–
		968,249	1,270,957
Current assets			
Inventories	23	**7,566**	13,586
Loan and interest receivables	24	**169,704**	31,733
Financial assets at fair value through profit or loss	22	**120,033**	6,798
Trade, bills and other receivables	26	**67,945**	41,469
Contract assets	29(i)	**31**	4,672
Cash and bank balances	27	**38,983**	12,077
		404,262	110,335
Current liabilities			
Trade payables, accruals and other payables	28	**52,018**	43,793
Contract liabilities	29(ii)	**3,868**	7,171
Lease liabilities	30	**3,830**	1,810
Bank borrowings	31	**285,914**	299,236
Other borrowings	32	**86,669**	108,970
Tax payables		**979**	717
		433,278	461,697
Net current liabilities		**(29,016)**	(351,362)
Total assets less current liabilities		**939,233**	919,595
Non-current liabilities			
Lease liabilities	30	**3,772**	4,343
Net assets		**935,461**	915,252
Capital and reserves			
Share capital	34	**46,438**	21,878
Reserves	35	**899,713**	895,938
Equity attributable to the owners of the Company		**946,151**	917,816
Non-controlling interests		**(10,690)**	(2,564)
Total equity		**935,461**	915,252

The consolidated financial statements on the pages from 71 to 173 were approved and authorised for issue by the board of directors on 31 March 2023 and are signed on its behalf by:

Yu Qingrui
Director

Liang Jian
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company									
	Share capital HKD'000 *(Note 34)*	**Share premium** HKD'000 *(Note 35)*	**Share option reserve** HKD'000 *(Notes 35 & 36(a))*	**Translation reserve** HKD'000 *(Note 35)*	**Fair value reserve (non-recycling)** HKD'000 *(Note 35)*	**Statutory reserve** HKD'000 *(Note 35)*	**Accumulated losses** HKD'000	**Total** HKD'000	**Non-controlling interests** HKD'000	**Total** HKD'000
At 1 January 2021	18,906	1,531,854	7,396	10,059	(623,607)	1,792	(1,445)	944,955	8,278	953,233
Loss for the year	–	–	–	–	–	–	(7,637)	(7,637)	(11,118)	(18,755)
Other comprehensive income/(loss), net of income tax										
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	4,750	–	–	–	4,750	479	5,229
Release of exchange reserve upon disposal of subsidiaries	–	–	–	11	–	–	–	11	10	21
Change in fair value of financial assets at fair value through other comprehensive income *(Note 20)*	–	–	–	–	(45,207)	–	–	(45,207)	–	(45,207)
Other comprehensive income/(loss) for the year, net of income tax	–	–	–	4,761	(45,207)	–	–	(40,446)	489	(39,957)
Total comprehensive income/(loss) for the year	–	–	–	4,761	(45,207)	–	(7,637)	(48,083)	(10,629)	(58,712)
Share issuance in relation to share swap *(Note 34(v))*	1,900	9,500	–	–	–	–	–	11,400	–	11,400
Exercise of share options *(Note 34(iv))*	1,072	6,934	(1,285)	–	–	–	–	6,721	–	6,721
Lapse of share options *(Note 36(a))*	–	–	(3,506)	–	–	–	3,506	–	–	–
Recognition of equity-settled share-based payments *(Note 36(a))*	–	–	2,823	–	–	–	–	2,823	–	2,823
Release of fair value reserve upon disposal of financial assets at fair value through other comprehensive income	–	–	–	–	319,113	–	(319,113)	–	–	–
Disposal of subsidiaries *(Note 37)*	–	–	–	–	–	(66)	66	–	(213)	(213)
At 31 December 2021 and 1 January 2022	**21,878**	**1,548,288**	**5,428**	**14,820**	**(349,701)**	**1,726**	**(324,623)**	**917,816**	**(2,564)**	**915,252**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(7,021)**	**(7,021)**	**(8,584)**	**(15,605)**
Other comprehensive (loss)/income, net of income tax										
Exchange differences arising on translation of financial statements of foreign operations	**–**	**–**	**–**	**(13,730)**	**–**	**–**	**–**	**(13,730)**	**398**	**(13,332)**
Release of exchange reserve upon disposal of subsidiaries	**–**	**–**	**–**	**(65)**	**–**	**–**	**–**	**(65)**	**–**	**(65)**
Change in fair value of financial assets at fair value through other comprehensive income *(Note 20)*	**–**	**–**	**–**	**–**	**(4,128)**	**–**	**–**	**(4,128)**	**–**	**(4,128)**
Other comprehensive loss for the year, net of income tax	**–**	**–**	**–**	**(13,795)**	**(4,128)**	**–**	**–**	**(17,923)**	**398**	**(17,525)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(13,795)**	**(4,128)**	**–**	**(7,021)**	**(24,944)**	**(8,186)**	**(33,130)**
Issuance of share upon right issues and placing, net of transaction costs *(Note 34(iii))*	**24,560**	**27,871**	**–**	**–**	**–**	**–**	**–**	**52,431**	**–**	**52,431**
Lapse of share options *(Note 36(a))*	**–**	**–**	**(4,222)**	**–**	**–**	**–**	**4,222**	**–**	**–**	**–**
Recognition of equity-settled share-based payments *(Note 36(a))*	**–**	**–**	**848**	**–**	**–**	**–**	**–**	**848**	**–**	**848**
Release of fair value reserve upon disposal of financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**223,131**	**–**	**(223,131)**	**–**	**–**	**–**
Disposal of subsidiaries *(Note 37)*	**–**	**–**	**–**	**–**	**–**	**(300)**	**300**	**–**	**60**	**60**
At 31 December 2022	**46,438**	**1,576,159**	**2,054**	**1,025**	**(130,698)**	**1,426**	**(550,253)**	**946,151**	**(10,690)**	**935,461**

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 HKD'000	2021 HKD'000
Cash flows from operating activities			
Loss before income tax		**(20,185)**	(18,797)
Adjustments for:			
Dividend income from financial asset at fair value through other comprehensive income	6	**(590)**	(3,815)
Interest income on bank deposits	8	**(34)**	(2)
Gain on disposal of property, plant and equipment, net	8	**–**	(105)
Finance costs	9	**14,301**	17,005
Depreciation of property, plant and equipment	10	**349**	780
Depreciation of right-of-use assets	10	**907**	2,650
Impairment loss on property, plant and equipment	10	**–**	1,068
Impairment loss on right-of-use assets	10	**–**	5,488
Provision for/(reversal of) credit loss allowances on loan and interest receivables, net	10	**9,987**	(206)
Provision for credit loss allowances on trade receivables, net	10	**6,197**	2,997
Provision for credit loss allowances on other receivables, net	10	**11,886**	189
Provision for/(reversal of) expected credit loss on loan commitment, net	10	**3,763**	(136)
Provision for expected credit loss on investment in corporate bond	10	**4,990**	–
Loss on early redemption of promissory note	10	**–**	156
Loss on early termination of a lease agreement	10	**–**	436
Change in fair value of investment properties	18	**12,860**	(16,368)
Share of loss of an associate	19	**45**	4
Change in fair value and net realised loss from disposals of financial assets at fair value through profit or loss	22	**(47,163)**	3,897
Share-based payment expenses	36(a)	**848**	2,823
Gain on disposal of subsidiaries	37	**(137)**	(264)
Operating cash flows before movements in working capital		**(1,976)**	(2,200)
Decrease/(increase) in inventories		**1,766**	(4,407)
Decrease in loan and interest receivables		**76,050**	5,976
Increase in financial assets at fair value through profit or loss		**(66,072)**	(9,301)
(Increase)/decrease in trade, bills and other receivables		**(6,750)**	37,053
Decrease in contract assets		**1,603**	3,922
Decrease in pledged bank deposits		**–**	336
Increase/(decrease) in trade payables, accruals and other payables		**17,742**	(27,716)
(Decrease)/increase in contract liabilities		**(2,726)**	2,038
Cash generated from operations		**19,637**	5,701
Income tax paid		**–**	(2,368)
Net cash generated from operating activities		**19,637**	3,333

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 HKD'000	2021 HKD'000
Cash flows from investing activities			
Interest received		**34**	2
Dividend received from financial asset at fair value through other comprehensive income		**590**	3,815
Purchase of property, plant and equipment	16	**(777)**	(2,345)
Purchase of financial assets at fair value through other comprehensive income	20	**(1,167)**	(112)
Subscription of investment in corporate bond	21	**(20,000)**	–
Proceed from disposal of property, plant and equipment		**–**	676
Proceed from disposal of financial assets at fair value through other comprehensive income	20	**28,150**	89,114
Net cash outflow arising on disposal of subsidiaries, net	37	**(99)**	(148)
Acquisition of an investment property	18	**–**	(27,680)
Net cash generated from investing activities		**6,731**	63,322
Cash flows from financing activities			
Interest paid on bank and other borrowings		**(13,793)**	(16,210)
Proceeds from bank borrowings		**80,000**	83,741
Repayments of bank borrowings		**(93,017)**	(89,569)
Proceeds from other borrowings		**6,017**	90,539
Repayments of other borrowings		**(28,318)**	(125,278)
Proceeds from issuance of shares upon rights issue and placing, net of transaction costs		**52,431**	–
Proceeds from issuance of shares upon exercise of share options		**–**	6,721
Repayment of promissory note – principal		**–**	(14,020)
Repayment of promissory note – interest		**–**	(124)
Repayment of lease liabilities – principal		**(2,327)**	(3,554)
Repayment of lease liabilities – interest		**(141)**	(152)
Net cash generated from/(used in) financing activities		**852**	(67,906)
Net increase/(decrease) in cash and cash equivalents		**27,220**	(1,251)
Cash and cash equivalents at the beginning of the year		**12,077**	12,155
Effect of foreign exchange rates changes, net		**(314)**	1,173
Cash and cash equivalents at the end of the year			
– Cash and bank balances	27	**38,983**	12,077

1. GENERAL

Future World Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business was changed from Unit 2218, 22/F, The Metropolis Tower, 10 Metropolis Drive, Hung Hom, Kowloon, Hong Kong to Room 2601-2604 and 2637-2640, 26/F, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong with effect from 7 October 2022. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are principally engaged in (i) high technology business, (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services; and (vi) securities brokerage business.

The consolidated financial statements are presented in Hong Kong dollars ("**HKD**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except where otherwise indicated.

2. BASIS OF PREPARATION

Statement of compliance

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

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties, financial assets at fair value through profit or loss ("**FVTPL**") and financial assets at fair value through other comprehensive income ("**FVTOCI**"), which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

2. BASIS OF PREPARATION *(Continued)*

Basis of measurement *(Continued)*

In addition, for financial reporting purposes, fair value measurement is categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The Group incurred a net loss of approximately HKD15,605,000 for the year ended 31 December 2022 and, as of that date, the Group has net current liabilities of approximately HKD29,016,000. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have considered the followings when they prepared these consolidated financial statements for the year ended 31 December 2022:

The current liabilities of the Group include bank borrowings of approximately HKD195,700,000, which have been classified as current liabilities as the related loan agreements contain a repayment on demand clause. According to the loan agreements, the loans are repayable by monthly instalments in 15 to 21 years. The Group regularly monitors its compliance with covenants and scheduled repayments of such bank borrowings and the directors of the Company do not consider that the banks will exercise their discretion to demand repayment so long as the Group continues to meet these requirements.

The Group would sell part of its financial assets at FVTOCI in order to improve the Group's financial position, liquidity and cash flows. In addition, the directors of the Company also consider several measures together with other measures in progress at the date of authorising these consolidated financial statements which include taking stringent cost controls aiming at improving the working capital and cash flow position of the Group, equity fund raising and negotiating with certain bankers to obtain long-term banking facilities.

Taking into account of the above consideration and measures, the directors of the Company are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis.

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

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Adoption of revised HKFRSs effective from 1 January 2022

In the current year, the Group has applied a number of amendments to HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 January 2022. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
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

In addition, the Group has adopted the Amendments to AG 5 (Revised) – Merger Accounting for Common Control Combination.

The application of amendments to HKFRSs and AG 5 in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs that have been issued but are not yet effective

The Group has not applied the following new and amendments to HKFRSs, which have been issued but are not yet effective, in the consolidated financial statements:

Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and related amendments[5]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]

[1] Effective for business combinations for which the date of acquisitions is on or after the beginning of the first annual period beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] Effective for annual periods beginning on or after 1 January 2024
[4] The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined
[5] The amendments were originally intended to be effective for periods beginning on or after 1 January 2021. The effective date has now been extended to 1 January 2023

The directors of the Company are in the progress of assessing the impact to the Group's financial performance and position by adopting the new and amendments to HKFRSs.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to non–controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests even if this results in non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

The Group can elect to apply an optional concentration test, on a transaction– by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at fair value or at the non–controlling interests' proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKFRS 9 Financial Instruments ("**HKFRS 9**"), is measured at fair value with changes in fair value recognised in profit or loss in accordance with HKFRS 9. Other contingent consideration that is not within the scope of HKFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of profit or loss and other comprehensive income as a bargain purchase gain.

After initial recognition, goodwill is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in subsidiaries

In the Company's statement of financial position in Note 47, the interests in subsidiaries are stated at cost less accumulated impairment losses. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Investment in an associate

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, from part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Where an indication of impairment exists, it is necessary the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets ("**HKAS 36**") as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in an associate *(Continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue from contracts with customers

Under HKFRS 15 Revenue from Contracts with Customers ("**HKFRS 15**"), the Group recognises revenue when 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

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.

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.

Revenue from high technology business

The Group's high technology business is mainly contributed by (i) intelligent industrial welding robots and equipment business; and (ii) artificial intelligence products and application solutions business. The Group provides customised designs which are bundled together with the sales of non-standard customised positioner, all kinds of special welding and cutting tooling devices and all kinds of unmanned and intelligent non-standard production lines. The products are delivered to the customers' designated locations as a package to its customers. The Group designs the production line based on the need of customers and outsources the assembling works to independent sub-contractors. For the artificial intelligence products and application solutions business, the main product is intelligent storage equipment with self-development system. The Group purchases relevant hardware according to the customer's requirement and integrates with an intelligent data storage software, which is developed by the Group.

The end products created by the Group are unique, specified to each customer and involved high personal preference. The directors of the Company considered there is single performance obligation under the contracts with customers of high technology business as the products and services provided are not distinct. Beside, before the customer's acceptance of the finished products, the Group has no enforceable right to receive consideration from the customers for performance completed to date. Revenue is recognised at a point in time when control of the products has transferred to customers. Contract assets (due to the retention period) are recognised according to the terms in the contracts.

Revenue from trading business and related services

The Group trades robotic gripper, masks and tester. Revenue is recognised at a point in time when control of the products has transferred to customers. Where the Group obtains control of the goods for distribution, it is the principal (i.e. recognises sales of goods on a gross basis). Control is primarily evidenced by taking physical possession and inventory risk of the goods.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from securities brokerage business

Commission income is entitled and recognised at point in time when the agreed services and completed. The amount of revenue recognised is the amount allocated to the satisfied performance obligations. The Group considers the terms in the contract and it has as enforceable right to payment for the introductory services upon satisfaction of the performance obligations.

Revenue from other sources

Interest income from a financial asset is accrued on a time basis on the principal outstanding or amortised cost in the case of credit-impaired financial assets at the applicable effective interest rate.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Leasing

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessor (Continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

The Group as lessee

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of 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 the 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.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Assets leased to the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable;

– variable lease payments that are based on an index or a rate;

– amounts expected to be payable by the lessee under residual value guarantees;

– the exercise price of purchase option if the lessee is reasonably certain to exercise that option; and

– payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee (Continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of respective entities. Right-of-use assets are measured at cost comprising the following:

– the amount of the initial measurement of lease liabilities;

– any lease payments made at or before the commencement date, less any lease incentive received;

– any initial direct costs; and

– restoration costs.

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

Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss and other comprehensive income in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss and other comprehensive income in the period of the retirement or disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Financial assets

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS15. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the consolidated profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

(a) *Classification and subsequent measurement*

Investments in debt securities that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(a) Classification and subsequent measurement (Continued)

Investments in debt securities that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 (Revised) Business Combinations applies.

A financial asset is classified as held for trading if:

– it has been acquired principally for the purpose of selling in the near term;

– on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Financial assets at amortised cost

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit–impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(a) Classification and subsequent measurement (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings/(accumulated losses).

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset.

(b) Impairment of financial assets

The Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including loan and interest receivables, trade, bills and other receivables, contract assets and cash and bank balances), and on loan commitments issued which are not measured at FVTPL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, and contract assets, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has applied loss rates which are reference to the default rates from international credit rating agencies, adjusted for forward-looking factors specific to the debtors and the economic environment.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(b) Impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

Loan and interest receivables are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(b) Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant deterioration in the operating results of the debtor; an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers the cash and bank balances to have a low credit risk because the majority of the counterparties are banks with external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(b) Impairment of financial assets (Continued)

(ii) Definition of default

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower; or

(b) a breach of contract, such as a default or past due event; or

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of loan and interest receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(b) Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected, on initial recognition of the investment or as at the date of initial application of HKFRS 9, to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

(c) Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment losses on assets (other than financial assets and inventories)

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment, right-of-use assets and interest in an associate to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRSs, in which case the impairment loss is treated as a revaluation decrease under that HKFRSs.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRSs, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRSs.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, accruals and other payables, lease liabilities, bank borrowings and other borrowings.

