KPMG

ABC International Holdings Limited

農銀國際控股有限公司

31 December 2022

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Report of the directors

The directors submit their report together with the audited consolidated financial statements of ABC International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2022.

Principal place of business

The Company is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 16th Floor, Agricultural Bank of China Tower, No.50 Connaught Road Central, Hong Kong.

Principal activities

The Company is principally engaged in investment holding and provision of corporate management services. The principal activities and other particulars of the subsidiaries are set out in note 38 to the financial statements.

Business review

Pursuant to section 388(3)(b) of the Hong Kong Companies Ordinance, the Company is exempted from the preparation of a business review as required under Schedule 5 of the Hong Kong Companies Ordinance as the Company is a wholly owned subsidiary of another body corporate in the financial year.

Recommended dividend

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2022 (2021: Nil).

Share capital

Details of the share capital of the Company are set out in note 29 to the financial statements. There was no movement during the year.

Directors

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

Huang Haiqin (黃海琴)	
Cao Yi (曹毅)	
Liu Xiaopeng (劉曉鵬)	(Appointed on 14 March 2022)
Xiao Xiang (肖翔)	(Appointed on 14 March 2022)
Sun Meiyu (孫梅玉)	(Resigned on 12 April 2022)
Wang Qinshan (王青山)	(Resigned on 11 March 2022)
Li Qiyun (李奇雲)	(Resigned on 7 January 2022)

In accordance with provisions the Company's Articles of Association, all remaining directors shall retire and being eligible offer themselves for re-election.

Directors (continued)

The directors of the subsidiaries of the Company during the financial year and up to the date of this report were:

Huang Haiqin (黃海琴)	Cao Yi (曹毅)	Tang Wei (湯巍)
Zhang Weimin (張偉民) *	Zhu Feng (祝峰)	Ma Hok Ming (馬學銘)
Luo Pei (羅培)	Wu Liyun (吳麗芸)	Zuo Yan (左燕) *
Chan Sung Yan (陳宋恩)	Hui Xiaobing (惠小兵)	Zhu Bing (朱冰)
Ng Siu Hon Timmy (吳小翰) *	Yang Xiuke (楊秀科)	Dong Wei (董煒)
Wu Yongdong (吳永東) *	Lee Oi Lin (李愛蓮)	Leung Yi Hang (梁以恒)
Bai Yungang(白雲罡)	Chang Michael Ming Yuen (張明遠)	Zhong Chengzhi (鍾承智)
Shao Xiao (邵校)	Jin Wenhua (金文華)	Hua Xiaofeng (華曉峰) *
Ma Yongqiang (馬永強)	Zhu Ming (朱明) *	He Hualiang (何華梁)
Li Jianping (李建平)	Jin Ping (金平)	Peng Changhong (彭長虹)
Liu Liang (劉亮)	He Qiming (何啟明)	Xu Man (徐曼)
Ming Liang (明亮)	Liu Qianqian (劉倩倩)	Liu Zhengyi (劉正一)
Liu Guojian (劉國建)	Tse Sing Tung Tony (謝聲桐)	Cheng Shigang (程世剛)
Cheng Kin Man (鄭健民)	Yao Hu (姚琥)	Liang Jiayi (梁嘉怡)
Chen Zhiyong (陳志勇)	Zhao Ying (趙瑩)	Wang Jue (王珏)
Lou Zhigang (樓志剛)	Zhao Yundong (趙韻東)	Li Shuwei (李樹尉)
Yao Raorao (杨娆娆) *	Peng Ching (彭程) *	

Note:

* No longer a director of any subsidiaries of the Company as at the date of this report

In accordance with provisions the Company's subsidiaries' Articles of Association, all remaining directors shall retire and being eligible offer themselves for re-election.

At no time during the year was the Company, or any of its holding company, fellow subsidiaries or subsidiaries a party to any arrangement 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.

Directors' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, fellow subsidiaries or subsidiaries was a party, and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

Permitted indemnity provisions

At no time during the financial year and up to the date of this Report of the Directors, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Management contracts

There exists an agreement (the "Agreement") for management services, in respect of which Agricultural Bank of China Limited (the "Bank", the immediate holding company of the Company) provide services to ABCI Insurance Company Limited ("ABCI Insurance", a subsidiary of the Company) under which a nominal fee is payable by the Company. The Agreement was entered into by the Bank and the Company on 22 August 2014 and under the Agreement, the Company authorises the Bank to exercise all the rights of the Company as the sole shareholder of ABCI Insurance. The Agreement can be terminated by either party giving not less than 30 days' notice of termination.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the board

Huang Haiqin
Director

Hong Kong,
10 MAY 2023

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Independent auditor's report to the member of ABC International Holdings Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of ABC International Holdings Limited and its subsidiaries (the "Group") set out on pages 8 to 102, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 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.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the member of ABC International Holdings Limited (continued)

(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the consolidated financial statements

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 Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 scepticism throughout the audit. We also:

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

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

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Independent auditor's report to the members of ABC International Holdings Limited (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 directors 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.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

10 MAY 2023

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

(Expressed in Hong Kong dollars)

	Note	*2022* HK$	*2021* HK$
Revenue			
Revenue from brokerage, corporate finance, investment, asset management and property investment businesses	4	1,375,384,240	1,362,374,479
Revenue from insurance business	4	104,194,211	114,147,732
Interest income	4	987,894,443	1,030,100,832
Other net (loss)/income	4	(550,348,881)	501,431,304
		1,917,124,013	3,008,054,347
Insurance service expenses	5	(89,856,893)	(96,532,097)
Staff costs	6	(518,597,668)	(426,352,759)
Other operating expenses		(442,714,046)	(319,824,820)
Net charge of impairment allowance	35(b)	(48,624,409)	(5,098,302)
		(1,099,793,016)	(847,807,978)
Profit from operations		817,330,997	2,160,246,369
Finance costs	8	(774,123,731)	(833,652,285)
Profit before taxation	9	43,207,266	1,326,594,084
Income tax	10	(144,257,147)	(312,213,583)
(Loss)/profit for the year		(101,049,881)	1,014,380,501
Attributable to:			
Equity shareholders of the Company		(109,044,286)	1,004,666,570
Non-controlling interests		7,994,405	9,713,931
		(101,049,881)	1,014,380,501

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

	2022 HK$	*2021* HK$
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss:		
Financial assets at fair value through other comprehensive income (FVOCI):		
Change in fair value of equity investments measured at FVOCI, net of deferred tax	(45,153,371)	159,930,289
Items that may be reclassified subsequently to profit or loss:		
Financial assets at FVOCI:		
Change in fair value of debt investments measured at FVOCI, net of deferred tax	(584,662,981)	(5,977,876)
Transfer from revaluation reserve to profit or loss upon disposal of investments	(6,157,521)	(6,421,674)
	(590,820,502)	(12,399,550)
Exchange reserves:		
Exchange differences on translation of foreign operations	(460,569,082)	153,340,505
Hedging reserve:		
Cash flow hedge: movement in hedging reserve	-	32,683,691

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

	2022 HK$	2021 HK$
Other comprehensive income for the year, net of tax	(1,096,542,955)	333,554,935
Total comprehensive income for the year	(1,197,592,836)	1,347,935,436
Attributable to:		
Equity shareholders of the Company	(1,203,435,701)	1,336,056,060
Non-controlling interests	5,842,865	11,879,376
Total comprehensive income for the year	(1,197,592,836)	1,347,935,436

The notes on pages 18 to 102 form part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December 2022

(Expressed in Hong Kong dollars)

	Note	*2022* HK$	*2021* HK$
ASSETS			
Property and equipment	11	89,879,565	73,145,119
Right-of-use assets	12(a)	102,892,042	87,243,245
Investment properties	13	702,379,300	738,870,043
Deferred tax assets	14(b)	189,384,454	268,074,209
Financial assets measured at fair value through other comprehensive income	15	16,042,485,571	7,506,322,393
Reinsurance assets	22	351,604,911	363,048,816
Statutory deposits		5,313,574	6,502,223
Financial assets measured at amortised cost	17	2,588,534,718	6,517,033,350
Amount due from branches of the immediate holding company	26	100,642,024	129,826,910
Financial assets measured at fair value through profit or loss	16	16,880,603,720	20,706,655,190
Account and trade receivable	18(a)	2,828,104,083	2,760,285,324
Prepayments, deposits and other receivables	19	446,948,094	343,373,570
Tax recoverable	14(a)	27,137,468	40,238,087
Financial assets purchased under resale agreement	20	293,495,808	68,493,151
Deposits with brokers		30,177	30,129
Fixed deposits	21(c)	193,087,500	161,855,338
Cash and cash equivalents	21(a)	4,809,508,750	6,224,579,335
TOTAL ASSETS		45,652,031,759	45,995,576,432

Consolidated statement of financial position as at 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	*2022* HK$	*2021* HK$
LIABILITIES			
Account and trade payables	18(b)	1,383,318,317	1,588,270,564
Other payable and accruals	25	1,055,899,433	897,959,767
Contract liabilities		18,180,904	15,343,151
Amount due to a fellow subsidiary	26	55,974,118	61,154,599
Borrowings	27	11,586,785,407	9,976,675,391
Lease liabilities	12(b)	109,302,517	82,560,107
Gross unearned premiums	23	84,871,727	72,268,033
Outstanding claims	24	353,972,936	375,703,603
Provision for unexpired risk		3,849,482	861,000
Tax payables	14(a)	51,012,111	133,761,927
Deferred tax liabilities	14(b)	117,078,758	258,657,450
Notes issued	28	21,095,325,053	21,553,239,378
TOTAL LIABILITIES		35,915,570,763	35,016,454,970
CAPITAL AND RESERVES			
Share capital	29	4,113,392,450	4,113,392,450
Retained profits		6,333,054,030	6,449,714,151
Reserves	30	(819,034,161)	267,741,419
Total equity attributable to equity shareholders of the Company		9,627,412,319	10,830,848,020
Non-controlling interests		109,048,677	148,273,442
TOTAL EQUITY		9,736,460,996	10,979,121,462
TOTAL EQUITY AND LIABILITIES		45,652,031,759	45,995,576,432

Approved and authorised for issue by the board of directors on 10 MAY 2023

Huang Haiqin) Directors

Cao Yi)

The notes on pages 18 to 102 form part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2022

(Expressed in Hong Kong dollars)

	Attributable to equity shareholder of the Company								
	Share capital HK$	*Exchange reserves* HK$	*Statutory reserves* HK$	*Fair value reserve* HK$	*Merger reserve* HK$	*Retained profits* HK$	*Sub-total* HK$	*Non-controlling interests* HK$	*Total* HK$
At 1 January 2022	4,113,392,450	45,475,275	134,472,728	405,285,866	(317,492,450)	6,449,714,151	10,830,848,020	148,273,442	10,979,121,462
(Loss)/profit for the year	-	-	-	-	-	(109,044,286)	(109,044,286)	7,994,405	(101,049,881)
Other comprehensive income:									
- Equity investments measured at FVOCI, net of deferred taxes	-	-	-	(45,153,371)	-	-	(45,153,371)	-	(45,153,371)
- Debt investments measured at FVOCI, net of deferred taxes	-	-	-	(590,820,502)	-	-	(590,820,502)	-	(590,820,502)
- Exchange differences on translation of foreign operations	-	(458,417,542)	-	-	-	-	(458,417,542)	(2,151,540)	(460,569,082)
Total comprehensive income for the year	-	(458,417,542)	-	(635,973,873)	-	(109,044,286)	(1,203,435,701)	5,842,865	(1,197,592,836)
Transfer between reserves	-	-	7,615,835	-	-	(7,615,835)	-	-	-
Redemption of capital from non-controlling interests	-	-	-	-	-	-	-	(45,067,630)	(45,067,630)
At 31 December 2022	4,113,392,450	(412,942,267)	142,088,563	(230,688,007)	(317,492,450)	6,333,054,030	9,627,412,319	109,048,677	9,736,460,996

Consolidated statement of changes in equity for the year ended 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

	Attributable to equity shareholder of the Company									
	Share capital HK$	*Exchange reserves* HK$	*Statutory reserves* HK$	*Fair value reserve* HK$	*Merger reserve* HK$	*Hedging reserve* HK$	*Retained profits* HK$	*Sub-total* HK$	*Non-controlling interests* HK$	*Total* HK$
At 1 January 2021	4,113,392,450	(105,699,785)	107,791,891	257,755,127	(317,492,450)	(32,683,691)	5,471,728,418	9,494,791,960	93,504,695	9,588,296,655
Profit for the year	-	-	-	-	-	-	1,004,666,570	1,004,666,570	9,713,931	1,014,380,501
Other comprehensive income:										
- Equity investments measured at FVOCI, net of deferred taxes	-	-	-	159,930,289	-	-	-	159,930,289	-	159,930,289
- Debt investments measured at FVOCI, net of deferred taxes	-	-	-	(12,399,550)	-	-	-	(12,399,550)	-	(12,399,550)
- Exchange differences on translation of foreign operations	-	151,175,060	-	-	-	-	-	151,175,060	2,165,445	153,340,505
- Cash flow hedge-effective portion of changes in fair value	-	-	-	-	-	32,683,691	-	32,683,691	-	32,683,691
Total comprehensive income for the year	-	151,175,060	-	147,530,739	-	32,683,691	1,004,666,570	1,336,056,060	11,879,376	1,347,935,436
Transfer between reserves	-	-	26,680,837	-	-	-	(26,680,837)	-	-	-
Contribution of capital from non-controlling interests	-	-	-	-	-	-	-	-	42,889,371	42,889,371
At 31 December 2021	4,113,392,450	45,475,275	134,472,728	405,285,866	(317,492,450)	-	6,449,714,151	10,830,848,020	148,273,442	10,979,121,462