(b) Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

(c) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and have a short maturity of generally within three months when acquired.

Taxation

Income tax (credit)/expense represents the sum of current tax and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from "profit before income tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non–monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non–controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or construction) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Retirement benefits costs

Payments to central pension scheme operated by the local municipal government of the People's Republic of China (the "**PRC**") and the Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Scheme Ordinance are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period that related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity–settled share-based transactions are set out in Note 36.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight–line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to employees (Continued)

At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings/(accumulated losses).

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair values of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Shares held under the share award scheme

The shares awarded under the share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as “Shares held under the share award scheme” and deducted from equity.

For the shares granted under the share award scheme, the fair value of shares granted to employees is recognised as share-based payment expenses with a corresponding increase in capital reserve within equity. The fair value is based on the closing price of the Company’s shares on grant date plus any directly attributable incremental costs. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest with corresponding adjustment to the capital reserve.

When the awarded shares are transferred to the awardees upon vesting, the related weighted average acquisition cost of the awarded shares vested are credited to the “Shares held under the share award scheme”, and the grant date fair value of the awarded shares vested are debited to the capital reserve. The difference between the related weighted average acquisition cost and the grant date fair value of the awarded shares vested is transferred to retained earnings/(accumulated losses) directly.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

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

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (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 the key management personnel of the entity (or of a parent of the entity); or
- (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 Company's parent.

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company, being the chief operating decision makers (the "**CODM**"), for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors of the Company are determined following the Group's major operations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 Operating Segments are the same as those used in its consolidated financial statements prepared under HKFRSs.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimates (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) *Deferred taxation on investment properties*

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model in HKAS 40 Investment Property, the directors of the Company have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption contained in HKAS 12 that the carrying amounts of investment properties measured using the fair value model is recovered entirely through sale is not rebutted. The Group has not recognised any deferred taxes on changes in fair value of investment properties in Hong Kong as the Group is not subject to any income taxes on the fair value changes of the investment properties located in Hong Kong on disposal. For the investment properties located in the PRC, the Group is subject to land appreciation tax on the gain on disposal of properties and therefore deferred tax liabilities would be recognised for the fair value gain of investment properties located in the PRC. However, the Group entitles no tax benefit if there is a loss on disposal of property. No deferred tax assets would be considered if there is fair value loss of investment properties located in the PRC.

(ii) *Principal versus agent consideration for income from high technology business*

The Group is engaged in high technology business, which mainly involved (i) intelligent industrial welding robots and equipment business; and (ii) artificial intelligence products and application solutions business. The Group initiates the sales with its customers and outsources the assembling work to independent sub–contractor or purchases the materials from independent suppliers. The Group concluded that it acts as the principal for such transactions as it controls the specified product before the specified product is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the products. The Group has discretion in establishing the price of the products and examining the assembling work. When the Group satisfies the performance obligation, the Group recognises revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Provision of ECL for trade receivables and loan and interest receivables

The Group had measured credit loss allowances for trade receivables at lifetime ECLs based on the default rates from international credit rating agencies for various industries of debtors, debtor's creditworthiness and ageing of trade receivables, and are adjusted with forward-looking information that is available without undue cost or effort. The Group had measured credit loss allowances for loan and interest receivables based on credit spread at 12-month ECL. Details are disclosed in Note 44(b).

The directors of the Company classified the loan and interest receivables to different stages by considering whether there is significant increase in credit risk since initial recognition. The Group estimated the amount of ECL based on the difference between the contractual rates charged to borrowers, which in the opinion of directors of the Company, reflect the market borrowing rates for the respective borrowers, and the rates the Group would charge for borrowers with low credit risk (i.e. those with strong ability to pay). In the opinion of the directors of the Company, such an approach and the estimated ECL reflect the Group's credit risk exposure in respect of the Group's loan and interest receivables.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and loan and interest receivables are disclosed in Note 44(b).

(ii) Estimated useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The management of the Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation to be recorded during each reporting period. The determination of useful lives is based on the Group's historical experience with similar assets. The depreciation for future periods is adjusted if there are material changes from previous estimates. The net carrying amount of the Group's property, plant and equipment as at 31 December 2022 was approximately HKD2,353,000 (2021: HKD2,130,000) (Note 16).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(iii) Impairment on property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2022, the carrying amount of property, plant and equipment and right-of-use assets are approximately HKD2,353,000 (2021: HKD2,130,000) (Note 16) and approximately HKD3,755,000 (2021: HKD472,000) (Note 17) respectively.

(iv) Fair value of investment properties

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by a firm of independent qualified professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in change in the fair value of the Group's investment properties being recognised in the profit or loss. The carrying amount of investment properties measured at fair value at 31 December 2022 was approximately HKD840,454,000 (2021: HKD865,687,000) (Note 18).

(v) Estimate of current tax and deferred tax

Significant judgement and estimates is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred tax provisions in the periods in which such determination are made.

6. REVENUE

Revenue represents the income received and receivable arising from the Group's operating activities including (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) trading business and related services; and (vi) securities brokerage business during the year. An analysis of the Group's revenue for the year is as follows:

	2022 **HKD'000**	2021 HKD'000
Revenue		
Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time:		
Income from high technology business	**16,071**	48,728
Income from trading business and related services	**1,879**	2,797
Commission income from securities brokerage business	**–**	1,092
Revenue from other sources:		
Rental income from property investment	**7,108**	7,016
Interest income from provision of financing services	**21,063**	22,330
Dividend income from securities trading and investment	**590**	3,815
Interest income from debt instrument	**426**	213
	47,137	85,991
Net realised gain/(loss) from securities trading and investment	**33**	(4,110)

7. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision markers ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the executive directors of the Company have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

– High technology business

– Property investment

– Provision of financing services

– Securities trading and investment

– Trading business and related services

– Securities brokerage business

Segment revenue and financial performance

The following is an analysis of the Group's revenue and financial performance from operations by reportable and operating segments:

	High technology business		Property investment		Provision of financing services		Securities trading and investment		Trading business and related services		Securities brokerage business		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HKD'000	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000
Revenue														
– External sales	**16,071**	48,728	**7,108**	7,016	**21,063**	22,330	**1,016**	4,028	**1,879**	2,797	**-**	1,092	**47,137**	85,991
Segment financial performance	**(18,917)**	(23,473)	**(13,319)**	15,238	**(5,527)**	19,987	**38,430**	(12,500)	**(739)**	(1,813)	**(1,050)**	(142)	**(1,122)**	(2,703)
Unallocated corporate income													**485**	1
Unallocated corporate expenses													**(18,596)**	(13,233)
Share of loss of an associate													**(45)**	(4)
Share-based payment expenses													**(848)**	(2,823)
Unallocated finance costs													**(59)**	(35)
Loss before income tax													**(20,185)**	(18,797)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the (loss incurred)/profit earned by each segment without allocation of certain administration costs, directors' emoluments, other income, share of loss of an associate, share-based payment expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2022 HKD'000	2021 HKD'000
Segment assets		
High technology business	36,591	55,928
Property investment	844,532	868,846
Provision of financing services	242,863	340,156
Securities trading and investment	186,894	104,494
Trading business and related services	2,070	2,305
Securities brokerage business	36,037	4,092
Total segment assets	1,348,987	1,375,821
Unallocated corporate assets	23,524	5,471
Consolidated assets	1,372,511	1,381,292
Segment liabilities		
High technology business	47,321	51,828
Property investment	209,432	218,987
Provision of financing services	6,532	2,769
Securities trading and investment	166,768	189,120
Trading business and related services	2,075	822
Total segment liabilities	432,128	463,526
Unallocated corporate liabilities	4,922	2,514
Consolidated liabilities	437,050	466,040

7. SEGMENT INFORMATION *(Continued)*

Other segment information

	High technology business		Property investment		Provision of financing services		Securities trading and investment		Trading business and related services		Securities brokerage service		Unallocated		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HKD'000	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000
Amounts included in the measure of segment profit or loss or segment assets:																
Addition to property, plant and equipment	**64**	362	**–**	–	**32**	117	**–**	–	**–**	–	**–**	–	**681**	1,866	**777**	2,345
Addition to right-of-use assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**4,190**	729	**4,190**	729
Acquisition of an investment property	**–**	–	**–**	41,480	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	41,480
Depreciation of property, plant and equipment	**139**	156	**–**	–	**23**	18	**33**	406	**84**	135	**–**	–	**70**	65	**349**	780
Depreciation of right-of-use assets	**–**	1,463	**–**	–	**–**	–	**–**	–	**–**	905	**–**	–	**907**	282	**907**	2,650
Provision for/(reversal of) credit loss allowances on loan and interest receivables, net	**–**	–	**–**	–	**9,987**	(206)	**–**	–	**–**	–	**–**	–	**–**	–	**9,987**	(206)
Provision for credit loss allowances recognised on trade receivables, net	**6,208**	2,997	**(8)**	–	**–**	–	**–**	–	**(3)**	–	**–**	–	**–**	–	**6,197**	2,997
(Reversal of)/provision for credit loss allowances recognised on other receivables	**–**	–	**(27)**	189	**11,913**	–	**–**	–	**–**	–	**–**	–	**–**	–	**11,886**	189
Impairment loss on property, plant and equipment	**–**	1,068	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1,068
Impairment loss on right-of-use assets	**–**	5,488	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	5,488
Provision for/(reversal of) of ECL on loan commitment	**–**	–	**–**	–	**3,763**	(136)	**–**	–	**–**	–	**–**	–	**–**	–	**3,763**	(136)
Provision for ECL on investment in corporate bond	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**4,990**	–	**4,990**	–
Change in fair value of financial assets at FVTPL	**–**	–	**–**	–	**–**	–	**(47,130)**	(213)	**–**	–	**–**	–	**–**	–	**(47,130)**	(213)
Change in fair value of investment properties	**–**	–	**12,860**	(16,368)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**12,860**	(16,368)
Loss on early redemption of promissory note	**–**	–	**–**	156	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	156
Finance costs	**588**	564	**5,632**	5,485	**14**	–	**8,022**	10,912	**–**	9	**–**	–	**45**	35	**14,301**	17,005
Income tax (credit)/expense	**(563)**	(490)	**218**	391	**(4,235)**	57	**–**	–	**–**	–	**–**	–	**–**	–	**(4,580)**	(42)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:																
Interest income	**(3)**	–	**–**	–	**(2)**	–	**(1)**	–	**–**	–	**(27)**	(1)	**(1)**	(1)	**(34)**	(2)
Share of loss of an associate	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**45**	4	**45**	4
Share based payment expenses	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**848**	2,823	**848**	2,823
Gain on disposals of subsidiaries	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(137)**	(264)	**(137)**	(264)

7. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "**PRC**").

The Group's revenue from external customers classified in accordance with geographical location of customers during the reporting period and information about the non-current assets, except rental deposit, deferred tax assets, financial assets at FVTOCI, loan receivables and interest in an associate classified in accordance with geographical location of the assets at the end of the reporting period are detailed below.

	2022			2021		
	Hong Kong HKD'000	**The PRC HKD'000**	**Total HKD'000**	Hong Kong HKD'000	The PRC HKD'000	Total HKD'000
Revenue	**28,888**	**18,249**	**47,137**	32,541	53,450	85,991
Non-current assets:						
Property, plant and equipment	**744**	**1,609**	**2,353**	159	1,971	2,130
Right-of-use assets	**3,755**	**–**	**3,755**	472	–	472
Investment properties	**699,700**	**140,754**	**840,454**	711,400	154,287	865,687

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2022 HKD'000	2021 HKD'000
Customer A[1]	**13,287**	N/A[3]
Customer B[2]	**14,383**	16,522
Customer C[1]	**N/A**[3]	24,563

1 Income from high technology business
2 Interest income from provision of financing services
3 The customers contributed less than 10% of the total revenue for the respective years.

8. OTHER INCOME AND GAINS

	2022 HKD'000	2021 HKD'000
Government subsidies *(Note)*	**569**	435
Gain on disposal of property, plant and equipment, net	**–**	105
Interest income on bank deposits	**34**	2
Interest income from unlisted corporate bonds	**275**	–
Sundry income	**213**	17
	1,091	559

Note:

During the year ended 31 December 2022, the government subsidies recognised were the approved subsidies in the Employment Support Scheme under the Anti-epidemic Fund as promulgated by the Government of the Hong Kong Special Administrative Region of the PRC. During the years ended 31 December 2022 and 2021, to encourage high-technology business development, the PRC government provides government subsidies to the Group. No unfulfilled conditions or contingencies were attached to these subsidies.

9. FINANCE COSTS

	2022 HKD'000	2021 HKD'000
Interest expenses on bank borrowings	**8,533**	7,299
Interest expenses on other borrowings	**5,260**	8,911
Interest expenses on lease liabilities	**141**	152
Interest expenses on government loans	**367**	423
Imputed interest expenses on promissory note *(Note 33)*	**–**	188
Others	**–**	32
	14,301	17,005

10. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging/(crediting):

	2022 HKD'000	2021 HKD'000
Directors' and chief executive's emoluments, including share-based payment expenses of approximately HKD97,000 (2021: HKD848,000)	**3,445**	4,964
Other staff costs, including share-based payment expenses of approximately HKD751,000 (2021: HKD1,747,000)	**10,839**	13,199
Contributions to retirement benefits scheme (Note)	**334**	547
Total staff costs	**14,618**	18,710
Auditor's remuneration:		
– Audit services	**1,280**	950
– Non-audit services	**496**	436
Cost of inventories recognised as expenses	**18,423**	47,991
Depreciation of property, plant and equipment	**349**	780
Depreciation of right-of-use assets	**907**	2,650
Impairment loss on property, plant and equipment	**–**	1,068
Impairment loss on right-of-use assets	**–**	5,488
Direct operating expenses arising from investment properties that generated rental income during the year	**543**	540
Direct operating expenses arising from investment properties that did not generated rental income during the year	**169**	224
Expenses relating to short-term leases	**25**	–
Loss on early redemption of promissory note	**–**	156
Loss on early termination of a lease agreement	**–**	436
Provision for/(reversal of) credit loss allowances on loan and interest receivables, net	**9,987**	(206)
Provision for credit loss allowances on trade receivables, net	**6,197**	2,997
Provision for credit loss allowances on other receivables, net	**11,886**	189
Provision for/(reversal of) ECL on loan commitment, net	**3,763**	(136)
Provision for ECL on investment in corporate bond	**4,990**	–
Share-based payment expenses for consultants	**–**	228

Note:

As at December 2022, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2021: Nil).

11. INCOME TAX CREDIT

	2022 **HKD'000**	2021 HKD'000
The PRC Enterprise Income Tax ("**EIT**")		
– Current tax	**–**	–
– (Over)/under-provision in prior years	**(1,311)**	288
Withholding Tax	**218**	391
	(1,093)	679
Deferred tax credited to profit or loss *(Note 25)*	**(3,487)**	(721)
Income tax credit	**(4,580)**	(42)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax under these jurisdictions during the year (2021: Nil).

Under the two-tiered profits tax rates regime in Hong Kong, the first HKD2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2,000,000 will be taxed at 16.5%. The assessable profits of group entities that are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% for the years ended 31 December 2022 and 2021.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2022 and 2021, as the Group did not have assessable profits subject to Hong Kong Profits Tax during both years.

The PRC EIT has been provided at the rate of 25% (2021: 25%) on the taxable profits of the Group's subsidiaries in the PRC during the year ended 31 December 2022. Certain subsidiaries of the Group, which are qualified small and micro-sized enterprises under Caishui [2019] No.13, are eligible for certain tax reduction.

The withholding tax is calculated at the rate of 10% on total rental income derived prevailing in the PRC jurisdiction for both years.

The income tax credit for the year can be reconciled to the loss before income tax as follows:

	2022 **HKD'000**	2021 HKD'000
Loss before income tax	**(20,185)**	(18,797)
Tax at domestic income tax rate	**(4,741)**	(5,039)
Tax effect of expenses not deductible for tax purpose	**4,169**	1,038
Tax effect of income not taxable for tax purpose	**(608)**	(4,202)
Tax effect of tax losses not recognised	**7,232**	8,493
Utilisation of tax losses previously not recognised	**(1,650)**	(341)
Tax effect of temporary differences not recognised	**(7,889)**	(670)
(Over)/under-provision in prior years	**(1,311)**	288
Withholding tax	**218**	391
Income tax credit	**(4,580)**	(42)

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's emoluments for the years, disclosed pursuant to the applicable Listing Rules and CO, is as follow:

For the year ended 31 December 2022

	Fees HKD'000	Salaries, bonuses and other benefits in kind HKD'000	Contributions to retirement benefits scheme HKD'000	Share-based payment expenses HKD'000	Total HKD'000
Executive directors					
Mr. Liang Jian *(Chairman and Chief Executive Officer) (Note (i))*	–	77	2	–	79
Mr. Lau Fai Lawrence *(Note (ii))*	–	522	11	89	622
Mr. Yu Qingrui ("**Mr. Yu**")	–	332	16	4	352
Mr. Cai Linzhan *(Note (iii))*	–	157	8	4	169
Mr. Yuan Yifeng *(Note (iv))*	–	530	8	–	538
Mr. Li Rui *(Note (v))*	–	133	7	–	140
Ms. Wang Qian *(Note (vi))*	–	176	9	–	185
Mr. Cheung Kit Shing *(Note (vii))*	–	265	7	–	272
Mr. Su Wei *(Note (viii))*	–	150	8	–	158
Mr. Yu Zhenzhong	–	–	–	–	–
Ms. Liao Jianrong *(Note (ix))*	–	–	–	–	–
Sub-total	–	2,342	76	97	2,515
Independent non–executive directors					
Mr. Siu Siu Ling, Robert *(Note (x))*	135	–	–	–	135
Mr. Tam Tak Wah *(Note (xi))*	673	–	–	–	673
Mr. Zheng Zongjia *(Note (xii))*	40	–	–	–	40
Mr. He Yi *(Note (xiv))*	120	–	–	–	120
Mr. Chen Pei *(Note (xvi))*	–	–	–	–	–
Mr. Guo Yaoli *(Note (xv))*	31	–	–	–	31
Ms. Xia Liping *(Note (xiii))*	7	–	–	–	7
Sub-total	1,006	–	–	–	1,006
Total	1,006	2,342	76	97	3,521

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 December 2021

	Fees HKD'000	Salaries, bonuses and other benefits in kind HKD'000	Contributions to retirement benefits scheme HKD'000	Share-based payment expenses HKD'000	Total HKD'000
Executive directors					
Mr. Liang Jian *(Chairman and Chief Executive Officer) (Note (i))*	–	–	–	–	–
Mr. Lau Fai Lawrence *(Note (ii))*	–	492	18	140	650
Mr. Yu	–	332	16	236	584
Mr. Cai Linzhan *(Note (iii))*	–	202	10	236	448
Mr. Wang Fei *(Note (xix))*	–	–	–	–	–
Mr. Siu Yun Fat *(Note (xx))*	–	1,353	18	236	1,607
Mr. Yu Zhenzhong	–	–	–	–	–
Ms. Liao Jianrong *(Note (ix))*	–	–	–	–	–
Sub-total	–	2,379	62	848	3,289
Independent non–executive directors					
Mr. Siu Siu Ling, Robert *(Note (x))*	268	–	–	–	268
Mr. Tam Tak Wah *(Note (xi))*	1,339	–	–	–	1,339
Mr. Zheng Zongjia *(Note (xii))*	130	–	–	–	130
Mr. Chen Pei *(Note (xvi))*	–	–	–	–	–
Mr. Wang Ning *(Note (xxi))*	–	–	–	–	–
Sub-total	1,737	–	–	–	1,737
Total	1,737	2,379	62	848	5,026

Notes:

(i) Mr. Liang Jian was appointed as chairman of the Company with effective from 1 July 2020.

(ii) Mr. Lau Fai Lawrence resigned as executive director of the Company on 1 July 2022.

(iii) Mr. Cai Linzhan resigned as executive director of the Company on 10 October 2022.

(iv) Mr. Yuan Yifeng was appointed as executive directors of the Company on 19 August 2022.

(v) Mr. Li Rui was appointed as executive directors of the Company on 19 August 2022.

(vi) Ms. Wang Qian was appointed as executive directors of the Company on 31 May 2022.

(vii) Mr. Cheung Kit Shing was appointed as executive directors of the Company on 19 August 2022.

(viii) Mr. Su Wei was appointed as executive directors of the Company on 1 July 2022.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Notes: (Continued)

(ix) Ms. Liao Jianrong was appointed as executive directors of the Company on 1 February 2022 and resigned on 22 April 2022.

(x) Mr. Siu Siu Ling, Robert resigned as independent non-executive directors of the Company on 1 July 2022.

(xi) Mr. Tam Tak Wah retired as independent non-executive directors of the Company on 29 June 2022.

(xii) Mr. Zheng Zongjia resigned as independent non-executive directors of the Company on 10 October 2022.

(xiii) Ms. Xia Liping was appointed as independent non-executive directors of the Company on 9 December 2022.

(xiv) Mr. He Yi was appointed as independent non-executive directors of the Company on 1 July 2022.

(xv) Mr. Guo Yaoli was appointed as independent non-executive directors of the Company on 29 September 2022.

(xvi) Mr. Chen Pei resigned as independent non-executive directors of the Company on 21 March 2023.

(xvii) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

(xviii) The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

(xix) Mr. Wang Fei resigned as executive director of the Company effective on 7 December 2021

(xx) Mr. Siu Yun Fat resigned as executive director of the Company on 31 December 2021.

(xxi) Mr. Wang Ning resigned as independent non-executive directors of the Company on 1 June 2021.

During the years ended 31 December 2022 and 2021, certain directors of the Company were granted share options, in respect of their services to the Group under the share option scheme of the Company. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions. Details of the share option scheme are set out in Note 36(a). The amount of the benefits in relation to the share options has been determined in the sole discretion of the board of directors.

During the years ended 31 December 2022 and 2021, no emoluments were paid by the Group to the directors or chief executive of the Company as an inducement to join, or upon joining the Group, or as compensation for loss of office.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one director (2021: two directors), details of whose remuneration are set out in Note 12 above. Details of the remuneration of the remaining four (2021: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 HKD'000	2021 HKD'000
Salaries, bonuses and other benefits in kind	**3,114**	3,023
Contributions to retirement benefits scheme	**72**	54
Share-based payment expenses	**93**	580
	3,279	3,657

The number of the highest paid employee(s) who is/are not the directors whose remuneration fell within the following bands is as follows:

	Number of employee(s)	
	2022 HKD'000	2021 HKD'000
Under HKD1,000,000	**3**	1
HKD1,000,001 to HKD1,500,000	**1**	2
HKD1,500,001 to HKD2,000,000	**–**	–

During the year ended 31 December 2022, two (2021: two) non-director and non-chief executive highest paid employee were granted share options in respect of the services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 36(a). The amount of the benefits in relation to the share options has been determined in the sole discretion of the board of directors.

14. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

15. LOSS PER SHARE

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

	2022 **HKD'000**	2021 HKD'000
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	**(7,021)**	(7,637)

Number of shares

	2022 **'000**	2021 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	**89,029**	41,322

The weighted average number of ordinary shares used to calculate the basic loss per share for both years have been adjusted to reflect the rights issue (Note 34(iii)) and share consolidation (Note 34(ii)) during the year ended 31 December 2022. Accordingly, the basic loss per share for the year ended 31 December 2021 is restated.

The computation of diluted loss per share for both years did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share. Therefore, the amount of diluted loss per share is the same as the amount of basic loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HKD'000	Leasehold improvements HKD'000	Motor vehicles HKD'000	Furniture, fixtures and office equipment HKD'000	Total HKD'000
Cost					
At 1 January 2021	274	84	4,541	813	5,712
Addition	362	108	–	1,875	2,345
Disposal	–	–	(1,604)	(108)	(1,712)
Disposal of subsidiaries *(Note 37)*	–	–	–	(9)	(9)
Exchange realignment	13	–	11	43	67
At 31 December 2021 and 1 January 2022	**649**	**192**	**2,948**	**2,614**	**6,403**
Addition	**–**	**675**	**–**	**102**	**777**
Written off	**–**	**–**	**–**	**(64)**	**(64)**
Exchange realignment	**(52)**	**–**	**(32)**	**(249)**	**(333)**
At 31 December 2022	**597**	**867**	**2,916**	**2,403**	**6,783**
Accumulated depreciation and impairments					
At 1 January 2021	–	84	3,237	230	3,551
Charged for the year	40	16	538	186	780
Disposal	–	–	(1,108)	(33)	(1,141)
Disposal of subsidiaries *(Note 37)*	–	–	–	(3)	(3)
Impairment *(Note)*	599	–	243	226	1,068
Exchange realignment	10	–	7	1	18
At 31 December 2021 and 1 January 2022	**649**	**100**	**2,917**	**607**	**4,273**
Charged for the year	**–**	**67**	**31**	**251**	**349**
Written off	**–**	**–**	**–**	**(64)**	**(64)**
Exchange realignment	**(52)**	**–**	**(32)**	**(44)**	**(128)**
At 31 December 2022	**597**	**167**	**2,916**	**750**	**4,430**
Net carrying amount					
At 31 December 2022	**–**	**700**	**–**	**1,653**	**2,353**
At 31 December 2021	–	92	31	2,007	2,130

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

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Plant and machinery	10% to 30%
Leasehold improvements	Over the shorter of the lease terms or 20%
Motor vehicles	20% to 25%
Furniture, fixtures and office equipment	20% to 30%

Notes:

During the course of preparing of the Group's consolidated financial statements for the year ended 31 December 2021, the directors of the Company identified that there were downsize of sale scale and gross profit margin in high technology businesses cash generating unit ("CGU"). Therefore, the directors of the Company concerned about the recoverability of the carrying amounts of this CGU and performing impairment review on non-financial assets (including of property, plant and equipment and right-of-use assets) of this CGU.

Impairment loss on property, plant and equipment and right-of-use assets amounting to approximately HKD1,068,000 and HKD5,488,000 (Note 17) respectively were recognised in the profit or loss during the year ended 31 December 2021.

The value-in-use calculation used cash flow forecast derived from the most recent budget of this CGU and was approved by the management based on their best estimated. The projected period was 5 years and the growth rate and pre-tax discount rate used in the forecast were zero and 16.3%, respectively.

17. RIGHT-OF-USE ASSETS

	Staff quarter HKD'000	Office premises HKD'000	Production plant HKD'000	Total HKD'000
Cost				
At 1 January 2021	597	6,843	7,225	14,665
Additions	–	729	–	729
Early termination of lease agreements	(597)	(6,850)	–	(7,447)
Exchange realignment	–	7	198	205
At 31 December 2021 and 1 January 2022	**–**	**729**	**7,423**	**8,152**
Additions	**–**	**4,190**	**–**	**4,190**
Exchange realignment	**–**	**–**	**(597)**	**(597)**
At 31 December 2022	**–**	**4,919**	**6,826**	**11,745**
Accumulated depreciation and impairment:				
At 1 January 2021	423	5,084	361	5,868
Charged for the year	25	1,162	1,463	2,650
Early termination of a lease agreement	(448)	(5,994)	–	(6,442)
Impairment *(Note 16)*	–	–	5,488	5,488
Exchange realignment	–	5	111	116
At 31 December 2021 and 1 January 2022	**–**	**257**	**7,423**	**7,680**
Charged for the year	**–**	**907**	**–**	**907**
Exchange realignment	**–**	**–**	**(597)**	**(597)**
At 31 December 2022	**–**	**1,164**	**6,826**	**7,990**
Net carrying amount				
At 31 December 2022	**–**	**3,755**	**–**	**3,755**
At 31 December 2021	–	472	–	472

	2022 HKD'000	2021 HKD'000
Within financing cash flows – fixed payments	**2,468**	3,706
Within operating cash flows – expenses relating to short-term leases	**25**	–
Total cash outflow for leases	**2,493**	3,706

During the years ended 31 December 2022 and 2021, the Group leased staff quarter, office premises and production plant for its daily operations. Lease contracts were entered into for fixed terms from 1 to 4 years.

18. INVESTMENT PROPERTIES – RESIDENTIAL UNITS LOCATED IN HONG KONG AND RETAIL UNITS LOCATED IN THE PRC

	2022 HKD'000	2021 HKD'000
Fair value		
At 1 January	**865,687**	803,836
Acquisition	**–**	41,480
Changes in fair value recognised in profit or loss	**(12,860)**	16,368
Exchange realignment	**(12,373)**	4,003
At 31 December	**840,454**	865,687

	2022 HKD'000	2021 HKD'000
Hong Kong	**699,700**	711,400
The PRC	**140,754**	154,287
	840,454	865,687

The Group's properties interests held under operating lease to earn rentals or for capital appreciation purposes is measured using the fair value model and is classified and accounted for as investment properties.

On 20 May 2021, a wholly-owned subsidiary of the Company has entered into a sales and purchase agreement in relation to acquisition of a property located in Hong Kong with an individual (the "**Vendor**") who is the wife of cousin of Mr. Cai Linzhan, one of the directors of the Company. Pursuant to the sales and purchase agreement, the consideration amounted to HKD40,000,000 which would be settled by HKD1,000,000 by cash and HKD39,000,000 shall be satisfied by issuing promissory note to the Vendor.

On 6 October 2021, the property acquisition had completed and the Group has paid HKD27,680,000 (including corresponding stamp duty of approximately HKD1,700,000) by cash and issued a promissory note with principal amount amounting to HKD14,020,000 with fixed interest rate at 5.00% per annum payable annually. The promissory note will be matured in 2 years from the date of issue (i.e. 6 October 2023), early redemptions is allowed at all or part of the principal amount. On the date of acquisition, the fair value of the promissory note was approximately HKD13,800,000. Further details of the promissory note are set out in Note 33.

At 31 December 2022, the Group's investment properties located in Hong Kong, with carrying amount amounting to approximately HKD283,000,000 (2021: HKD287,000,000), has been pledged to secure the bank borrowings and other borrowings granted to the Group (Notes 31 and 32). Another investment property located in Hong Kong, with carrying amount amounting to approximately HKD377,000,000 (2021: HKD384,000,000) has been pledged to secure the bank borrowings granted to the Group (Note 31) at 31 December 2022.

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties at 31 December 2022 have been arrived at on the basis of a valuation carried out by CBRE Hong Kong Limited ("**CBRE**") (2021: Colliers International (Hong Kong) Limited ("**Colliers**")), a firm of independent qualified professional valuers, which is not connected to the Group. CBRE (2021: Colliers) has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

18. INVESTMENT PROPERTIES – RESIDENTIAL UNITS LOCATED IN HONG KONG AND RETAIL UNITS LOCATED IN THE PRC *(Continued)*

Fair value measurement of the Group's investment properties *(Continued)*

The fair value of investment properties is a level 3 fair value measurement. The reconciliation of the opening and closing fair value balance is shown as the above table.

The fair value of investment properties was estimated using market comparison approach. Fair values are based on prices for recent market transaction in similar properties with significant adjustments for differences in the location or condition of the Group's investment properties. These adjustments are based on unobservable inputs.

Significant unobservable inputs	Range of unobservable inputs Hong Kong	The PRC	Relationship of unobservable inputs to fair value
Premium/(discount) on quality of properties (e.g. location, size and condition of the properties)	(35.7)% to 60.2% (2021: (19.53)% to 83.22%)	(39.47)% to 20.59% (2021: (5.97)% to 1.26%	The higher/lower premium or lower/higher discount for the quality of the Group's properties, the higher/lower the fair value
Selling price per unit of market comparables, taking into account difference such as age and location	HKD37,626 to HKD57,495 (2021: HKD27,289 to HKD65,947) per square feet	Renminbi ("**RMB**") 49,557 (equivalent to approximately HKD55,803) to RMB54,740 (equivalent to approximately HKD61,639 (2021: RMB43,036 (equivalent to approximately HKD52,689) to RMB66,189 (equivalent to approximately HKD81,048)) per square meter	The higher/lower the selling price per unit of market comparables, the higher/lower the fair value

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the investment properties' highest and best use, which does not differ from their actual use.

During the years, there were no transfers into or out of Level 3 or any other Level.

19. INTEREST IN AN ASSOCIATE

	2022 HKD'000	2021 HKD'000
Cost of investment in an associate, unlisted	**559**	559
Share of accumulated losses of an associate	**(559)**	(514)
Exchange realignment	**–**	11
	–	56

On 8 October 2019, Smart Prosper Enterprises (International) Limited, a wholly-owned subsidiary of the Company, entered into an incorporation agreement with the independent third parties for the formation of 揚州越界未來健康科技有限公司 ("**揚州越界**") and the Group subscribed for 30% equity interests of 揚州越界. The subscription consideration was equivalent to RMB1,980,000 (equivalent to approximately HKD2,230,000) (2021: RMB1,980,000 (equivalent to approximately HKD2,425,000)).

揚州越界 is principally engaged in trading and development of beauty and health product in the PRC. The Group explores opportunities in these core businesses to create long-term value for its shareholders. The Group considered it has significant influence over 揚州越界 due to the Group has the right to appoint 2 out of 5 directors of 揚州越界, representing 40% of the board of directors of 揚州越界.

As at 31 December 2022, the Group had paid RMB500,000 (equivalent to approximately HKD559,000) (2021: RMB500,000 (equivalent to approximately HKD559,000)) in aggregate for the registered capital of 揚州越界. As at 31 December 2022, the Group shall pay the remaining registered capital amounting to RMB1,480,000 (equivalent to approximately HKD1,666,000) (2021: RMB1,480,000 (equivalent to approximately HKD1,812,000)) within two years after the date of issuance of business license as detailed in Note 39(b).