The notes on pages 18 to 102 form part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2022

(Expressed in Hong Kong dollars)

	Note	*2022* HK$	*2021* HK$
Operating activities			
Profit before tax		43,207,266	1,326,594,084
Adjustments for:			
Net charge of impairment	35(b)	48,624,409	5,098,302
Amortisation of financial assets at fair value through other comprehensive income (FVOCI)		1,460,344	1,132,768
Interest income	4	(987,894,443)	(1,030,100,832)
Interest expenses	8	774,123,731	833,652,285
Depreciation of property and equipment	9	8,957,920	11,920,603
Depreciation of investment properties	9	14,454,774	10,259,722
Depreciation of right-of-use assets	9	94,963,124	75,282,284
Dividend income	4	(612,572,694)	(676,622,870)
Foreign exchange difference	4	(183,255,697)	(17,487,672)
Realised gain on disposal of a subsidiary		-	(50,000,000)
Net realised gain on financial assets at FVOCI		(6,157,293)	(6,421,677)
Net realised gain on financial assets at fair value through profit or loss (FVPL)	4	(93,179,826)	(284,035,893)
Net unrealised loss on financial assets at FVPL	4	928,243,407	21,370,421
Operating cash inflow before changes in working capital		30,975,022	220,641,525
Decrease in reinsurance assets		11,443,905	1,067,624
Decrease in statutory deposits		1,188,649	182,955
(Increase)/decrease in account and trade receivables		(69,481,570)	993,457,976
Increase in prepayments, deposits and other receivables		(110,127,329)	(39,783,939)
(Increase)/decrease in deposit with brokers		(48)	160,188,060
Decrease in amount due from branches of the immediate holding company		29,184,886	94,707,212
Decrease in bank balances - segregated accounts		132,932,698	316,468,224
(Decrease)/increase in outstanding claims		(21,730,667)	14,070,708
Increase/(decrease) in unearned premiums		12,603,694	(13,713,773)
Increase/(decrease) in provision for unexpired risk		2,988,482	(1,978,000)
Decrease in trade payables		(204,952,247)	(312,347,056)

Consolidated cash flow statement for the year ended 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	*2022* HK$	*2021* HK$
Increase/(decrease) in other payables and accruals		135,219,540	(36,817,565)
Increase/(decrease) in contract liabilities		2,837,753	(7,722,429)
Cash (used in)/generated from operations		(46,917,232)	1,388,421,522
Interest received from margin financing		173,286,500	196,940,288
Interest received from banks and others		28,045,126	19,217,772
Interest paid		(745,843,763)	(784,186,814)
Income tax paid		(259,064,675)	(433,305,024)
Net cash (used in)/ generated from operating activities		(850,494,044)	387,087,744
Investing activities			
Payment for purchase of property and equipment	11	(26,411,630)	(8,880,781)
Payment for acquisition of investment properties	13	(14,753,537)	(447,433,561)
(Purchase of)/proceeds from sale of financial assets held under resale agreement		(225,002,657)	445,740,963
Purchase of financial assets at FVPL		(3,075,942,183)	(5,989,892,444)
Proceeds from sale of a subsidiary		-	50,000,000
Proceeds from sale of financial assets at FVPL		5,149,310,349	5,257,634,162
Purchase of financial assets at FVOCI		(10,544,710,072)	(1,215,816,446)
Proceeds from sale of financial assets at FVOCI		1,141,073,394	192,775,961
Purchase of financial assets at amortised cost		(467,869,871)	(3,399,060,360)
Proceeds from maturity of financial assets measured at amortised cost		4,398,147,660	2,641,186,879
Interest received from investments		810,370,350	833,731,233
Dividend received		644,809,808	675,280,874
Increase in fixed deposits with original maturity over three months		(31,232,162)	(32,177,871)
Net cash used in investing activities		(2,242,210,551)	(996,911,391)

Consolidated cash flow statement for the year ended 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	*2022* HK$	*2021* HK$
Financing activities			
Proceeds from insurance of guaranteed notes	21(b)	-	11,278,621,395
Redemption of senior notes	21(b)	-	(9,787,428,571)
Proceeds from borrowings	21(b)	12,054,616,649	8,093,113,748
Repayment of borrowings	21(b)	(9,965,288,381)	(7,570,813,160)
Capital element of lease rentals paid	21(b)	(83,626,892)	(78,950,379)
Interest element of lease rentals paid	21(b)	(5,559,842)	(3,701,290)
Net contribution (to)/from non-controlling interests		(45,067,630)	42,889,371
Net cash generated from financing activities		1,955,073,904	1,973,731,114
Net (decrease)/increase in cash and cash equivalents		(1,137,630,691)	1,363,907,467
Cash and cash equivalents at the beginning of year	21(a)	4,760,278,505	3,379,466,474
Effect of foreign exchange rate changes		(144,507,196)	16,904,564
Cash and cash equivalents at the end of year	21(a)	3,478,140,618	4,760,278,505

The notes on pages 18 to 102 form part of these consolidated financial statements.

Notes to the consolidated financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Corporate information

ABC International Holdings Limited (the "Company") is a private limited liability company incorporated in Hong Kong and together with its subsidiaries (known as the "Group" hereafter) has its registered office and principal place of business at 16/F, Agricultural Bank of China Tower, 50 Connaught Road Central, Hong Kong. Its immediate holding company is Agricultural Bank of China Limited (the "Bank"), a bank incorporated in the People's Republic of China ("PRC") and listed on the Main Board of the Stock Exchange of Hong Kong ("SEHK") and the Shanghai Stock Exchange.

Central Huijin Investment Ltd. ("Huijin") is a wholly-owned subsidiary of China Investment Corporation Limited, which is incorporated in Beijing, the PRC. Huijin was established to hold certain equity interests in state-owned financial institutions as authorised by the Chinese State Council and does not engage in other commercial activities. Huijin exercises its legal rights and assumes obligations related to the Bank on behalf of the PRC Government.

The principal activities of the Company together with its subsidiaries (together the "Group") include investment holding, corporate management services, securities brokerage services, asset management, insurance, financial consultancy service, property investment, fund management and other financial services.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated, which is the functional and presentation currency of the Company, and the presentation currency of the Group.