The particulars of the associate of the Group as at 31 December 2022 and 2021 were as follows:

Name	**Particulars of registered capital**	**Place of establishment**	**Proportion of ownership interest attributable to the Group 2022**	**2021**	**Principal activities and place of operation**
揚州越界	RMB6,600,000	The PRC	**30%**	30%	Trading and development of beauty and health product in the PRC

19. INTEREST IN AN ASSOCIATE *(Continued)*

The share of loss of 揚州越界, an immaterial associate of the Group for the years ended 31 December 2022 and 2021, is set out below:

	2022 HKD'000	2021 HKD'000
Share of loss of an associate recognised in profit or loss	**45**	4

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 HKD'000	2021 HKD'000
Listed securities, at fair value:		
Equity securities listed in Hong Kong	**66,197**	97,308

The below table reconciled the equity securities listed in Hong Kong:

	2022 HKD'000	2021 HKD'000
At 1 January	**97,308**	220,117
Additions	**1,167**	112
Additions in relation to share swap *(Note 34(v))*	**–**	11,400
Disposal	**(28,150)**	(89,114)
Changes in fair value through other comprehensive income	**(4,128)**	(45,207)
At 31 December	**66,197**	97,308

As at 31 December 2022, the balance represents two (2021: three) listed equity securities which are listed on the Stock Exchange. Details are as follows:

	2022 HKD'000	2021 HKD'000
Equity securities listed in Hong Kong		
CMBC Capital Holdings Limited ("CMBC Capital") *(Note (i))*	**17,200**	91,287
Central Wealth Group Holdings Limited ("Central Wealth") *(Note (ii))*	**48,997**	4,221
CA Cultural Technology Group Limited ("CA Cultural") *(Note (iii))*	**–**	1,800
At 31 December	**66,197**	97,308

These were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature. The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange. During the year ended 31 December 2022, the dividends received from those equity securities were approximately HKD590,000 (2021: HKD3,676,000).

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

Notes:

(i) As detailed in the announcement headed “Possible Very Substantial Disposal Mandate for Disposal(s) of Listed Securities” of the Company dated 20 May 2021 and the circular headed “Possible Very Substantial Disposal Mandate for Disposal(s) of Listed Securities and Notice of Extraordinary General Meeting” of the Company dated 22 July 2021, the Group sought a further disposal mandate to dispose of up to 1,111,230,000 shares of CMBC Capital in order to have an investment portfolio with less securities investments and to solidify the financial and cash position of the Group. The resolution was passed at the extraordinary general meeting (“EGM”) on 18 August 2021.

During the year ended 31 December 2022, 11,010,000 (2021: 725,350,000) shares of CMBC Capital was disposed of at approximately HKD25,739,000 (2021: HKD77,153,000) and resulted in a fair value loss of approximately HKD207,672,000 (2021: HKD283,723,000) reclassified from fair value reserve to accumulated losses.

(ii) During the year ended 31 December 2022, the Group disposed of 83,020,000 (2021: 485,520,000) shares of Central Wealth at approximately HKD1,991,000 (2021: HKD8,228,000) to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, a fair value loss of approximately HKD4,479,000 (2021: HKD36,043,000) was reclassified from fair value reserve to accumulated losses.

(iii) During the year ended 31 December 2022, the Group disposed of 400,000 shares of CA Cultural at approximately HKD420,000 to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, a fair value loss of approximately HKD10,980,000 was reclassified from fair value reserve to accumulated losses (2021:Nil).

(iv) During the year ended 31 December 2021, the Group disposed of 4,400,000 shares of Huasheng at approximately HKD3,733,000 to optimise its investment portfolio so as to enhance the financial and cash position of the Group. As a result, a fair value gain of approximately HKD653,000 was reclassified from fair value reserve to accumulated losses.

At 31 December 2022, the Group’s financial assets at FVTOCI, with carrying amount of approximately HKD66,197,000 (2021: HKD97,308,000), have been pledged to secure the other borrowings granted to the Group (Note 32).

21. INVESTMENT IN CORPORATE BOND

	2022 HKD'000	2021 HKD'000
Unlisted corporate bond issued by a Cayman Islands entity	15,010	–

The below table reconciled the financial asset at amortised cost:

	2022 HKD'000	2021 HKD'000
At 26 October 2022		
Subscriptions	20,000	–
Less: Allowance for expected credit losses	(4,990)	–
At 31 December	15,010	–

On 26 October 2022, the Company entered into the subscription agreement with the independent third party (the "**Issuer**") for the subscription for an unlisted corporate bond issued by a Cayman Islands entity (the "**Corporate Bond**"), issued at the principal amount of HKD20,000,000, subject to a fixed rate of 7.5% per annum payable in semi-annually in arrears and maturity on 25 October 2025 with no redemption option.

The Issuer is an exempted segregated portfolio company incorporated in the Cayman Island and is engaged in investments in Hong Kong including securities and bonds. The Issuer invested in debts by acquiring the debts from an independent third party at a discount to the face value of the debts, and will invest in undervalued securities and bonds targeting for capital gain.

The Group intended to hold and collect the repayments of principal and interest from the investment in corporate bond. As at 31 December 2022, the management of the Company performed the impairment assessment on the investment in corporate bond by reference to valuation of the investment in corporate bond performed by International Valuation Limited ("**IVL**"), a firm of independent qualified professional valuer. The fair value of the bond was calculated by using a discount rate of 19.64% per annum as at 31 December 2022. The provision for expected credit loss on investment in corporate bond amounted to approximately HKD4,990,000 (2021: Nil) was recognised in the consolidated profit or loss for the year ended 31 December 2022.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HKD'000	2021 HKD'000
Securities held for trading, at fair value:		
Equity securities listed in Hong Kong	**114,551**	1,408
Unlisted securities bonds issued by a PRC entity	**5,482**	5,390
	120,033	6,798

The below table reconciled the movement of financial assets at FVTPL during the year:

	2022 HKD'000	2021 HKD'000
At 1 January	**6,798**	1,394
Additions	**67,513**	36,638
Disposals	**(1,441)**	(27,337)
Changes in fair value and net realised gain/(loss) from disposals	**47,163**	(3,897)
At 31 December	**120,033**	6,798

The fair values of equity securities listed in Hong Kong and unlisted securities bonds issued by a PRC entity as at 31 December 2022 and 2021 were determined based on the quoted market closing prices on the Stock Exchange for listed equity securities and over-the-counter market for securities bond. During the year ended 31 December 2022, no dividends received from these equity securities and the interest income from debt instrument were approximately HKD426,000 (2021: the dividends received from these equity securities and interest income from debt instrument were approximately HKD139,000 and HKD213,000 respectively).

At 31 December 2022, the Group's financial assets at FVTPL, with carrying amount of approximately HKD63,995,000 (2021: HKD6,798,000), have been pledged to secure the other borrowings granted to the Group (Note 32).

The below table disclose the component of listed equity securities at FVTPL as at 31 December 2022:

Stock code	Name of the investees	Percentage of equity interests	Number of shares held	Total HKD'000
139	Central Wealth Group Holdings Limited	2.798%	455,910,000	**52,430**
412	Shandong Hi-speed Holdings Group Limited	0.073%	4,396,500	**25,148**
2187	Zhixin Group Holding Limited	0.842%	6,296,000	**16,370**
6908	HG Semiconductor Limited	0.067%	390,000	**1,154**
8017	TradeGo FinTech Limited	3.187%	19,124,000	**19,449**
				114,551

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The below table disclose the component of listed equity securities at FVTPL as at 31 December 2021:

Stock code	Name of the investees	Percentage of equity interests	Number of shares held	**Total HKD'000**
708	China Evergrande New Energy Vehicle Group Limited	0.004%	1,200	1,408

23. INVENTORIES

	2022 HKD'000	2021 HKD'000
Raw materials	**–**	–
Work in progress	**–**	8,971
Finished goods	**7,566**	4,615
	7,566	13,586

24. LOAN AND INTEREST RECEIVABLES

	2022 HKD'000	2021 HKD'000
Current	**169,704**	31,733
Non-current	**30,758**	300,512
	200,462	332,245
Representing:		
From money lending business (including interest receivables of approximately HKD8,771,000 (2021: HKD11,399,000)) *(Note)*	**231,953**	353,749
Less: Allowance for expected credit losses	**(31,491)**	(21,504)
	200,462	332,245

24. LOAN AND INTEREST RECEIVABLES *(Continued)*

Note:

The loan receivables from 17 (2021: 13) independent borrowers bear fixed interest rates ranging from 5% to 7.7% (2021: 5% to 8%) per annum and repayable according to the respective loan agreements. During the year ended 31 December 2022, 2 (2021: 2) borrowers with loan receivables (net of allowance for credit loss) amounted to approximately HKD56,373,000 (2021: HKD55,260,000) in aggregate provided several properties to the Group as collateral with fair value amounting to approximately RMB38,800,000 (equivalent to approximately HKD43,879,000) (2021: RMB38,800,000 (equivalent to approximately HKD47,511,000)) in aggregate. As at 31 December 2022, Central Wealth with loan receivables (net of allowance for expected credit loss) amounted to approximately HKD87,455,000 provided shares of a company listed in Hong Kong to the Group as collateral during the year as further mentioned below. The loan receivables from the remaining 14 (2021: 11) borrowers with loan receivables (net of allowance for credit loss) amounted to approximately HKD56,634,000 (2021: HKD276,985,000) in aggregate are unsecured as at 31 December 2022.

The movement of the gross carrying amount of loan and interest receivables from money lending business is as follows:

	Stage 1 HKD'000	**Stage 2** HKD'000	**Stage 3** HKD'000	**Total** HKD'000
At 1 January 2021	354,482	–	–	354,482
Additions	42,880	–	–	42,880
Repayments	(43,613)	–	–	(43,613)
At 31 December 2021 and 1 January 2022	**353,749**	**–**	**–**	**353,749**
Additions	**48,863**	**–**	**–**	**48,863**
Repayments	**(170,659)**	**–**	**–**	**(170,659)**
Transfer to stage 2	**(65,038)**	**65,038**	**–**	**–**
Transfer to stage 3	**(19,903)**	**–**	**19,903**	**–**
At 31 December 2022	**147,012**	**65,038**	**19,903**	**231,953**

The movement of provision for ECL of loan and interest receivables from money lending business is as follows:

	Stage 1 **HKD'000**	**Stage 2** **HKD'000**	**Stage 3** **HKD'000**	**Total** **HKD'000**
At 1 January 2022	**21,504**	**–**	**–**	**21,504**
Additions	**9,000**	**–**	**–**	**9,000**
Repayments	**(5,020)**	**–**	**–**	**(5,020)**
Change in risk parameters	**6,007**	**–**	**–**	**6,007**
Transfer to stage 2	**(16,869)**	**16,869**	**–**	**–**
Transfer to stage 3	**(11,438)**	**–**	**11,438**	**–**
At 31 December 2022	**3,184**	**16,869**	**11,438**	**31,491**
ECL rate	**2.17%**	**25.94%**	**57.47%**	**13.58%**

24. LOAN AND INTEREST RECEIVABLES *(Continued)*

Note: (Continued)

	Stage 1 HKD'000	**Stage 2** HKD'000	**Stage 3** HKD'000	**Total** HKD'000
At 1 January 2021	21,710	–	–	21,710
Additions	3,445	–	–	3,445
Repayments	(2,729)	–	–	(2,729)
Change in risk parameters	(922)	–	–	(922)
At 31 December 2021	21,504	–	–	21,504
ECL rate	6.08%	–	–	6.08%

The maturity profile of these loan and interest receivables, net of credit loss allowances, at the end of the reporting period, analysed by the remaining periods to their contracted maturity, is as follows:

	2022 **HKD'000**	2021 HKD'000
On demand or within one year after the end of reporting period	**169,704**	31,733
More than one year, but not more than two years after the end of reporting period	**19,664**	284,586
More than two years, but not more than five years after the end of reporting period	**11,094**	15,926
	200,462	332,245

The loan receivables have been reviewed by the management of the Group to assess impairment which are based on the evaluation of collectability, ageing analysis of accounts and on management's judgement, including the current creditworthiness and the past statistics of individually significant accounts or a portfolio of accounts on a collective basis.

In 2019, the Group has granted an aggregate irrevocable loan facility of HKD270,000,000 to Central Wealth and the total loans advanced to Central Wealth were amounted to HKD215,000,000 as at 31 December 2019. These loans are unsecured, bearing fixed interest rate at 8% per annum and repayable under the demand of the Group or no later than 31 December 2020. During the year ended 31 December 2020, the Group and Central Wealth entered into a supplemental agreement, pursuant to which the loan facility would bear interest rate at 7% per annum with effect from 1 January 2021 and the maturity date of the loans amounted to HKD236,000,000 as at 31 December 2020 would be extended to 31 December 2023. No further loans were advanced to Central Wealth during the years ended 31 December 2021 and 2022. During the year ended 31 December 2022, Central Wealth had settled part of the loans and interests by cash of approximately HKD122,001,000 and disposed of securities as mentioned below, resulted in the loan and interest receivables from Central Wealth amounted to HKD90,057,000 (2021: 243,420,000) as at 31 December 2022.

On 24 October 2022, Globally Finance Limited, a wholly-owned subsidiary of the Company, as the "Lender" and Central Wealth Infrastructure Investment Limited, a wholly-owned subsidiary of Central Wealth, as the "Chargor", entered into a Share Charge arrangement, pursuant to which Central Wealth agreed to procure the Chargor to charge the 95,061,000 shares of a company listed in Hong Kong owned by the Chargor (the "Charged Securities") in favour of the Lender. The fair value of the Charged Securities was approximately HKD308,948,000 on 24 October 2022. In consideration of the Chargor agreeing to enter into the Share Charge, the Lender has agreed to execute the Declaration of Trust at the same time, pursuant to which the Lender shall declare to act as the trustee of the Charged Securities in favour of the Chargor.

24. LOAN AND INTEREST RECEIVABLES *(Continued)*

Note: (Continued)

On 3 November 2022, the Lender received two letters of instruction from the Chargor which intended the Lender, as the trustee, to enter into share sale and purchase agreements to transfer totaling 29,705,000 shares of the Charged Securities to two independent third parties (the "Purchasers") at the considerations of approximately HKD45,746,000 (the "Considerations") in total (the "Transactions"). The net proceeds from the Transactions shall be in or towards the payment to settle the loan and interest receivable owed by Central Wealth to the Lender (the "Loans") until the Loans are discharged. On the same date, Globally Finance Limited entered into the share sale and purchase agreements with the Purchasers in relation to the Transactions and the corresponding amount of the Loans amounted to approximately HKD45,746,000 in total was deemed to be set-off against the Considerations at the date of completion of the Transactions on 3 November 2022. As at 31 December 2022, the Considerations were not yet settled by the Purchasers and the amounts were recorded in other receivables as disclosed in Note 26(ii).

On 4 November 2022, the Chargor entered into the conditional sale and purchase agreements with three independent third parties in relation to the transfer of the remaining 65,356,000 shares of the Charged Securities at a total consideration of approximately HKD169,272,000. Up to the date of approval of these consolidated financial statements, the transfer of these shares were not yet completed.

Mr. Yu is a common director of Central Wealth and the Company. Loan and interest receivables of the Group disclosed pursuant to Section 383 of the CO (Cap. 622) and the Companies (Disclosure of information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	Maximum amount outstanding during the year HKD'000	**2022** HKD'000	2021 HKD'000
Gross loans to Central Wealth (including interest receivables of approximately HKD1,024,000 (2021: HKD7,420,000))	247,493	90,057	243,420
Credit loss allowances on loans to Central Wealth (including credit loss allowances on interest receivables of approximately HKD30,000 (2021: HKD457,000))	14,988	2,602	14,988

As at 31 December 2021, one of the loan and interest receivables of the Group were due from Ms. Lam Hay Yin ("**Ms. Lam**"), a director of the Company's subsidiary which were amounted to approximately HKD1,500,000. Ms. Lam resigned as a director of the Company's subsidiary on 1 September 2022. The loan is matured in December 2023.

Included in the loan and interest receivables of the Group as at 31 December 2022, amounted to approximately HKD25,104,000 due from 4 borrowers were matured as at 31 December 2022. Among these balances, amounted to approximately HKD7,000,000 were settled in March 2023, and the remaining balances of approximately HKD18,104,000 will be settled by December 2023 according to the repayment schedules agreed with the borrowers. In March 2023, certain shares of a listed company in Hong Kong with total fair value of approximately HKD37,415,000 owned by certain of these borrowers were pledged to the Group as securities of their loans and interests due to the Group.

25. DEFERRED TAX

Deferred tax assets

The movements in deferred tax assets during the year are as follows:

	Credit loss allowances HKD'000
At 1 January 2021	4,059
Deferred tax credited to the profit or loss *(Note 11)*	721
Exchange realignment	12
At 31 December 2021 and 1 January 2022	**4,792**
Deferred tax credited to the profit or loss *(Note 11)*	**3,487**
Exchange realignment	**(42)**
At 31 December 2022	**8,237**

At the end of the reporting period, the Group had unused tax losses of approximately HKD113,718,000 (2021: HKD119,748,000) available to offset against future profits sourced in Hong Kong. Such unused tax losses are subject to the approval of the Hong Kong Inland Revenue Department and may be carried forward indefinitely. Also, at the end of the reporting period, the Group had unused tax losses of approximately RMB39,073,000 (equivalent to approximately HKD43,997,000) (2021: RMB27,317,000 (equivalent to approximately HKD33,450,000)) available to offset against future profits sourced in the PRC. Such unused tax losses are subject to the approval of the PRC tax authorities and can be carried forward for five years from the year when the corresponding loss was incurred. No deferred tax asset has been recognised due to unpredictability of future profit streams.