2 Summary of significant accounting policies

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

2.1 Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2.3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2.2 Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Group and its subsidiaries and the Group's interest in joint ventures and associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out in note 2.4:

- Financial assets/liabilities at fair value through profit or loss;
- Derivative financial instruments;
- Financial assets at fair value through other comprehensive income;
- Investment in joint ventures and associates, designated at fair value through profit or loss; and
- Net assets attributable to non-controlling interest of investment funds

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2.3 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are firstly effective for the current accounting period.

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

2.4 Summary of significant accounting policies

(a) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Group. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Group. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with the respective accounting policies discussed in note 2.4 depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2.4 Summary of significant accounting policies (continued)

(b) Associates and joint venture

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) or designated at fair value through profit or loss.

Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that form parts of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss (see note 2.4(l)(ii)) relating to the investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carry amount of the investment under the equity method, together with any other long-term interests that in substance from part of the Group's net investment in this associate or the joint venture, after applying the ECL model to such other long-term interests where applicable.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2.4 Summary of significant accounting policies (continued)

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2.4(i)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2.4(l)(ii)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) or designated at fair value through profit or loss

When an investment in a joint venture or an associate is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, such investment is exempted from applying equity method and is recognised as a financial asset at fair value through profit or loss in the Group's consolidated and Company's statement of financial position (see note 2.4(i)).

(c) Revenue and other income

Revenue is recognised when service is rendered to the customer, or the lease has the right-to-use the assets at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(1) Commission income from brokerage and dealing activities

The Group is engaged in the brokerage and dealing activities under Type 1 and Type 4 licenses. Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed. The Group also provides custodian and handling services for customer accounts. Fee income is recognised when the transaction is executed and service is performed, except for custodian service fee which is recognised over time.

2.4 Summary of significant accounting policies (continued)

(2) Sponsorship fee income and other corporate financial advisory services

The Group provides sponsoring services to clients for their fund-raising activities and corporate advisory services to corporate clients for their corporate actions. The Group considers that all the services promised in a particular contract of being a sponsor or corporate advisor are interdependent and interrelated and should normally be accounted for as a single performance obligation subject to the agreed terms which may vary by contracts. As there is legally enforceable right to payment for the Group for the performance of services completed up to date based on the contracts with customers regarding sponsor or corporate advisory services, the revenue is recognised over time based on the stage of completion of the contract or the services transferred to customers up to date.

(3) Placing, underwriting and sub-underwriting services

The Group provides placing, underwriting or sub-underwriting services to customers for their fund-raising activities in equity and debt capital markets, and also financial products arrangement services. Revenue is recognised when the relevant placing, underwriting and sub-underwriting activities are completed. Accordingly, the revenue is recognised at a point in time.

(4) Asset management

The Group provides asset management services based on customer's investment portfolios. The customers simultaneously receive and consumes the benefit provided by the Group, hence the revenue is recognised as a performance obligation satisfied over time. Asset management fee income is charged at a fixed percentage of the net asset value of the investment portfolios under management of the Group.

(5) Insurance brokerage income

Income relating to insurance broking is brought into account when the policy placement has been completed and confirmed. Revenue from providing services is recognised at a point in time in the accounting period in which the services are rendered.

Other revenue stream not under the scope of HKFRS 15 are as follows:

(6) Premiums written on direct insurance business and inward reinsurance business

Premium income and reinsurance premium income is recognised when all of the following criteria are met:

- the insurance contracts are issued;
- the related insurance risk is undertaken by the Group;
- it is probable that the related economic benefits will flow to the Group; and
- the related income can be reliably measured.

Premiums from direct insurance contracts are recognised as revenue based on the amount of total premium stated in the contracts.

Reinsurance premiums are recognised as revenue in accordance with the terms stated in the reinsurance contracts.

2.4 Summary of significant accounting policies (continued)

(7) Commission income from reinsurance transactions

Commission income from reinsurance transactions is recognised on accrual basis when the related insurance contracts are accepted by the reinsurers.

(8) Interest income

Interest income is recognised as it accrues under the effective interest rate method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see 2.4(l)(i)).

(9) Rental income

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging and operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(10) Dividend income

Dividend income from investments is recognised only when (i) the shareholders' rights to receive payment have been established, (ii) it is probable that the economic benefits will flow to the Group and (iii) the amount of income can be measured reliably.

(11) Provision of IT service

Income from provision of IT service is recognised when service is rendered to the customers.

The revenue is recognised over time based on the stage of completion in accordance with the terms stated in the contract or the services transferred to customers up to date.

(d) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2.4 Summary of significant accounting policies (continued)

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(e) Property and equipment

The property and equipment, including right-of-use assets arising from leases of underlying property and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2.4(l)(ii)):

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

- Building	50 years
- Leasehold improvements	Over the unexpired period of lease
- Furniture, fixtures and office equipment	5 years
- Motor vehicle	5 years
- Computer and equipment	3 - 5 years
- Land use right	40 years

Where parts of an item of property and equipment have different useful lives, the costs or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 Summary of significant accounting policies (continued)

(f) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s). the Group has elected not to separate non-lease component and accounts for each lease component and any associated non-lease components as a signed lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2.4(l)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of use assets in accordance with the accounting policy applicable to financial assets at amortised cost (see notes 2.4(i)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2.4 Summary of significant accounting policies (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2.4(c)(9).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described in note 2.4(f)(i), then the Group classifies the sub-lease as an operating lease.

(g) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans, including contribution payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the owners of the Company after certain adjustments.

(ii) Post-employment benefits

The Group is obliged to make payment on post-employment benefits and lump sum long service amounts on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group under the Hong Kong Employment Ordinance. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Hong Kong Mandatory Provident Fund Schemes.

2.4 Summary of significant accounting policies (continued)

(h) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2.4 Summary of significant accounting policies (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(i) Investments in financial instruments

The Group's policies for investment other than investments in subsidiaries, joint ventures and associates, are set out below.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire. Investments in debt and equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 34. These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2.4 Summary of significant accounting policies (continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2.4(c)(10).

(j) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 2.4(k)).

(k) Hedging

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from variable rate borrowings (cash flow hedges).

(i) Cash flow hedge

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

2.4 Summary of significant accounting policies (continued)

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, term deposits, accounts receivable, deposits and other receivables and loans receivable, which are held for collection of contractual cash flows that represents solely payments of principal and interest);

- debt securities measured at FVOCI (recycling); and

- loan commitments issued, which are not measured at FVPL.

Other financial assets measured at fair value, including units in bond funds, equity and debt securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

<u>Measurement of ECLs</u>

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down the loan and (ii) the cash flows that the Group expected to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate;

- loan commitments: current risk-free rate adjusted for risk specific to the cash flows.