Deferred tax liabilities

Pursuant to the EIT Law, 10% withholding tax is imposed on dividends declared in respect of profits earned from 1 January 2008 onwards to non-PRC tax resident investors for the companies established in the PRC. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applicable.

As at 31 December 2022, the Group has not recognised the provision of the PRC withholding tax of approximately RMB187,000 (equivalent to approximately HKD217,000) (2021: RMB648,000 (equivalent to approximately HKD794,000)) in relation to the undistributed profits of certain PRC subsidiaries totaling approximately RMB1,877,000 (equivalent to approximately HKD2,177,000) (2021: RMB6,481,000 (equivalent to approximately HKD7,936,000)), as the Company is in a position to control the dividend policy of the PRC subsidiaries and it has been determined that it is probable that undistributed profits of the PRC subsidiaries will not be distributed in the foreseeable future.

26. TRADE, BILLS AND OTHER RECEIVABLES

	Notes	2022 HKD'000	2021 HKD'000
Trade receivables, gross		**11,999**	17,219
Less: Allowance for expected credit losses *(Note 44(b)(ii))*		**(8,937)**	(3,176)
Trade receivables, net	(i)	**3,062**	14,043
Other receivables, gross		**52,445**	5,240
Less: Allowance for expected credit losses *(Note 44(b)(ii))*		**(12,059)**	(189)
	(ii)	**40,386**	5,051
Deposit and prepayment	(iii)	**24,196**	13,566
Bills receivables	(iv)	**1,786**	8,809
		69,430	41,469
Less: Rental deposit classified as non-current asset		**(1,485)**	–
		67,945	41,469

Notes:

(i) Trade receivables

As at 31 December 2022 and 2021, trade receivables mainly comprise amounts receivable from high technology business and trading business and related services. No interest was charged on trade receivables.

The following is an ageing analysis of trade receivables presented based on the invoice dates, which approximated the respective revenue recognition dates:

	2022 HKD'000	2021 HKD'000
0-30 days	**643**	890
31-90 days	**290**	1,294
91-180 days	**653**	5,402
181-360 days	**473**	5,140
Over 360 days	**9,940**	4,493
Less: Allowance for expected credit losses	**(8,937)**	(3,176)
	3,062	14,043

The following is an ageing analysis of trade receivables, net of credit loss allowances, presented based on the due dates:

	2022 HKD'000	2021 HKD'000
Not yet past due	**643**	890
Less than 30 days past due	**290**	1,288
31 days to 90 days past due	**647**	5,333
91 days to 180 days past due	**1,048**	4,939
181 days to 365 days past due	**431**	1,427
More than 1 year past due	**3**	166
	3,062	14,043

26. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(ii) Other receivables

As at 31 December 2022, the balance mainly included the gross receivables of Considerations in relation to the transfer of Charged Securities as disclosed in Note 24 to the consolidated financial statements amounting to approximately HKD45,746,000 (2021: Nil). According to the sale and purchase agreement in relation to the Transactions as mentioned in Note 24, the Considerations shall be settled within 4 months from the date of completion of Transactions on 3 November 2022. The Considerations were not yet settled up to the date of approval of these consolidated financial statements and will be settled by December 2023 according to the repayment schedules agreed with the Purchasers. As at December 2022, the Group recognised a provision for expected credit loss allowance of HKD11,913,000 (2021: Nil) in relation to the receivables of Considerations. In March 2023, the Purchasers pledged a total of 29,705,000 shares of the Charged Securities to the Group as securities of the outstanding Considerations.

As at 31 December 2022, the other receivables also included the gross rental income receivables in relation to investment properties in the PRC amounting to approximately HKD3,390,000 (2021: HKD2,982,000). As at that date, the Group recognised a provision for expected credit loss allowance of HKD146,000 (2021: HKD189,000) in relation to the rental income receivables.

(iii) Deposit and prepayment

As at 31 December 2022, the balance mainly comprised prepayments for inventories amounting to approximately HKD21,934,000 (2021: HKD11,686,000), no trade deposits in relation to trading business (2021: trade deposits in relation to trading business amounting to approximately HKD1,225,000), and rental deposits paid amounting to approximately HKD1,783,000 (2021: HKD313,000).

As at 31 December 2022, prepayments for inventories include balances with 成都廣泰威達 and 成都焊研威達 (as defined in Note 40) amounting to approximately RMB945,000 (equivalent to approximately HKD1,065,000) and RMB16,168,000 (equivalent to approximately HKD18,205,000) (2021: RMB2,584,000 (equivalent to approximately HKD3,165,000) and RMB1,549,000 (equivalent to approximately HKD1,896,000)), respectively.

(iv) Bills receivables

The Group endorsed certain bill receivables (the "Endorsed Bills") with a carrying amount of approximately HKD1,786,000 (2021: HKD8,687,000) as at 31 December 2022 to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. However, in the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills as current assets and the associated trade payables as current liabilities. The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD1,786,000 (2021: HKD8,687,000) as at 31 December 2022 (Note 28(i)).

In the opinion of the directors of the Company, the fair values of these Endorsed Bills and the associated trade payables are approximately to their carrying amounts. Net position of the Group is Nil (2021: Nil) as at 31 December 2022.

27. CASH AND BANK BALANCES

	2022 HKD'000	2021 HKD'000
Cash and bank balances *(Note)*	**38,983**	12,077

Note:

Cash and bank balances represent cash at banks and on hand. Bank balances carry interest at floating rates based on daily bank deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default.

At 31 December 2022, there was approximately HKD1,650,000 (2021: HKD1,998,000) denominated in RMB and deposited with banks in the PRC, RMB is not freely convertible into other currencies, however, under Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations in the PRC, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

28. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	Notes	2022 HKD'000	2021 HKD'000
Trade payables	(i)	**23,410**	18,106
Government loans	(ii)	**8,967**	10,730
Other payables	(iii)	**6,512**	3,733
Accruals		**11,625**	9,538
Rental deposits received		**1,504**	1,686
		52,018	43,793

Notes:

(i) Trade payables

The credit period granted by suppliers of the Group is ranging from 30 to 120 days (2021: 30 to 120 days) for the year. The ageing analysis of the trade payables based on invoice date is as follows:

	2022 HKD'000	2021 HKD'000
0-30 days	**1,786**	12,274
31-90 days	**–**	83
91-360 days	**12,583**	3,030
Over 360 days	**9,041**	2,719
	23,410	18,106

The aggregate carrying amount of trade payables under the Endorsement amounted to approximately HKD1,786,000 (2021: HKD8,687,000) as at 31 December 2022, do not meet the de-recognition requirements in HKFRS 9. The corresponding financial assets are included in trade, bills and other receivables (Note 26 (iv)).

28. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES *(Continued)*

Notes: (Continued)

(ii) Government loans

Government loans amounting to approximately RMB7,963,000 (equivalent to approximately HKD8,967,000) (2021: RMB8,763,000 (equivalent to approximately HKD10,730,000)) represented a government loan (2022: two government loans) received by certain PRC subsidiaries of the Company in prior years. Those PRC subsidiaries are required to fulfill certain financial and operating conditions for coming 3 years or 10 years since the date of the government loans agreements. If those PRC subsidiaries were able to fulfill those conditions, the government loans will be forgiven by the government at the end of the specific period. These government loans are charged at an interest rate according to the People's Bank of China. As at 31 December 2022, accrued interest of government loans amounting to approximately HKD1,062,000 (2021: HKD844,000) was included in accruals. One of the government loan amounting to approximately RMB863,000 (equivalent to approximately HKD1,011,000) (including interest payable RMB63,000 (equivalent to approximately HKD74,000)) was derecognised with disposal of a subsidiary during the year ended 31 December 2022. Details of disposal of subsidiaries are set out in Note 37.

The government loans received were recorded as current liabilities at the end of the reporting period as, in the opinion of the directors of the Company, the government has discretionary right to demand full repayments if any of those conditions are not fulfilled.

As at 31 December 2022, one (2021: one) of the government loans received by a PRC subsidiary amounting to approximately RMB7,963,000 (equivalent to approximately HKD8,967,000) (2021: RMB7,963,000 (equivalent to approximately HKD9,751,000)), is guaranteed by the legal representative of that PRC subsidiary.

(iii) Other payables

As at 31 December 2022, other payables included provision for ECL on loan commitment amounted to approximately HKD6,512,000 (2021: HKD2,749,000) in relation to the undrawn loan commitment amounted to approximately HKD185,968,000 (2021: HKD39,000,000) granted to two (2021: two) borrowers.

	2022 **HKD'000**	2021 HKD'000
At 1 January	**2,749**	2,885
Release due to settlement	**4,247**	1,023
Facility expired	**–**	(393)
Facility utilised	**–**	(787)
Change in risk parameter	**(484)**	21
At 31 December	**6,512**	2,749

As at 31 December 2021, other payables include a borrowing with carrying amount of approximately RMB803,000 (equivalent to approximately HKD984,000) from an independent third party. The borrowing was interest bearing at 4.35% per annum and was matured in October 2022. The borrowing was decognised with disposal of subsidiary during the year. Details of disposal of subsidiaries are set out in Note 37.

29. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Notes	**2022 HKD'000**	2021 HKD'000
Contract assets	(i)	**31**	4,672
Contract liabilities	(ii)	**3,868**	7,171

Notes:

(i) Contract assets

The Group's retention receivables, arising from high technology business, represent certified contract payments in respect of products delivered, for which 10% of the contract value are withheld by customers for retention purposes, to secure the due performance of the contracts for a period of 12 months (defect liability period). The retention receivables are released to the Group pursuant to the provisions of the relevant contracts after the expiry of defect liability period and is consistent with market practice. In the opinion of the directors of the Company, the retention receivables will be received within 1 year and are classified as current assets in the consolidated statement of financial position.

The contract assets transferred to trade receivables during the year ended 31 December 2022 that were included in the balances as at 31 December 2021 were approximately HKD4,641,000 (2021: HKD8,594,000).

Further details on the Group's credit policy are set out in Note 44(b)(ii).

(ii) Contract liabilities

For both years, contract liabilities are arising from high technology business and trading business and related services. The Group typical receives a deposit from customers when they sign the contract with the Group and when the products are delivering to the customers. In the opinion of the directors of the Company, contract liabilities are expected to be recognised as revenue within one year.

Movement of contract liabilities is as follows:

	2022 HKD'000	2021 HKD'000
At 1 January	**7,171**	5,133
Decrease in contract liabilities as a result of being recognised as revenue during the year that was included in the contract liabilities at the beginning of the year	**(7,121)**	(5,133)
Increase in contract liabilities as a result of receipt of customer deposits during the year	**3,818**	7,171
At 31 December	**3,868**	7,171

30. LEASE LIABILITIES

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2022 **HKD'000**	2021 HKD'000
Lease liabilities payable:		
–Within one year	**4,069**	1,914
–Within a period of more than one year but not more than two years	**2,672**	1,656
–Within a period of more than two years but not more than five years	**1,170**	2,799
	7,911	6,369
Less: future finance charges	**(309)**	(216)
	7,602	6,153
Less: portion classified as current liabilities	**(3,830)**	(1,810)
Non-current liabilities	**3,772**	4,343

During the years ended 31 December 2022 and 2021, the Group has leased for staff quarters, office premises and a production plant. These leases are reflected on the consolidated statement of financial position as right-of-use assets and lease liabilities. The Group classifies its right-of-use assets in a consistent manner to its staff quarters, office premises and a production plant (Note 17).

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. The leases do not contain any variable lease payment, extension options and termination option among the lease contracts.

The table below describes the nature of the Group's leasing activities recognised as right-of-use assets in the consolidated statement of financial position as at 31 December 2022 and 2021:

Right-of-use assets	**Number of lease**		**Remaining lease term (Number of months)**	
	2022	2021	**2022**	2021
Office premise	**2**	1	**5 to 18**	17
Production plant	**1**	1	**33**	45

31. BANK BORROWINGS

	2022 HKD'000	2021 HKD'000
Secured bank borrowings	**285,914**	299,236
Represented by:		
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**195,700**	205,565
Carrying amount repayable within one year	**90,214**	93,671
	285,914	299,236

Bank borrowings due for repayment, based on the scheduled repayment terms set out in the borrowing agreements and without taking into account the effect of any repayment on demand clause are as follows:

	2022 HKD'000	2021 HKD'000
Within one year	**90,214**	93,671
More than one year, but within two years	**10,440**	10,154
More than two years, but within five years	**33,181**	31,597
More than five years	**152,079**	163,814
	285,914	299,236

As at 31 December 2022, the bank borrowings bear interest at (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, (iii) 2.5% per annum over HIBOR (1 week to 1 month) and (iv) fixed rate at 3.85% per annum. (2021: (i) 2.5% per annum below HKD Prime Rate, (ii) 2% per annum over HIBOR (1 month) or 2.5% per annum below HKD Prime rate, whichever is the lower, (iii) 2.5% per annum over HIBOR (1 week to 1 month) and (iv) fixed rate at 3.85% per annum). The weighted average effective interest rates per annum on the bank borrowings are as follows:

	2022	2021
Secured bank borrowings	**2.44% - 3.97%**	2.10% - 3.85%

At 31 December 2022, the Group's bank borrowing are secured by the investment properties amounting to approximately HKD660,000,000 (2021: HKD671,000,000) (Note 18).

32. OTHER BORROWINGS

	Notes	**2022** **HKD'000**	2021 HKD'000
Other borrowings due to:			
Securities Broker A	(i)	**–**	–
Securities Broker B	(ii)	**49,542**	72,961
Securities Broker C	(iii)	**34,906**	34,906
Central Wealth Securities Investments Limited ("**CWSI**")	(iv)	**2,221**	1,103
		86,669	108,970

Notes:

(i) Securities Broker A

Golden Horse Hong Kong Investment Limited ("**Golden Horse**"), a wholly-owned subsidiary of the Group, entered into a margin loan account client agreement and certain amendment and restatement deeds (collectively, the "**Margin Loan Agreements A**") in prior years and during the year with Securities Broker A, an independent securities broker.

As at 31 December 2021, pursuant to the Margin Loan Agreements A, Securities Broker A provided a margin loan facility to the Group up to HKD60,000,000 at an interest rate of 7.5% per annum payable in arrears.

At 31 December 2021, the Group has fully repaid the margin loan to Securities Broker A. The margin loan facility granted to the Group was expired on 22 June 2022.

(ii) Securities Broker B

On 26 March 2018, Golden Horse entered into a margin loan account client agreement (the "**Margin Loan Agreement B**") with Securities Broker B, an independent securities broker. Pursuant to the Margin Loan Agreement B, Securities Broker B provided a margin loan facility to the Group up to HKD82,000,000 (2021: HKD82,000,000).

At 31 December 2022, the Group has utilised approximately HKD49,542,000 (2021: HKD72,961,000) of the margin loan facility granted by Securities Broker B at an interest rate of 7.5% (2021: 7.5%) per annum.

(iii) Securities Broker C

On 8 June 2018, Golden Horse entered into a revolving loan account client agreement (the "**Revolving Loan Agreement**") with Securities Broker C, an independent authorised financial institution. Pursuant to the Revolving Loan Agreement, Securities Broker C provided a revolving loan facility to the Group up to HKD35,000,000 (2021: HKD35,000,000) at an interest rate of HKD Prime Rate – 2% per annum. At 31 December 2022, the Group has utilised approximately HKD34,906,000 (2021: HKD34,906,000) of the margin loan facility granted by Securities Broker C.

(iv) CWSI

In 2018, the Company entered into certain services agreements with CWSI, a subsidiary of Central Wealth Group Holdings Limited (the "**Margin Financier**"). Pursuant to the services agreements, the Margin Financier provided a margin loan facility to the Group with daily maximum amounts not exceeding HKD100,000,000 and margin loan interest not exceeding HKD8,000,000 per annum. The other borrowings due to the Margin Financier would be repayable on demand and may be varied or terminated in the absolute discretion of the Margin Financier. At as 31 December 2022, the Group has utilised approximately HKD2,221,000 (2021: HKD1,103,000) of the margin loan facility granted by CWSI.

32. OTHER BORROWINGS *(Continued)*

The Group's other borrowings are secured by the following assets:

	Notes	**2022 HKD'000**	2021 HKD'000
Investment properties	18	**283,000**	287,000
Financial assets at FVTOCI	20	**66,197**	97,308
Financial assets at FVTPL	22	**63,995**	6,798

Other borrowings due for repayment, based on the scheduled repayment terms set out in the agreements and without taking into account the effect of any repayment on default clause are as follows:

	2022 HKD'000	2021 HKD'000
Within one year or on demand	**86,669**	108,970

Partial of the other borrowings amounting to approximately HKD49,542,000 (2021: HKD72,961,000) are subject to the fulfilment of covenants, but certain covenants have not been fulfilled. The directors of the Company do not consider that it is probable that the securities brokers will exercise their discretion to demand immediate repayment. The directors of the Company believe that such other borrowings will be repaid in accordance with the scheduled repayment dates as determined by the agreements.

33. PROMISSORY NOTE

	2022 HKD'000	2021 HKD'000
At 1 January	**–**	–
Addition for acquisition of an investment property *(Note 18)*	**–**	13,800
Imputed interest expenses recognised in profit or loss *(Note 9)*	**–**	188
Early redemption	**–**	(13,988)
At 31 December	**–**	–

As aforementioned in Note 18, the Group completed the acquisition of an investment property on 6 October 2021, at a consideration of HKD40,000,000. Part of the consideration was satisfied by issuance of a promissory note with principal amount of HKD14,020,000.

The promissory note is bearing fixed interest at 5.00% per annum and mature on 6 October 2023. The promissory note can be early redeemed by the Company at all or part of the outstanding principal amount of the promissory note.

The promissory note is measured at fair value amounting to HKD13,800,000. The fair value of the promissory note is determined at date of issuance. The effective interest rate of the promissory note on initial recognition and the subsequent measurement of interest expense on the promissory note are calculated using effective interest rate of 6.52% per annum.

33. PROMISSORY NOTE *(Continued)*

The fair value of the promissory note as at the date of issuance has been arrived on the basis of valuation carried out by Royson Valuation Advisory Limited, a firm of independent qualified professional valuers, which is not connected to the Group. Royson Valuation Advisory Limited has appropriate qualifications and recent experience in valuation of similar promissory note. The fair value of promissory note was evaluated by using discounted cash flow model.

In December 2021, the promissory note was early redeemed by the Group with the balances of principal and interest of approximately HKD14,020,000 and HKD124,000 respectively, resulting in a loss on early redemption of the promissory note which was approximately HKD156,000 and was recognised in the consolidated profit or loss for the year ended 31 December 2021.

34. SHARE CAPITAL

	Number of ordinary shares *(Note (i))*	Number of preference shares	Amount HKD'000
Share capital			
Ordinary shares of HKD0.02 each (before share consolidation) and HKD0.4 each (after share consolidation)			
Authorised:			
At 1 January 2021, 31 December 2021 and 1 January 2022	12,474,000,000	26,000,000	250,000
Share consolidation *(Note (ii))*	(11,850,300,000)	(24,700,000)	–
At 31 December 2022	**623,700,000**	**1,300,000**	**250,000**
Issued and fully paid:			
At 1 January 2021	945,321,858	–	18,906
Exercise of share options *(Note (iv))*	53,600,000	–	1,072
Share issuance in relation to share swap *(Note (v))*	95,000,000	–	1,900
At 31 December 2021 and 1 January 2022	**1,093,921,858**	**–**	**21,878**
Share consolidation *(Note (ii))*	**(1,039,225,766)**	**–**	**–**
Issuance of share upon rights issue *(Note (iii))*	**61,399,399**	**–**	**24,560**
At 31 December 2022	**116,095,491**	**–**	**46,438**

Notes:

(i) All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.

(ii) On 15 December 2021, the director of the Company proposed to implement a share consolidation on the basis that every 20 issued and unissued shares of HKD0.02 each would be consolidated into one consolidated share of HKD0.4 each.

Pursuant to an ordinary resolution passed on 21 February 2022, the share consolidation was approved by the shareholders of the Company and has become effective on 23 February 2022 immediately after the share consolidation, the total number of issued shares of the Company was adjusted from 1,093,921,858 to 54,696,092.

34. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(iii) On 15 December 2021, the Company announced the proposed rights issue on the basis of three rights shares for every two consolidated shares at the subscription price of HKD0.9 per right share. Pursuant to the placing agreement entered with an independent placing agent, Po Tai Securities (Hong Kong) Limited on 15 December 2021, the Company conditionally agreed to place through the placing agent for those unsubscribed rights shares at the placing price not less than the subscription price to the placees who and whose ultimate beneficial owners are independent third parties.

The rights issue and the placing for those unsubscribed rights shares were completed on 20 May 2022, and 61,399,399 rights shares, including those unsubscribed rights shares issued through placing, were allotted and issued to the shareholders accordingly. The net proceeds after deducting the related expenses approximately HKD2,828,000, amounted to approximately HKD52,431,000. Accordingly, the Company's share capital increased by approximately HKD24,560,000 and the remaining balance of the net proceeds of approximately HKD27,871,000 was credited to the share premium account.

(iv) On 16 June 2021 and 25 June 2021, 34,800,000 and 18,800,000 share options were exercised respectively at the exercise price of HKD0.1254 per share. The total cash consideration received from the issuance 53,600,000 shares was approximately HKD6,721,000, of which HKD1,072,000 was credited to issued share capital and the remaining balance of approximately HKD5,649,000 was credited to the share premium account. In addition, amount attributable to the related share options of approximately HKD1,285,000 has been transferred from share option reserve to the share premium account. In the opinion of the directors of the Company, the transaction costs in relation to these exercise of share options were immaterial.

(v) On 24 August 2021, the Company has entered into a share swap agreement (the "**Share Swap Agreement**") with CA Cultural Technology Group Limited (the "**CA Cultural**"), a company incorporated in the Cayman Islands and listed on the Stock Exchange. Pursuant to the Share Swap Agreement, the Company shall subscribe for and CA Cultural shall allot and issue 4,000,000 shares of CA Cultural and CA Cultural shall subscribe for and the Company shall allot and issue 95,000,000 Company's shares. As at the completion date of the share swap (i.e. 8 September 2021), the Company subscribed 4,000,000 shares of CA Cultural at their market price of HKD2.85 per share, resulted in totaling HKD11,400,000 recognised as financial assets at FVTOCI of the Company at the date of share swap. Accordingly, approximately HKD1,900,000 was credit to issued share capital and the remaining balance of HKD9,500,000 was credited to the share premium account of the Company in relation to the corresponding allotment of 95,000,000 shares of the Company.

35. RESERVES

The following describes the nature and purpose of each reserve within owners' equity

Reserves	**Description and purpose**
Share premium	Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Associations and provided that immediately following the distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.
Share option reserve	Cumulative expenses recognised on the granting of share options over the vesting period.
Translation reserve	Cumulative gains/losses arising on retranslating the net assets of foreign operations into presentation currency.
Fair value reserve (non-cycling)	Gains/losses arising on recognising financial assets classified as FVTOCI.
Statutory reserve	In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC to the statutory reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory reserve can be utilised to offset prior years' losses and may be capitalised as registered capital, provided that the remaining balance of the statutory reserve fund after such issue is no less than 25% of registered capital.

35. RESERVES *(Continued)*

The Company

	Share premium HKD'000	Share option reserve HKD'000 *(Note 36(a))*	Accumulated losses HKD'000	Total HKD'000
At 1 January 2021	1,531,854	7,396	(665,124)	874,126
Loss and total comprehensive loss for the year	–	–	(33,131)	(33,131)
Issuance of shares upon share swap, net of transaction costs *(Note 34(v))*	9,500	–	–	9,500
Issuance of shares upon exercise of share options *(Note 34(iv))*	6,934	(1,285)	–	5,649
Lapse of share options *(Note 36(a))*	–	(3,506)	–	(3,506)
Recognition of equity-settled share-based payments *(Note 36(a))*	–	2,823	–	2,823
At 31 December 2021 and 1 January 2022	**1,548,288**	**5,428**	**(698,255)**	**855,461**
Loss and total comprehensive loss for the year	**–**	**–**	**(44,986)**	**(44,986)**
Issuance of shares upon rights issue, net of transaction costs *(Note 34(iii))*	**27,871**	**–**	**–**	**27,871**
Lapse of share options *(Note 36(a))*	**–**	**(4,222)**	**–**	**(4,222)**
Recognition of equity-settled share-based payments *(Note 36(a))*	**–**	**848**	**–**	**848**
At 31 December 2022	**1,576,159**	**2,054**	**(743,241)**	**834,972**

36. SHARE OPTION SCHEME/EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme

Pursuant to the written resolutions passed by all of the shareholders of the Company on 2 June 2003, the Company adopted a share option scheme (the "**Scheme 2003**"). Pursuant to an ordinary resolution passed at the EGM of the Company held on 22 February 2012, the Scheme 2003 was terminated and a new share option scheme (the "**Scheme 2012**") was adopted.

36. SHARE OPTION SCHEME/EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(a) Share option scheme *(Continued)*

The purpose of the Scheme 2012 is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme 2012, the directors may, at their absolute discretion, invite any employee (whether full-time or part time, including any executive director), any non-executive director (including independent non-executive director), any supplier of goods or services to any member of the Group or any entity in which the Group holds any equity interest (the "**Invested Entity**"), any customer of the Group or any Invested Entity, any consultant, adviser, agent and contractor engaged by the Group or any Invested Entity, any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity to take up options to subscribe for shares in the Company representing up to a maximum 30% of the issued share capital of the Company from time to time and subject to renewal with shareholders' approval. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HKD5,000,000 must be approved by the Company's shareholders. Options granted must be taken up within 28 days of the date of grant, upon payment of HKD1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the directors but in any event not exceeding 10 years. The exercise price is determined by the directors and will be not less than the higher of the closing price of the Company's shares on the date of grant, the average closing prices of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 30 June 2021, the Scheme 2012 was terminated and a new share option scheme (the "**Scheme 2021**") was adopted. The adoption of Scheme 2021 will not in any event affect the terms of the grant of such outstanding options that has already been granted under the Scheme 2012 and shall continue to be valid and subject to the provisions of Scheme 2012.

The purpose of the Scheme 2021 is to enable the Company to grant options to selected participants as incentives or rewards for their contribution or potential contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Under the Scheme 2021, the directors may, at their absolute discretion, invite any eligible participant (employees, directors, consultants, advisers and staff of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Group) to take up options to subscribe for shares in the Company representing up to a maximum 30% of the relevant class of shares in issue from time to time and no options may be granted under the Scheme 2021 or any other share option schemes of the Company if this will result in this limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme 2021 and any other share option schemes of the Company must not, in aggregate, exceed 10% of total number of shares in issue as at the date of the approval of the Scheme 2021, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or any of their respective associates in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the Company's shares in issue and with an aggregate value, based on the closing price of the Company's shares at the date of each grant, in excess of HKD5,000,000 must be approved by the Company's shareholders. Options granted must be taken up within 21 days of the date of grant, upon payment of HKD1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the directors but in any event not exceeding 10 years. The exercise price is determined by the directors and will be not less than the higher of the closing price of the Company's shares on the date of grant, the average closing prices of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

36. SHARE OPTION SCHEME/EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(a) Share option scheme *(Continued)*

The terms and conditions of the grants are as follows:

	Number of option (before adjustment in relation to the share consolidation and the right issue during the year ended 31 December 2022)	Number of option (after adjustment in relation to the share consolidation and before adjustment in relation to the right issue during the year ended 31 December 2022)	Number of option (after adjustment in relation to the share consolidation and the right issue during the year ended 31 December 2022)	Vesting conditions	Contractual life of options
Options granted to directors, employees and a consultant – 21 May 2021	63,000,000	3,150,000	3,240,625	Fully vested on the date of grant	2 years
Options granted to directors and employees – 17 September 2021	94,900,000	4,745,000	4,881,511	Fully vested on the half-year date from the date of grant	1.5 years

36. SHARE OPTION SCHEME/EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(a) Share option scheme *(Continued)*

The following table discloses details and movements of the Company's share options held by the directors of the Company, employees and consultants under the Scheme 2012 and the Scheme 2022 during the years ended 31 December 2022 and 2021:

	Date of grant	Exercise price HKD *(Note)*	Exercisable period	Outstanding at 1 January 2021	Granted during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 December 2021 and 1 January 2022	Adjustment in relation to the Share Consolidation *(Note)*	Adjustment in relation to the rights issue *(Note)*	Lapsed during the year	Outstanding at 31 December 2022
Directors	26 March 2019	N/A (2021: 2.502)	26 March 2020 to 25 March 2021	1,889,324	–	–	(1,889,324)	-	-	-	-	-
	27 March 2020	11.26 (2021: 0.563)	27 March 2020 to 26 March 2022	18,495,504	–	–	–	18,495,504	(17,570,730)	-	(924,774)	-
	21 May 2021	2.508 (2021: 0.1254)	21 May 2021 to 20 May 2023	–	28,200,000	(18,800,000)	–	9,400,000	(8,930,000)	13,522	-	483,522
	17 September 2021	2.16 (2021: 0.108)	16 March 2022 to 16 September 2023	–	11,400,000	–	–	11,400,000	(10,830,000)	15,679	(50,719)	534,960
Employees	26 March 2019	N/A (2021: 2.502)	26 March 2020 to 25 March 2021	994,381	–	–	(994,381)	-	-	-	-	-
	27 March 2020	11.26 (2021: 0.563)	27 March 2020 to 26 March 2022	6,562,920	–	–	–	6,562,920	(6,234,774)	-	(328,146)	-
	21 May 2021	N/A (2021: 0.1254)	21 May 2021 to 20 May 2023	–	25,400,000	(25,400,000)	–	-	-	-	-	-
	17 September 2021	2.16 (2021: 0.108)	16 March 2022 to 16 September 2023	–	83,500,000	–	–	83,500,000	(79,325,000)	100,406	(685,000)	3,590,406
Consultants	26 March 2019	N/A (2021: 2.502)	26 March 2020 to 25 March 2021	1,988,764	–	–	(1,988,764)	-	-	-	-	-
	6 June 2019	N/A (2021: 1.605)	6 June 2020 to 5 June 2021	2,983,146	–	–	(2,983,146)	-	-	-	-	-
	21 May 2021	N/A (2021: 0.1254)	21 May 2021 to 20 May 2023	–	9,400,000	(9,400,000)	–	-	-	-	-	-
				32,914,039	157,900,000	(53,600,000)	(7,855,615)	129,358,424	(122,890,504)	129,607	(1,988,639)	4,608,888

Note: The number of the outstanding share option and exercise price had been adjusted as a result of the share consolidation and the rights issue during the year ended 31 December 2022.

At 31 December 2022, the weighted average remaining contractual life of these outstanding share options is approximately 0.68 years (2021: 1.40 years), with a weighted average exercise price of HKD2.197 (after adjustment in relation to the share consolidation) (2021: HKD0.197) per share option. At 31 December 2022, the number of exercisable share options was 4,608,888 (2021: 129,358,424).

Certain share options were lapsed during the year ended 31 December 2022. As result, share option reserve of approximately HKD4,222,000 (2021: HKD3,506,000) was reclassified to accumulated losses during the year ended 31December 2022.

36. SHARE OPTION SCHEME/EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(a) Share option scheme *(Continued)*

During the year ended 31 December 2021, the fair values of the share options were determined at the date of grant by using the Binomial Option Pricing Model, evaluated by Colliers, a firm of independent professional valuers, with the following inputs:

	21 May 2021	**17 September 2021**
Share price at date of grant	HKD0.121	**HKD0.106**
Exercise price	HKD0.1254	**HKD0.108**
Expected volatility	41.070%	**56.840%**
Risk-free rate	0.097%	**0.126%**
Expected dividend yield	0%	**0%**
Expected life	2 years	**1.5 years**

Share options granted under the Scheme 2012 and the Scheme 2021 may be exercised at any time during the exercisable period.

The details of the fair value per option for options granted during the years ended 31 December 2022 and 2021 were set out below:

The fair value of share options granted to directors, employees and a consultant on 21 May 2021 amounting to approximately HKD1,513,000 with no vesting period, of which the full amount was included in the consolidated profit or loss for the year ended 31 December 2021. The fair value of share options granted to directors and employees on 17 September 2021 amounting to approximately HKD2,158,000 with 1.5 years vesting period, of which approximately HKD848,000 (2021: HKD1,310,000) was included in the consolidated profit or loss for the year ended 31 December 2022.

The consultants were engaged to advise on the business expansion through strategic development in different businesses. In the opinion of the directors of the Company, the fair value of services of the consultants cannot be measured reliably and the Group measured the services rendered the consultants with reference to the fair value of shares options granted.

(b) Equity settled share-based transactions

On 15 July 2015 (the "**Adoption Date**"), the directors of the Company adopted a share award scheme (the "**Share Award Scheme**") to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group. A trustee is appointed by the Group for administering the Share Award Scheme.

Pursuant to the Share Award Scheme, the Company's shares may be acquired by the administration committee or the trustee at the cost of the Company. Such shares will be held in trust for the selected person until the vesting criteria and conditions have been satisfied.

36. SHARE OPTION SCHEME/EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(b) Equity settled share-based transactions *(Continued)*

The directors of the Company may, from time to time, at its sole and absolute discretion, select any executives, officers, directors, holders of any securities issued by any members of the Group and others of the Group (collectively referred to as "**Selected Person**") for participation in the Share Award Scheme and grant such number of awarded shares to any Selected Person of the Group at nil consideration. The directors of the Company are entitled to impose any conditions (including a period of continued services within the Group after the award) with respect to the vesting of the awarded shares.

The Share Award Scheme came into effect on the Adoption Date, and shall terminate on the earlier of (i) the tenth anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the directors of the Company.

The Company will not issue or grant any awarded shares under the Share Award Scheme which would result in the total number of the awarded shares together with shares which may be issued upon exercise of all outstanding share options granted but yet to be exercised under the share option schemes of the Company representing in aggregate over 30% of the shares in issue as at the date of such grant.