2.4 Summary of significant accounting policies (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

<u>Significant increases in credit risk</u>

In assessing whether the credit risk of a financial instrument (including loan commitments) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. 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 since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2.4 Summary of significant accounting policies (continued)

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

<u>Basis of calculation of interest income</u>

Interest income recognised in accordance with note 2.4(c)(8) 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 the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

<u>Write-off policy</u>

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

2.4 Summary of significant accounting policies (continued)

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment, including right-of-use assets; and

- investments in subsidiaries, joint ventures and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2.4 Summary of significant accounting policies (continued)

(m) 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 derecognised when:

- the contractual rights to receive cash flows from the asset expires

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(n) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

The Group's financial liabilities include other payables, bank loans, accounts payable and derivative financial instruments.

2.4 Summary of significant accounting policies (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

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 method 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 profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

(o) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, the difference between the respective carrying amounts is recognised in profit or loss.

(p) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 Summary of significant accounting policies (continued)

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Cash and cash equivalents and term deposits are assessed for ECL in accordance with the policy set out in note 2.4(l)(i).

(r) Participating shares issued by investment funds consolidated by the Group

The Group classifies financial instruments issued by investment funds (the "Funds") as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

When the Group determines whether a financial instrument is an equity instrument rather than a financial liability, the instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met.

(a) The instrument includes no contractual obligation:

- (i) To deliver cash or another financial asset to another entity; or
- (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

(b) If the instrument will or may be settled in the issuer's own equity instruments, it is:

- (i) A non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- (ii) A derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non- derivative equity instruments. Also, for these purposes the issuer's own equity instruments do not include instruments that have all the features and meet the conditions described, or instruments that are contracts for the future receipt or delivery of the issuer's own equity instruments.

(s) Insurance contract

Classification

The Group issues contracts that transfer insurance risk. A contract under which the Group accepts significant insurance risk from another party, by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract.

2.4 Summary of significant accounting policies (continued)

Recognition and measurement

The insurance contracts issued by the Group are general insurance contracts. For these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in- force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premiums liability. Premiums are shown before deduction of commission and duties levied on premiums, and gross of any taxes.

Insurance debtors are recognised when the risk is accepted and measured upon initial recognition at the fair value of the consideration. Subsequent to initial recognition, insurance debtors are measured at amortised cost, less any identified impairment losses. The carrying value of insurance debtors is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The accounting policy on impairment of insurance debtors is similar to that on impairment of certain financial assets (see note 2.4(l)(i)). The carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss. When an insurance debt is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Claims losses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated on individual cases reported to the Group and management's analyses for claims incurred but not reported.

Provision of unexpired risk represents the excess of the estimated value of claims and related claims handling costs likely to arise after the end of the reporting period from contracts concluded before that date over and above the provision for unearned premiums relating to those contracts. The amount of provision is made for each class of business individually.

Liability adequacy test

At the end of the reporting period, the Group assesses its recognised insurance liabilities to determine whether they are adequate, using current estimates of future cash flows under its insurance contracts. If the assessment shows that the carrying amount of its insurance liabilities are inadequate in the light of the estimated future cash flows, the entire deficiency is charged to the profit or loss immediately.

Reinsurance contracts held

Contracts entered into by the Group with reinsurers sunder which the Group is compensated for losses on one or more contracts assumed by the Group and those meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

2.4 Summary of significant accounting policies (continued)

Assets, liabilities and income and expenses arising from ceded reinsurance contracts are presented separately from the assets, liabilities, income and expenses of the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders. Reinsurance premiums and claims recovery are recognised on a gross basis. Reinsurance commissions recoverable are recognised as income in the consolidated statement of comprehensive income, when the related reinsurance contracts are accepted by the reinsurers.

Premiums ceded to reinsurers are recognised as an expense on a basis that is consistent with the recognition basis for the gross premiums written on the related insurance contracts. Premiums ceded to reinsurers are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpired portion of premiums ceded to reinsurers is included in the reinsurance assets.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short- term balances due from reinsurers, as well as long-term receivables that are dependent on the expected claims and benefits arising under related reinsured insurance contracts. Amount recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment as at the end of the reporting period. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated statement of comprehensive income. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets and the carrying amount is reduced through the use of an allowance account similar to insurance debtors.

(t) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Finance costs

Finance costs are expensed in the period in which they are incurred.

2.4 Summary of significant accounting policies (continued)

(v) Account and trade receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2.4(l)(i)).

(w) Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements with a commitment to repurchase at a specific future date continue to be recognised, which do not result in derecognition of the financial assets in the consolidated statement of financial position, and are recorded as financial assets at fair value through other comprehensive income. The proceeds from selling such assets are presented as "cash and cash equivalents" and "financial assets sold under repurchase agreements" in the consolidated statement of financial position. Financial assets sold under repurchase agreements are initially measured at fair value and are subsequently measured at amortised cost.

(x) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2.4(c)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.4(l)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2.4(v)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2.4(c)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.4(v)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2.4(c)(8).

(y) Investment properties

Investment properties are land and/or buildings which are owned or held under a lease hold interest (see note 2.4(f)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

2.4 Summary of significant accounting policies (continued)

Investment properties are measured using the cost model. Depreciation is recognised the same way as property and equipment (see note 2.4(e)). Subsequent expenditure incurred for the investment property is included in the cost of the investment property if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured reliably. Other subsequent expenditure is recognized in the consolidated income statement in the period in which they are incurred.

(aa) Related parties

(I) 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 the key management personnel of the Group or the Group's parent.

(II) 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 (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (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) Both entities 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 (I).
- (vii) A person identified in (I)(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).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parents.

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

3 Significant accounting estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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

Fair value of convertible financial instruments and other unlisted investments

The Group's investments in convertible financial instruments and other unlisted investments are carried as unlisted debt or equity securities in financial assets at fair value through profit or loss. The Group also designates certain investments in joint venture and associates at fair value through profit or loss.

The fair value of these investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. These valuations require level of judgement of the Group to make estimates about expected future cash flows, credit risks, discount rates, volatilities and operating results. The inclusion of these estimates in determining the fair values are subject to uncertainty. As at 31 December 2022, the aggregate fair value of the convertible financial instruments and unlisted investments was approximately $7,625,994,669 (2021: $9,035,769,193). The aggregate fair value of investment in joint ventures designated at fair value through profit or loss was approximately $230,092,429 (2021: $136,430,878). Further details of these investments are included in notes 16.

Deferred tax assets

The Group recognises deferred tax assets for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that is probable that future taxable profits will be available against which the deductible temporary differences, and the unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. As at 31 December 2022, deferred tax assets of $189,384,454 (2021: $268,074,209) have been recognised.

Estimated impairment of insurance debtors and reinsurance assets

The policy for impairment of insurance debtors and reinsurance assets of the Group is based on the evaluation of collectability and aging analysis of insurance debtors and reinsurance assets and management's judgement. A considerable amount of judgement is required in assessing the ultimate recoverability of the reinsurance assets, including the current creditworthiness and the past collection history of counterparties. If the financial conditions of the counterparties and their ability to make payment worsen, additional impairment may be required.