During the year, no shares of the Company were purchased by the trustee of the Share Award Scheme pursuant to the terms of the trust deed of the Share Award Scheme (2021: Nil). No share award has been granted, vested, lapsed and cancelled during the year (2021: Nil).

No shares of the Company were held by the trustee of the Share Award Scheme as at 31 December 2022 and 2021.

37. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2022

Disposal of 揚州哈工漫威機器人有限公司 ("哈工漫威")

On 5 January 2022, 江蘇未徠楝楠科技有限公司 ("未徠楝楠") entered into a sale and purchase agreements with independent third parties, pursuant to which the 未徠楝楠 agreed to dispose of its 55% equity in 哈工漫威 (representing the entire equity interest in 哈工漫威 held by the Group) with an aggregate cash consideration of RMB1 (equivalent to approximately HKD1) (the "Disposal"). The Disposal was completed on 16 February 2022.

The principal activities of 哈工漫威 is trading of artificial intelligence products and provide application solutions in PRC.

The breakdown of consolidated assets/(liabilities) of 哈工漫威 as at 16 February 2022, the completion date of Disposal, and the consideration of Disposal are as follow:

	HKD'000
Trade and other receivables	**6,046**
Inventories	**3,167**
Cash and bank balances	**99**
Trade payables, accruals and other payables	**(9,443)**
Tax payable	**(1)**
Net liabilities of 哈工漫威 disposed of	**(132)**
Non-controlling interests *(Note)*	**60**
Release of translation reserve	**(65)**
Gain on disposal of subsidiaries	**137**
Total consideration to be satisfied by cash	**–***

Cashflow movement in relation to the Disposal during the year ended 31 December 2022:

	HKD'000
Cash consideration received	**–***
Cash at bank disposed of	**(99)**
Net cash outflow arising on Disposal	**(99)**

Note: The balance of non-controlling interest of approximately HKD60,000, representing the paid-up capital by and accumulated loss shared to the non-controlling shareholder.

* amount less than HKD1,000

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2021

Disposal of 上海祖昆夫特文化科技有限公司 ("祖昆夫特")

On 18 June 2021, a wholly-owned subsidiary of the Company, 江蘇未徠哈工漫威機器人有限公司 ("**漫威**") entered into a sales and purchase agreements with an independent third party, pursuant to which 漫威 agreed to dispose of 51% equity interest in 祖昆夫特 (representing the entire equity interest in 祖昆夫特 held by the Group) with an aggregate cash consideration RMB1 (equivalent to approximately HKD1) (the "**Disposal**"). The Disposal was completed on 10 August 2021. As at 10 August 2021, 祖昆夫特 held 100% equity interest in 未徠絲路（揚州）文化科技有限公司 ("**未徠絲路**") (formerly known as 江蘇未徠思路國際貿易有限公司).

The principal activities of 祖昆夫特 and 未徠絲路 are trading of anime products in PRC and trading business in PRC respectively.

The breakdown of consolidated assets/(liabilities) of 祖昆夫特 and 未徠絲路 as at 10 August 2021, the completion date of Disposal, and the consideration of Disposal are as follow:

	HKD'000
Property, plant and equipment *(Note 16)*	6
Trade and other receivables	85
Inventories	1,402
Cash and bank balances	148
Accruals and other payables	(2,094)
Tax payable	(35)
Net liabilities of 祖昆夫特 and 未徠絲路 disposed of	(488)
Non-controlling interests *(Note)*	213
Release of translation reserve	11
Gain on disposal of subsidiaries	264
Total consideration to be satisfied by cash	–*

Cashflow movement in relation to the Disposal during the year ended 31 December 2021:

	HKD'000
Cash consideration received	–*
Cash at bank disposed of	(148)
Net cash outflow arising on Disposal	(148)

Note: The balance of non-controlling interest of approximately HKD213,000, representing the paid-up capital by and accumulated loss shared to the non-controlling shareholder.

* amount less than HKD1,000

38. RETIREMENT BENEFITS PLANS

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Scheme Ordinance for all employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

The employees of the subsidiaries within the Group which operate in the PRC are required to participate in the central pension scheme operated by the local municipal government of the PRC. The central pension scheme is a defined contribution retirement plan and the PRC subsidiaries and their employees are required to contribute a percentage of their relevant income to the central pension scheme as specified by the local municipal government of the PRC.

The total cost charged to the profit or loss of approximately HKD334,000 (2021: HKD547,000) represents contributions payable to these schemes by the Group in respect of the current reporting period.

39. COMMITMENTS

(a) Operating lease – the Group as lessor

The Group leases its investment properties (Note 18) under operating lease arrangements, with leases negotiated for terms of one year. The terms of the leases also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had contracted with tenant for the following future minimum undiscounted lease payments:

	2022 **HKD'000**	2021 HKD'000
Within one year	**4,838**	5,691
Over one year but within two years	**2,311**	2,154
Over two years but within five years	**534**	2,256
	7,683	10,101

(b) Other commitment

Unpaid share capital for 揚州越界

For the 30% registered capital of RMB1,980,000 (equivalent to approximately HKD2,230,000) (2021: RMB1,980,000 (equivalent to approximately HKD2,425,000)) for 揚州越界, an associate of the Company, the Group shall pay the remaining amount of 30% registered capital amounting to RMB1,480,000 (equivalent to approximately HKD1,667,000) (2021: RMB1,480,000 (equivalent to approximately HKD1,812,000)) within two years after the date of issuance of business license on 16 October 2019.

For the unpaid registered capital, the directors of the Company considered that the risk to pay the penalty is remote and hence no provision for the penalty has been provided as at 31 December 2022 and 2021.

40. MATERIAL RELATED PARTY TRANSACTIONS AND DISCLOSURES

(a) Transactions with related parties

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

(i) During the year ended 31 December 2022, 合肥哈工焊研威達自動化科技有限公司 ("**合肥哈工焊研威達**"), an indirectly non-wholly-owned subsidiary of the Company, outsourced the assembling working to and purchased raw material from 成都焊研威達科技股份有限公司 ("**成都焊研威達**") of high technology business of approximately RMB51,000 (equivalent to approximately HKD60,000) (2021: RMB15,030,000 (equivalent to approximately HKD18,138,000)), in which 金雲龍 is the key management personnel of both 合肥哈工焊研威達 and 成都焊研威達.

(ii) During the year ended 31 December 2022, 合肥哈工廣泰數控科技有限公司 ("**合肥哈工廣泰**"), an indirectly non-wholly-owned subsidiary of the Company, purchased inventory of high technology business from 成都廣泰威達數控技術股份有限公司 ("**成都廣泰威達**") of approximately RMB70,000 (equivalent to approximately HKD77,000) (2021: RMB4,167,000 (equivalent to approximately HKD5,029,000)), in which 金雲龍 is the key management personnel of both 合肥哈工廣泰 and 成都廣泰威達.

(b) Compensation to key management personnel

The remuneration for key management personnel of the Group, including directors and other members of key management, during the year was as follows:

	2022 **HKD'000**	2021 HKD'000
Fees, salaries, bonuses and other benefits in kind	**3,748**	4,780
Contributions to retirement benefits scheme	**82**	111
Share-based payment expenses	**97**	848
	3,927	5,739

41. INTERESTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2022 and 2021 are as follows:

Name of subsidiary	Place of incorporation or establishment	Paid-up capital/ share capital	Proportion of effective ownership interest held by the Company				Proportion of effective voting power held by the Group				Principal activities and place of operation
			Directly		Indirectly		Directly		Indirectly		
			2022 %	2021 %	**2022** %	2021 %	**2022** %	2021 %	**2022** %	2021 %	
Ever Good Industries (International) Limited	Hong Kong, limited liability	HKD100	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
Smart Prosper Enterprises (International) Limited	Hong Kong, limited liability	HKD100	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
Globally Finance Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Provision of financing in Hong Kong
Golden Horse Hong Kong Investment Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Securities trading and investment in Hong Kong
Innovation Time Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Bright Oriental Worldwide Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
Sky Faith International Investment Limited	Hong Kong, limited liability	HKD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Trading business in Hong Kong
Central Mark Group Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Skypark Developments Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
深圳未徠機器人有限公司	The PRC, limited liability	HKD10,000,000 (2021: HKD10,000,000) *(Note (vi))*	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Trading of robots and related products in the PRC
Infinite Bright Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Inactive
HK Ocean Wave Motion Pictures Limited	Hong Kong, limited liability	HKD100	**–**	–	**51%**	51%	**–**	–	**51%**	51%	Inactive
China Wisdom Group Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment in film production in Hong Kong
Chinacorp (HK) Investment Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Property investment in Hong Kong
Power Estate Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Success Estate Investments Limited	The BVI limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Future World Robotics Holdings Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Inactive

41. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment	Paid-up capital/ share capital	Proportion of effective ownership interest held by the Company				Proportion of effective voting power held by the Group				Principal activities and place of operation
			Directly		Indirectly		Directly		Indirectly		
			2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	
			%	%	**%**	%	**%**	%	**%**	%	
Alpha Idea Holdings Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Inactive
Wise Victory Group Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Pioneer Lion Limited	The BVI, limited liability	1 ordinary share of USD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
Best Pacific Global Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Oriental Creation Limited	The BVI, limited liability	1 ordinary share of USD1	**100%**	100%	**–**	–	**100%**	100%	**–**	–	Investment holding
Future World Securities Investment Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Securities trading and investment in Hong Kong
Goodview Assets Limited	The BVI, limited liability	1 ordinary share of USD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Property investment in Hong Kong
Hamin Technology (Hong Kong) Limited	Hong Kong, limited liability	HKD1	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Trading of robotic gripper and copper cathodes in Hong Kong
Rich Power International Holding Limited	Hong Kong, limited liability	HKD10	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Property investment in the PRC
Future Fuhai International Limited *(Note (viii))*	Hong Kong, limited liability	HKD2,000,000	**–**	–	**51%**	51%	**–**	–	**51%**	51%	Inactive
PT Future Fuhai Electric Technology	Indonesia, limited liability	– *(Note (vi))*	**–**	–	**46%** *(Note (viii))*	46% *(Note (viii))*	**–**	–	**46%** *(Note (viii))*	46% *(Note (viii))*	Inactive
江蘇未徠哈工漫威機器人有限公司 *(Note (iv))*	The PRC, limited liability *(Note (iii))*	– *(Note (iv))*	**–**	–	**–**	55%	**–**	–	**55%**	55%	Artificial intelligence products and application solutions business in the PRC
江蘇未徠思路國際貿易有限公司 *(Note (v))*	The PRC, limited liability *(Note (iii))*	– *(Note (v))*	**–**	–	**–**	–	**–**	–	**–**	–	Trading business in the PRC
上海祖昆夫特文化科技有限公司 *(Note (v))*	The PRC, limited liability *(Note (iii))*	– *(Note (v))*	**–**	–	**–**	–	**–**	–	**–**	–	Trading of anime products in the PRC
合肥哈工威達智能裝備有限公司	The PRC, limited liability *(Note (iii))*	RMB7,357,000 *(Note (vi))*	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
合肥哈工焊研威達自動化科技有限公司	The PRC, limited liability *(Note (iii))*	– *(Note (vi))*	**–**	–	**51%**	51%	**–**	–	**51%**	51%	Intelligent industrial welding robots and equipment business in the PRC
合肥哈工廣泰數控科技有限公司	The PRC, limited liability *(Note (iii))*	– *(Note (vi))*	**–**	–	**51%**	51%	**–**	–	**51%**	51%	Intelligent industrial welding robots and equipment business in the PRC

41. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or establishment	Paid-up capital/ share capital	Proportion of effective ownership interest held by the Company				Proportion of effective voting power held by the Group				Principal activities and place of operation
			Directly		Indirectly		Directly		Indirectly		
			2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	
			%	%	**%**	%	**%**	%	**%**	%	
江蘇未徠棟楠科技有限公司	The PRC, limited liability *(Note (i))*	HKD9,000,000 *(Note (vi))*	**–**	–	**100%**	100%	**–**	–	**100%**	100%	Investment holding
江蘇哈工能際新能源有限公司	The PRC, limited liability	–	**–**	–	**51%**	51%	**–**	–	**51%**	51%	Inactive
Enlighten Cultural Future Limited *(Note (vii))*	Hong Kong, limited liability	HKD1	**–**	–	**–**	–	**–**	–	**–**	–	Inactive

Notes:

(i) The subsidiaries were established in the PRC as a wholly owned foreign enterprises under PRC law.

(ii) The subsidiaries were established in the PRC as a sino-foreign equity joint venture enterprises under PRC law.

(iii) The subsidiaries were established in the PRC as a domestic companies under PRC law.

(iv) These companies were disposed of during the year ended 31 December 2022. Please refer to Note 37 for details.

(v) These companies were disposed of during the year ended 31 December 2021. Please refer to Note 37 for details.

(vi) As at 31 December 2022, certain subsidiaries' registered capital has not been fully paid up and aggregated unpaid share capital comprised of approximately HKD2,236,000, RMB53,400,000 (equivalent to approximately HKD60,464,000) and Rupiahs 27,000,000,000 (equivalent to approximately HKD13,546,000) (2021: HKD51,000,000, RMB46,396,000 (equivalent to approximately HKD56,809,000) and Rupiahs 27,000,000,000 (equivalent to approximately HKD14,750,000)).

(vii) The subsidiary dissolved on 31 December 2021.

(viii) Future Fuhai International Limited, a non-wholly-owned subsidiary of the Company, has 90% equity interest in PT Future Fuhai Electric Technology. Although the Group has effective equity interest in PT Future Fuhai Electric Technology of 46%, the directors of the Company concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of PT Future Fuhai Electric Technology through Future Fuhai International Limited.

None of the subsidiaries had issued any debt securities at 31 December 2022 and 2021.

41. INTERESTS IN SUBSIDIARIES *(Continued)*

As at 31 December 2022, (i) 合肥哈工焊研威達 and its subsidiary; and (ii) 江蘇未徠哈工漫威, have material non-controlling interests ("NCI"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

(i) 合肥哈工焊研威達 and its subsidiary

Summarised financial information in relation to 合肥哈工焊研威達 and its subsidiary for the year ended 31 December 2022 and 2021, before intra-group eliminations, is presented below:

	2022 **HKD'000**	2021 HKD'000
As at 31 December		
NCI percentage	**49%**	49%
Current assets	**28,108**	47,544
Non-current assets	**–**	–
Current liabilities	**(44,777)**	(46,731)
Non-current liabilities	**(2,530)**	(4,214)
Net liabilities	**(19,199)**	(3,401)
Accumulated balance of NCI	**(9,408)**	(1,666)

41. INTERESTS IN SUBSIDIARIES *(Continued)*

(i) 合肥哈工焊研威達 and its subsidiary *(Continued)*

	2022 **HKD'000**	2021 HKD'000
Revenue	**16,070**	48,684
Loss for the year	**(17,640)**	(17,990)
Other comprehensive (loss)/income for the year	**912**	133
Total comprehensive loss for the year	**(16,728)**	(17,857)
Loss allocated to NCI for the year	**(8,643)**	(8,815)
Other comprehensive income allocated to NCI for the year	**447**	65
Total comprehensive loss allocated to NCI for the year	**(8,196)**	(8,750)
Cash flows from operating activities	**5,049**	(6,100)
Cash flows from investing activities	**–**	(368)
Cash flows from financing activities	**(4,894)**	5,193
Net cash inflows/(outflows)	**155**	(1,275)

(ii) 江蘇未徠哈工漫威

Summarised financial information in relation to 江蘇未徠哈工漫威 for the period from 1 January 2022 to 16 January 2022 (2021: year ended 31 December 2021), before intra-group eliminations, is presented below:

	As at 16 January **2022** **HKD'000** *(Note)*	As at 31 December 2021 HKD'000
As at 31 December		
NCI percentage	**45%**	45%
Current assets	**9,312**	7,175
Current liabilities	**(9,444)**	(9,950)
Net liabilities	**(132)**	(2,775)
Accumulated balance of NCI	**(60)**	(1,249)

41. INTERESTS IN SUBSIDIARIES *(Continued)*

(ii) 江蘇未徠哈工漫威 *(Continued)*

	For the Period from 1 January 2022 to 16 February 2022 *(Note)*	For the year ended 31 December 2021
Revenue	**–**	44
Loss for the year	**–**	(5,766)
Other comprehensive loss for the year	**–**	(4)
Total comprehensive loss for the year	**–**	(5,770)
Loss allocated to NCI for the year	**–**	(2,595)
Other comprehensive loss allocated to NCI for the year	**–**	(2)
Total comprehensive loss allocated to NCI for the year	**–**	(2,597)
Cash flows from operating activities	**–**	(3,391)
Net cash outflows	**–**	(3,391)

Note:

江蘇未徠哈工漫威 was disposed on 16 February 2022 as disclosed in Note 37, the financial information of 江蘇未徠哈工漫威 for the period from 1 January 2022 to 16 February 2022 are presented.

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes lease liabilities, bank borrowings and other borrowings disclosed in Notes 30, 31 and 32 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debt or the redemption of existing debt.

43. FINANCIAL INSTRUMENTS BY CATEGORY

	2022 HKD'000	2021 HKD'000
Financial assets		
At FVTOCI:		
Equity instruments	**66,197**	97,308
At FVTPL:		
Equity instruments	**114,551**	1,408
Debt instrument	**5,482**	5,390
	120,033	6,798
At amortised cost:		
Investment in corporate bond	**15,010**	–
Loan and interest receivables	**200,462**	332,245
Trade, bills and other receivables	**47,313**	29,740
Cash and bank balances	**38,983**	12,077
	301,768	374,062
	487,998	478,168
Financial liabilities		
At amortised cost:		
Trade payables, accruals and other payables	**50,514**	42,107
Lease liabilities	**7,602**	6,153
Bank borrowings	**285,914**	299,236
Other borrowings	**86,669**	108,970
	430,699	456,466

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments including financial assets at FVTOCI, financial assets at FVTPL, investment in corporate bond, loan and interest receivables, trade, bills and other receivables, cash and bank balances, trade payables, accruals and other payables, lease liabilities, bank borrowings and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. These has been no change to the Group's exposure or the manner in which it manages and measures the risk.

(a) Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances and bank borrowings and other borrowings as detailed in Notes 27, 31 and 32 respectively. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note. The Group's bank balances are short-term in nature and the exposure of the interest rate is minimal.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of each reporting period. The analysis is prepared assuming these borrowings outstanding at the end of reporting period were outstanding for whole year. A 100 basis points increase or decrease in HIBOR and Prime rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest for the year.

	2022 **HKD'000** **(Increase)/ decrease in post-tax loss**	2021 HKD'000 (Increase)/ decrease in post-tax loss
100 basis point increase	**(2,387)**	(2,488)
100 basis point decrease	**2,387**	2,488

(ii) Other price risk

The Group is exposed to price risk arising from certain investments held by the Group are classified in the consolidated statement of financial position as financial assets at FVTOCI and financial assets at FVTPL.

The Group's equity price risk is mainly concentrated on listed equity instruments quoted in the Stock Exchange and the securities bond price risk is mainly concentrated on the debt instruments quoted market price in over-the-counter market. The management manages this exposure by closely monitoring the price risk and maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks of financial assets at FVTOCI and financial assets at FVTPL at the end of reporting period.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Market risk *(Continued)*

(ii) Other price risk (Continued)

Sensitivity analysis *(Continued)*

If the prices of the respective equity instruments and debt instrument had been 48% (2021: 30%) higher/lower and all other variables were held constant, post-tax loss for the year would decrease/increase by approximately HKD48,489,000 (2021: post-tax loss for the year would decrease/increase by approximately HKD1,703,000) as a result of the change in fair value of financial assets at FVTPL, and fair value reserve would increase/decrease by approximately HKD26,742,000 (2021: HKD24,376,000) as a result of the change in fair value of financial assets at FVTOCI.

(b) Credit risk and impairment assessment

Risk management

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The carrying amounts of the financial assets represent the maximum exposure to credit risk.

Carrying amounts of the financial assets presented in the consolidated statement of financial position are net of impairment losses, if any. The Group minimises its exposure to the credit risk by rigorously selecting the counterparties, performing ongoing credit evaluation on the financial conditions of its debtors and tightly monitoring the ageing of the receivables. Follow-up actions are taken in case of overdue balances.

The credit risk on bank balances is also limited because the Group's bank balances are all deposited with major banks located in Hong Kong and the PRC.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

At 31 December 2022, the Group has concentration of credit risk as 39% (2021: 69%) and 52% (2021: 77%) of the total loan and interest receivables were due from the Group's largest one and two debtors. The loan and interest receivables were due from 17 (2021: 13) debtors.

The Group has significant concentration risk on the largest customer as it represented 28% (2021: 29%) of the total revenue for the year.

The Group has three types of financial assets that are subject to the ECL model:

– loan and interest receivables;

– trade and other receivables and contract assets; and

– Investment in corporate bond.

The bills receivables and pledged bank deposits and bank balances are also subject to the impairment requirements of HKFRS 9, however, as the counterparties are banks with high credit ratings assigned by international credit-rating agencies, the identified impairment loss was immaterial.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets

(i) Loan and interest receivables

Loan and interest receivables from money lending business

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group performs impairment assessment under ECL model on loan and interest receivables based on the credit spread at 12-month ECL.

The table below shows the credit quality and the maximum exposure to credit risk of loan and interest receivables from money lending business based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022 and 2021. The amounts presented are gross carrying amounts for loan and interest receivables.

	12-month ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HKD'000	HKD'000	HKD'000	HKD'000
At 31 December 2022				
Not yet past due	**147,012**	**48,450**	**11,387**	**206,849**
90 days to 180 days past due	**–**	**16,588**	**8,516**	**25,104**
	147,012	**65,038**	**19,903**	**231,953**
At 31 December 2021				
Not yet past due	353,749	–	–	353,749

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets (Continued)

(ii) Trade and other receivables and contract assets

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade receivables and contract assets based on the lifetime ECLs.

The Group uses provision matrix to calculate ECL for trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to products delivered but 10% of the contract value are withheld by customers for retention purposes at the reporting date and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The estimated ECL loss rates are estimated based on the default rates from international credit rating agencies for various industries of debtors, debtor's creditworthiness and ageing of trade receivables and are adjusted with forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The Group has identified the gross domestic product in the PRC to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets (Continued)

(ii) Trade and other receivables and contract assets *(Continued)*

On that basis, the credit loss allowances as at 31 December 2022 and 2021 was determined as follows for trade receivables:

	Expected loss rate	Gross carrying amount HKD'000	Loss allowance HKD'000	Net carrying amount HKD'000
At 31 December 2022				
Not yet past due	**0.00%**	**643**	**–**	**643**
Less than 30 days past due	**0.00%**	**290**	**–**	**290**
31 days to 90 days past due	**0.92%**	**653**	**(6)**	**647**
More than 90 days past due	**85.77%**	**10,413**	**(8,931)**	**1,482**
		11,999	**(8,937)**	**3,062**
At 31 December 2021				
Not yet past due	0.00%	890	–	890
Less than 30 days past due	0.31%	1,292	(4)	1,288
31 days to 90 days past due	1.26%	5,401	(68)	5,333
More than 90 days past due	32.21%	9,636	(3,104)	6,532
		17,219	(3,176)	14,043

As at 31 December 2022 and 2021, trade receivables are due to various group of debtors and the directors of the Company consider the credit risk of these parties is low, except for approximately RMB7,931,000 (equivalent to approximately HKD8,931,000) (2021: RMB2,089,000 (equivalent to approximately HKD2,559,000)) which has been credit-impaired due to long ageing.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Impairment of financial assets (Continued)

(ii) Trade and other receivables and contract assets *(Continued)*

Movement of impairment loss allowances for trade and other receivables are as follows:

	Trade receivables HKD'000	**Other receivables** HKD'000
At 1 January 2021	128	–
Increase in loss allowance recognised in consolidated profit or loss during the year	2,997	189
Exchange realignment	51	–
At 31 December 2021 and 1 January 2022	3,176	189
Increase in loss allowance recognised in consolidated profit or loss during the year	6,197	11,886
Exchange realignment	(436)	(16)
At 31 December 2022	**8,937**	**12,059**

Loss allowance for ECL on trade and other receivables are included in provision for credit loss allowances on trade and other receivables, net under the consolidated statement of profit or loss and other comprehensive income.

(iii) Investment in corporate bond

In order to minimise the credit risk, the management of the Group has delegated a team responsible for due diligence. Before new bond subscription, the Group review the financial information credit quality and ability of repayment of the investee.

In addition, the Group performs impairment assessment under ECL model on investment in corporate bond based on the credit spread at 12-month ECL.

Movement of impairment loss allowance for investment in corporate bond is as follows:

	HKD'000
At 1 January 2021, 31 December 2021 and 1 January 2022	–
Increase in loss allowance recognised in consolidated profit or loss during the year	4,990
At 31 December 2022	**4,990**

Loss allowance for ECL on investment in corporate bond are included in provision for credit loss allowance on investment in corporate bond under the consolidated statement of profit or loss and other comprehensive income.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Liquidity risk

The Group aims at maintaining a balance between continuity of funding and flexibility through maintaining sufficient cash and bank balances. As mentioned in Note 2, notwithstanding the Group resulted in net current liabilities of approximately HKD29,016,000 as at 31 December 2022. The Group monitored its compliance with covenants and repayment schedules of bank borrowings and other borrowings, and took measures to improve the Group's financial position. The directors of the Company have also reviewed the Group's working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The total undiscounted cash flows of each financial liability based on the earliest date on which the Company can be required to pay approximate to their carrying amounts at the end of the reporting period as follows:

	Weighted average interest rate per annum (%)	**On demand or within one year** HKD'000	**Over one year but within two years** HKD'000	**Over two years but within five years** HKD'000	**Total contractual undiscounted cash flow** HKD'000	**Carrying amounts** HKD'000
At 31 December 2022						
Trade payables and accruals and other payables	**N/A**	**50,514**	**–**	**–**	**50,514**	**50,514**
Lease liabilities	**4.48**	**4,069**	**2,672**	**1,170**	**7,911**	**7,602**
Bank borrowings	**2.97**	**285,914**	**–**	**–**	**285,914**	**285,914**
Other borrowings	**5.80**	**87,210**	**–**	**–**	**87,210**	**86,669**
		427,707	**2,672**	**1,170**	**431,549**	**430,699**
At 31 December 2021						
Trade payables and accruals and other payables	N/A	42,107	–	–	42,107	42,107
Lease liabilities	2.05	1,914	1,656	2,799	6,369	6,153
Bank borrowings	2.45	299,236	–	–	299,236	299,236
Other borrowings	6.14	109,511	–	–	109,511	108,970
		452,768	1,656	2,799	457,223	456,466

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Liquidity risk *(Continued)*

The table below summarises the maturity analysis of bank borrowings with a repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using the specified interest rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. The directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Maturity Analysis – bank borrowings subject to a repayment on demand clause based on scheduled repayments

	Within 3 months HKD'000	3 to 6 months HKD'000	6 to 12 months HKD'000	1 to 5 years HKD'000	Over 5 years HKD'000	Total undiscounted cash flow HKD'000	Carrying amounts HKD'000
At 31 December 2022	**4,261**	**4,261**	**88,523**	**72,449**	**166,034**	**335,528**	**285,914**
At 31 December 2021	4,294	4,299	92,393	75,371	178,703	355,060	299,236

45. FAIR VALUE MEASUREMENT OF THE FINANCIAL INSTRUMENTS

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

Certain financial assets of the Group are measured at fair value at the end of each reporting period. Below is a summary of fair value hierarchy, valuation techniques used and the key inputs to evaluate the fair values of these financial assets:

Financial assets	Fair value as at 31 December 2022 HKD'000	31 December 2021 HKD'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Listed equity securities as financial assets at FVTOCI	**66,197**	97,308	Level 1	Quoted bid prices in an active market	N/A
A securities bond classified as financial assets at FVTPL	**5,482**	5,390	Level 2	Quoted bid prices in over–the-counter market	N/A
Listed equity securities classified as financial assets at FVTPL	**114,551**	1,408	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 year.

	Fair value hierarchy Level 1 HKD'000	Level 2 HKD'000	Level 3 HKD'000	Total HKD'000
At 31 December 2022				
Financial assets				
At FVTOCI	**66,197**	**–**	**–**	**66,197**
AT FVTPL	**114,551**	**5,482**	**–**	**120,033**
At 31 December 2021				
Financial assets				
At FVTOCI	97,308	–	–	97,308
At FVTPL	1,408	5,390	–	6,798

Except as detailed in the above table, the directors of the Company consider that carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

46. CASH FLOW INFORMATION

(a) Reconciliation of liabilities from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes.

	Government loans included in trade payables, accruals and other payables HKD'000 *(Note 28)*	Lease liabilities HKD'000 *(Note 30)*	Bank borrowings HKD'000 *(Note 31)*	Other borrowings HKD'000 *(Note 32)*	Promissory note HKD'000 *(Note 33)*
At 1 January 2021	10,445	9,378	305,009	143,709	–
Changes from financing cash flows:					
Proceeds from bank borrowings	–	–	83,741	–	–
Proceeds from other borrowings	–	–	–	90,539	–
Repayment of bank borrowings	–	–	(89,569)	–	–
Repayment of other borrowings	–	–	–	(125,278)	–
Interest paid on bank and other borrowings	–	–	(7,299)	(8,911)	–
Repayment of lease liabilities – principal	–	(3,554)	–	–	–
Repayment of lease liabilities – interest	–	(152)	–	–	–
Repayment of promissory note – principal	–	–	–	–	(14,020)
Repayment of promissory note – interest	–	–	–	–	(124)
Total changes from financing cash flows	–	(3,706)	(13,127)	(43,650)	(14,144)
Other changes:					
Interest expenses *(Note 9)*	423	152	7,299	8,911	188
Addition of new lease *(Note 17)*	–	729	–	–	–
Issuance of promissory note	–	–	–	–	13,800
Early termination of a lease agreement	–	(569)	–	–	–
Accrued interest included in accruals	(429)	–	–	–	–
Gain on early redemption of the promissory note *(Note 10)*	–	–	–	–	156
Exchange realignment	291	169	55	–	–
Total other changes	285	481	7,354	8,911	14,144
At 31 December 2021 and 1 January 2022	10,730	6,153	299,236	108,970	–

46. CASH FLOW INFORMATION *(Continued)*

(a) Reconciliation of liabilities from financing activities *(Continued)*

	Government loans included in trade payables, accruals and other payables HKD'000 *(Note 28)*	Lease liabilities HKD'000 *(Note 30)*	Bank borrowings HKD'000 *(Note 31)*	Other borrowings HKD'000 *(Note 32)*	Promissory note HKD'000 *(Note 33)*
Changes from financing cash flows:					
Proceeds from bank borrowings	–	–	80,000	–	–
Proceeds from other borrowings	–	–	–	6,017	–
Repayment of bank borrowings	–	–	(93,017)	–	–
Repayment of other borrowings	–	–	–	(28,318)	–
Interest paid on bank and other borrowings	–	–	(8,533)	(5,260)	–
Repayment of lease liabilities – principal	–	(2,327)	–	–	–
Repayment of lease liabilities – interest	–	(141)	–	–	–
Total changes from financing cash flows	–	(2,468)	(21,550)	(27,561)	–
Other changes:					
Interest expenses *(Note 9)*	367	141	8,533	5,260	–
Addition of new lease *(Note 17)*	–	4,190	–	–	–
Derecognised due to disposal of subsidiary *(Note 28(ii))*	(1,011)	–	–	–	–
Exchange realignment	(1,119)	(414)	(305)	–	–
Total other changes	(1,763)	3,917	8,228	5,260	–
At 31 December 2022	8,967	7,602	285,914	86,669	–

(b) Major non-cash transactions

During the year ended 31 December 2022, loan and interest receivables amounted to approximately HKD45,746,000 were settled through disposal of certain Charged Securities with the receivables of Consideration recorded as other receivables as detailed in Note 24 and Note 26(ii).

During the year ended 31 December 2022, a right-of-use asset for new lease agreement entered by the Group for an office premises (2021: a production plant) with amount of approximately HKD4,190,000 (2021: HKD729,000) and the same amounts of lease liabilities were recognised.

Save for the share swap transaction as disclosed in Note 34(v) and above-mentioned transaction, the Group did not have other major non-cash transactions during years ended 31 December 2022 and 2021.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2022 HKD'000**	2021 HKD'000
Non-current assets			
Property, plant and equipment		**630**	24
Right-of-use assets		**3,637**	–
Interests in subsidiaries		**569,095**	585,382
Investment in corporate bond		**15,010**	–
		588,372	585,406
Current assets			
Deposit and prepayment		**1,484**	87
Other receivables		**275**	–
Amounts due from subsidiaries		**382,617**	361,982
Cash and bank balances		**296**	1,157
		384,672	363,226
Current liabilities			
Accruals and other payables		**2,808**	1,300
Lease liabilities		**2,356**	–
Amounts due to subsidiaries		**85,228**	69,993
		90,392	71,293
Net current assets		**294,280**	291,933
Non-current liabilities			
Lease liabilities		**1,242**	–
Net assets		**881,410**	877,339
Capital and reserves			
Share capital	34	**46,438**	21,878
Reserves	35	**834,972**	855,461
Total equity		**881,410**	877,339

The Company's statement of financial position was approved and authorised for issue by the board of directors on 31 March 2023 and is signed on its behalf by:

Yu Qingrui
Director

Liang Jian
Director

Five-year Financial Summary

RESULTS

	For the Year Ended 31 December				
	2022	2021	2020	2019	2018
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Revenue	**47,137**	85,991	234,659	80,916	39,674
Loss before income tax	**(20,185)**	(18,797)	(26,557)	(52,389)	(85,771)
Income tax credit/(expenses)	**4,580**	42	(4,593)	(1,602)	5,931
Loss for the year	**(15,605)**	(18,755)	(31,150)	(53,991)	(79,840)

ASSETS AND LIABILITIES

	As at 31 December				
	2022	2021	2020	2019	2018
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Total assets	**1,372,511**	1,381,292	1,491,896	1,436,729	1,852,962
Total liabilities	**(437,050)**	(466,040)	(538,663)	(502,534)	(567,576)
Total equity	**935,461**	915,252	953,233	934,195	1,285,386