3 Significant accounting estimates (continued)

The ultimate liability arising from claims under insurance contracts

There are several sources that need to be considered in the estimate of the liability that the Group will ultimately pay for claims under insurance contracts, more particularly, bodily injury claims arising from Employee's Compensation and Motor insurance policies that may result in substantial amount of judicial awards payable.

ECL provision on financial assets measured at amortised cost and fair value through other comprehensive income

The measurement of ECL under HKFRS 9 across all categories of financial assets to which ECL measurements requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These judgements and estimates are driven by a number of factors, changes in which can result in different levels of allowances. At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, sensitivity analysis on key economic indicators, economic scenarios and weightings assigned used in forward-looking measurement. If assigned weightings of upside scenario and downside scenario change by 10% and the forecast of key economic indicators change accordingly, the impact on the allowance of expected credit loss as of 31 Dec 2022 is less than 5%.

More details on the impairment allowances of the financial assets are disclosed in Note 35(b) respectively.

Control over structured entities

Where the Group acts as asset manager of structured entities, the Group makes judgment on whether it is the principal or an agent to assess whether the Group controls the structured entities and should consolidate them. When performing this assessment, the Group considers several factors including, among other things, the scope of its decision-making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for the assets management services, the Group's exposure to variability of returns from other interests that it holds in the structured entities. The Group performs re-assessment on the above and whether it controls the structured entities if facts and circumstances indicate that there are changes to one or more of the three elements of control under HKFRS 10.

4 Revenue and other net (loss)/income

The principal activities of the Group are investment holding, provision of corporate finance, financial advisory, research, asset management, brokerage, underwriting and securities margin financing services. An analysis of revenue and other net income is as follows:

	2022 HK$	*2021* HK$
Revenue from contracts with customers within the scope of HKFRS 15		
Brokerage commission on securities dealing	20,892,370	94,848,189
Corporate finance advisory fee	159,588,540	160,732,155
Underwriting commission and sponsorship fee	99,382,318	174,022,381
Asset management and performance fee	110,142,777	134,875,907
Provision of IT service	341,123,985	89,659,706
Insurance brokerage income	4,129,158	4,277,492
	735,259,148	658,415,830
Revenue from other sources		
Dividend income from investment	612,572,694	676,622,870
Rental income	27,552,398	27,335,779
	640,125,092	703,958,649
	1,375,384,240	1,362,374,479
Revenue from insurance and reinsurance business		
Gross insurance premiums written	226,499,771	259,737,745
Reinsurance premiums ceded	(186,949,715)	(226,969,399)
Change in net unearned premiums	(4,114,804)	945,436
Reinsurance commission income	68,758,959	80,433,950
	104,194,211	114,147,732
Interest income calculated using the effective interest method		
Interest income from		
- financial assets at amortised cost	394,604,157	618,876,094
- financial assets at FVOCI	389,025,472	194,390,829
- margin financing	173,286,500	196,940,289
- banks	28,021,483	18,171,187
- financial assets purchased under resale agreements	2,956,831	1,722,433
	987,894,443	1,030,100,832

The Group applies the practical expedient in paragraph 121 of HKFRS 15 and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

4 Revenue and other net (loss)/income (continued)

	2022	*2021*
	HK$	HK$
Other net (loss)/income		
Subsidies from government	645,018	25,695,381
Arrangement fee income	93,009,543	143,464,244
Net realised gain on		
- financial assets at FVOCI	6,157,293	6,421,677
- financial assets at FVPL	93,179,826	284,035,893
Net unrealised loss on financial assets at FVPL	(928,243,407)	(21,370,421)
Gain from disposal of subsidiary	-	50,000,000
Net exchange gain	183,255,697	17,487,672
Others	1,647,149	(4,303,142)
	(550,348,881)	501,431,304
Total operating income	1,917,124,013	3,008,054,347

5 Insurance service expenses

	2022	*2021*
	HK$	HK$
Increase/(decrease) in gross outstanding claims	21,730,667	(14,070,707)
(Decrease)/Increase in recoverable from reinsurance of outstanding claims	(20,298,033)	14,204,365
Increase in net outstanding claims	1,432,634	133,658
Gross claims paid	(131,232,695)	(175,244,115)
Reinsurance claims recoveries	110,361,885	155,555,955
Increase in provision for unexpired risk (note 22)	(2,623,243)	(525,652)
Net claims incurred	(22,061,419)	(20,080,154)
Brokerage expense	(292,154)	(256,974)
Insurance commission expenses	(67,503,320)	(76,194,969)
	(89,856,893)	(96,532,097)

6 Staff costs

	2022 HK$	2021 HK$
Salaries, bonus, allowances and commission	514,973,634	422,781,287
Contribution to defined contribution retirement plan	3,624,034	3,571,472
	518,597,668	426,352,759

Staff costs include directors' emoluments (note 7).

7 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2022 HK$	2021 HK$
Directors' fees	-	-
Salaries, bonus and other emoluments	16,789,037	10,852,906
	16,789,037	10,852,906

There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2021: Nil).

8 Finance costs

	2022 HK$	2021 HK$
Interest on:		
Notes issued	465,412,225	555,873,781
Bank loans and other borrowings		
- from a branch of the immediate holding company (note 33)	83,472,180	31,654,170
- from third parties	218,805,655	208,736,062
Amount due to a fellow subsidiary (note 33)	873,829	903,335
Lease liabilities (note 12(a))	5,559,842	3,701,290
Derivative financial instruments: cash flow hedges, reclassified from equity	-	32,783,647
	774,123,731	833,652,285

9 Profit before income tax

Profit before income tax has been arrived at after charging:

	2022 HK$	*2021* HK$
Depreciation charge		
- property and equipment (note 11)	8,957,920	11,920,603
- right-of-use assets (note 12(a))	94,963,124	75,282,284
- investment properties (note 13)	14,454,774	10,259,722
Auditors' remuneration		
- audit services	5,077,726	4,694,399
- non-audit services	1,527,880	893,501
Short-term lease expenses (note 12(a))	-	553,162
Information system expenses	196,933,704	67,451,032
Financial advisory fee	34,381,866	38,056,868
Office building management fee	14,684,095	12,776,288
Commission expenses	3,656,312	7,371,129
Legal and professional fees	8,048,041	5,458,807
Travelling and entertainment expenses	11,024,678	14,851,943

10 Income tax in the consolidated statement of profit or loss and other comprehensive income

(a) The amount of tax charged to profit or loss represents:

	2022 HK$	*2021* HK$
Current tax - Hong Kong Profits Tax		
Provision for the year (note 14(a))	111,030,812	190,996,956
Over-provision in prior years	(43,069,539)	(2,551,673)
	67,961,273	188,445,283
Current tax - PRC Enterprise Income Tax		
Provision for the year (note 14(a))	120,224,752	144,970,788
Under-provision in prior years	1,288,422	897,943
	121,513,174	145,868,731
Deferred tax		
Origination and reversal of temporary difference (note 14(b)(i))	(45,217,300)	(22,100,431)
	144,257,147	312,213,583

10 Income tax in the consolidated statement of profit or loss and other comprehensive income (continued)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

The provision for Hong Kong Profits Tax for 2022 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021/22 subject to a maximum reduction of $10,000 for each business (2021: a maximum reduction of $10,000 was granted for the year of assessment 2021/22 and was taken into account in calculating the provision for 2021).

PRC Enterprise Income Tax has been provided at the rate of 25% (2021: 25%) on the estimate assessable profits during the year.

(b) Reconciliation between tax charged to profit or loss and accounting profit at applicable tax rates:

	2022 HK$	*2021* HK$
Profit before taxation	43,207,266	1,326,594,084
Notional tax on profit before tax, calculated at statutory tax rates	39,285,751	271,640,930
Tax effect of non-deductible expenses	235,007,049	111,720,910
Tax effect of non-taxable income	(85,390,441)	(75,298,123)
Over-provision in prior years	(41,781,117)	(1,653,730)
Tax effect of tax losses not recognised	3,328,718	193,638
Unrecognised temporary difference	(5,498,031)	6,686,598
Statutory tax concession in PRC	(694,782)	(1,411,059)
Others	-	334,419
Actual tax expense charged to profit or loss	144,257,147	312,213,583

11 Property and equipment

	Land and buildings HK$	Leasehold improvement HK$	Furniture and fixtures HK$	Office equipment HK$	Motor vehicles HK$	Computer and Equipment HK$	Total HK$
Cost							
At 1 January 2021	71,482,749	38,427,144	16,794,412	14,996,140	7,266,317	31,328,945	180,295,707
Additions	-	3,225,759	451,627	3,534,640	-	1,668,755	8,880,781
Disposals	-	(57,000)	(1,631,577)	(333,949)	-	(1,296,405)	(3,318,931)
Exchange adjustments	-	259,606	113,845	165,215	129,264	236,142	904,072
At 31 December 2021 and 1 January 2022	71,482,749	41,855,509	15,728,307	18,362,046	7,395,581	31,937,437	186,761,629
Additions	-	1,592,859	452,641	2,354,296	-	22,011,834	26,411,630
Disposals	-	(1,690,285)	(1,119,084)	(1,984,715)	-	(3,084,708)	(7,878,792)
Exchange adjustments	-	(961,499)	(348,409)	(679,082)	(383,357)	(1,267,282)	(3,639,629)
At 31 December 2022	71,482,749	40,796,584	14,713,455	18,052,545	7,012,224	49,597,281	201,654,838
Accumulated depreciation:							
At 1 January 2021	12,292,706	32,686,177	14,438,789	12,544,664	6,409,427	26,377,557	104,749,320
Charge for the year (note 9)	680,479	6,523,190	868,046	1,566,539	168,600	2,113,749	11,920,603
Written back on disposals	-	(471,166)	(1,857,145)	(290,785)	-	(1,194,346)	(3,813,442)
Exchange adjustments	-	255,528	97,784	168,487	126,086	112,144	760,029
At 31 December 2021 and 1 January 2022	12,973,185	38,993,729	13,547,474	13,988,905	6,704,113	27,409,104	113,616,510
Charge for the year (note 9)	680,479	2,077,051	688,793	2,479,450	211,850	2,820,297	8,957,920
Written back on disposals	-	(1,690,285)	(1,119,084)	(1,984,715)	-	(3,084,708)	(7,878,792)
Exchange adjustments	-	(1,141,252)	(308,837)	(566,729)	(376,358)	(527,189)	(2,920,365)
At 31 December 2022	13,653,664	38,239,243	12,808,346	13,916,911	6,539,605	26,617,504	111,775,273
Net book value:							
At 31 December 2022	57,829,085	2,557,341	1,905,109	4,135,634	472,619	22,979,777	89,879,565
At 31 December 2021	58,509,564	2,861,780	2,180,833	4,373,141	691,468	4,528,333	73,145,119

12 Lease

(a) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	*2022* HK$	*2021* HK$
Other properties leased for own use, carried at depreciated cost	(i)	102,892,042	87,243,245

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022 HK$	*2021* HK$
Depreciation charge of right-of-use assets by class of underlying asset:		
Other properties leased for own use (note 9)	94,963,124	75,282,284
Interest on lease liabilities (note 8)	5,559,842	3,701,290
Expense relating to short-term leases (note 9)	-	553,162

During the year 2022, additions to right-of-use assets were HK$113,363,274 (2021: HK$37,800,952). This amount primarily related to the capitalised lease payments payable under the new tenancy agreements. There were HK$20,320,247 (2021: HK$22,108,481) additions based on the rental agreements signed between the Company and a branch of the immediate holding company.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in note 12(b).

(i) Other properties leased for own use

The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 3 years.

The contracts do not include an option to extend the lease for an additional period after the end of the contract term.

During the year ended 31 December 2022 and 2021, none of the lease entered into by the Group contains variable lease payment terms.

12 Lease (continued)

(b) Lease liabilities

At 31 December 2022 and 2021, the lease liabilities were repayable as follows:

	2022 HK$	*2021* HK$
Within 1 year	68,911,394	57,082,943
After 1 year but within 2 years	31,536,715	18,863,202
After 2 years but within 5 years	8,854,408	6,613,962
	40,391,123	25,477,164
	109,302,517	82,560,107

The total cash outflow for lease in 2022 was HK$89,186,734 (2021: HK$ 82,651,669).

13 Investment properties

	Land and buildings HK$	*Construction work-in-progress* HK$	*Total* HK$
Cost			
At 1 January 2021	390,682,206	-	390,682,206
Additions	443,742,897	3,690,664	447,433,561
At 31 December 2021 and 1 January 2022	834,425,103	3,690,664	838,115,767
Additions	-	14,753,537	14,753,537
Exchange adjustments	(37,590,007)	(161,486)	(37,751,493)
At 31 December 2022	796,835,096	18,282,715	815,117,811
Accumulated depreciation:			
At 1 January 2021	88,887,327	-	88,887,327
Charge for the year (note 9)	10,259,722	-	10,259,722
Exchange adjustments	98,675	-	98,675
At 31 December 2021 and 1 January 2022	99,245,724	-	99,245,724
Charge for the year (note 9)	14,454,774	-	14,454,774
Exchange adjustments	(961,987)	-	(961,987)
At 31 December 2022	112,738,511	-	112,738,511

13 Investment properties (continued)

	Land and buildings HK$	*Construction work-in-progress* HK$	*Total* HK$
Net book value:			
As 31 December 2022	684,096,585	18,282,715	702,379,300
As 31 December 2021	735,179,379	3,690,664	738,870,043

Investment properties of HK$294,020,580 (2021: HK$297,907,733) are located in the Hong Kong. The fair value of such investment properties as at 31 December 2022 was HK$1,144,583,000 (2021: HK$1,326,782,500), according to the Property Valuation Reports issued by C S Surveyors Limited, which is an independent qualified valuer in Hong Kong on the basis of market value. The investment properties would be classified as Level 3 under fair value hierarchy as at 31 December 2022 and 2021.

Investment properties of HK$390,076,005 (2021: HK$437,271,646) are located in the PRC representing the land use right with cost of RMB362,804,192 (2021: RMB362,804,192), equivalent to HK$406,152,890 (2021: HK$443,742,897). The purpose of the acquisition is to construct an office premise for rental income. The land use right and the related construction work-in-progress cost are classified as investment properties. The investment properties would be classified as Level 3 under fair value hierarchy as at 31 December 2022 and 2021.

All the Group's properties interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the cost model and are classified and accounted for as investment properties.

As at 31 December 2022, the Group had no unprovided contractual obligations for future repairs and maintenance (2021: Nil).

14 Income tax in the consolidated statement of financial position

(a) current taxation in the consolidated statement of financial position

	2022 HK$	*2021* HK$
Hong Kong Profits Tax		
Provision for the year (note 10(a))	111,030,812	190,996,956
Provisional Profit Tax paid	(232,584,700)	(121,385,982)
	(121,553,888)	69,610,974
PRC Enterprise Income Tax		
Provision for the year (note 10(a))	120,224,752	144,970,788
Balance of provision related to prior years	25,203,779	(121,057,922)
	23,874,643	93,523,840
Representing:		
Tax recoverable	(27,137,468)	(40,238,087)
Tax payables	51,012,111	133,761,927
	23,874,643	93,523,840

14 Income tax in the consolidated statement of financial position (continued)

(b) deferred taxation in the consolidated statement of financial position

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	*Impairment loss on investment* HK$	*Decelerated tax deprecation* HK$	*Fair value changes* HK$	*Provision for salaries and bonus* HK$	*Tax losses* HK$	*Total* HK$
At 1 January 2021	57,444,370	(8,941,245)	(71,017,160)	6,538,477	64,576,327	48,600,769
(Charged)/credited to profit or loss (note 10(a))	156,311,805	(63,565)	(171,075,649)	1,283,497	35,644,343	22,100,431
(Charged)/credited to other comprehensive income	-	-	(61,284,441)	-	-	(61,284,441)
At 31 December 2021 and 1 January 2022	213,756,175	(9,004,810)	(303,377,250)	7,821,974	100,220,670	9,416,759
(Charged)/credited to profit or loss (note 10(a))	(8,848,576)	(1,536,344)	59,368,000	24,625,455	(28,391,235)	45,217,300
(Charged)/credited to other comprehensive income	-	-	17,671,637	-	-	17,671,637
At 31 December 2022	204,907,599	(10,541,154)	(226,337,613)	32,447,429	71,829,435	72,305,696

14 Income tax in the consolidated statement of financial position (continued)

(ii) reconciliation to the consolidated statement of financial position

	2022 HK$	*2021* HK$
Net deferred tax asset recognised in the consolidated statement of financial position	189,384,454	268,074,209
Net deferred tax liabilities recognised in the consolidated statement of financial position	(117,078,758)	(258,657,450)
	72,305,696	9,416,759

(iii) Deferred tax assets not recognised

At 31 December 2022, the Group has not recognised deferred tax assets of HK$40,538,214 (2021: HK$42,310,141) related to cumulative tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The cumulative tax losses as at 31 December 2022 amount to HK$245,686,147 (2021: HK$256,425,096). The tax losses do not expire under current tax legislation.

15 Financial assets measured at fair value through other comprehensive income

	2022 HK$	*2021* HK$
Listed debt securities	14,476,232,041	5,724,949,866
Unlisted equity securities	1,566,253,530	1,781,372,527
	16,042,485,571	7,506,322,393

As at 31 December 2022, the Group has made an ECL of HK$30,485,144 (2021: HK$9,762,242) against listed debt securities at FVOCI (note 35(b)).

16 Financial assets at fair value through profit or loss

	2022 HK$	*2021* HK$
Financial assets measured at fair value through profit or loss		
Listed equity securities	1,785,840,374	1,876,670,274
Restricted listed equity securities (note iv)	120,764,700	-
Listed securities with options	204,837,619	173,046,425
Listed preference shares	440,996,629	1,304,541,054
Listed debt securities	575,606,982	532,631,368
	3,128,046,304	3,886,889,121
Investment in funds (notes i, iii)	6,326,138,806	7,451,042,649
Investment in trusts (note i)	126,026,260	506,000,652
	6,452,165,066	7,957,043,301
Unlisted convertible bonds	212,948,233	303,150,881
Unlisted preference shares	617,253,902	1,081,224,745
Unlisted senior notes with warrants/options	-	332,743,541
Unlisted equity securities (notes ii, iii)	6,470,190,215	7,145,603,601
	7,300,392,350	8,862,722,768
	16,880,603,720	20,706,655,190

Note (i): The Group invested in unconsolidated funds and trusts. Detailed analysis is disclosed in note 31 to the consolidated financial statements. Included in investment in funds, HK$696,051,064 (2021: HK$324,844,704) are managed by subsidiaries of the Group.

Note (ii): In the opinion of the directors, there is no control exercised by the Group in these investment entities.

Note (iii): The management designated investments in joint ventures and associates at fair value through profit or loss and recognised under "Financial assets at fair value through profit or loss". Investment in fund of HK$580,445,254 (2021: HK$1,074,260,860) and unlisted equity of HK$538,951,179 (2021: HK$596,431,398) include investment in joint ventures of HK$230,092,429 (2021: HK$136,430,878) and investment in associates of HK$889,304,004 (2021: HK$1,534,261,380).

Note (iv): The investments represents listed equity investments prior to their initial public offering, which are subject to lock-up period as per listing rules of respective exchanges.

16 Financial assets at fair value through profit or loss (continued)

(a) Investment in joint ventures, designated at fair value through profit or loss

	2022 HK$	*2021* HK$
Unlisted equity securities	16,747,458	19,459,865
Investment in funds	213,344,971	116,971,013
	230,092,429	136,430,878

The following list contains the particulars of joint ventures, all of which are unlisted entities whose quoted market price is not available:

Name	*Place of incorporation and business*	*Group's effective interest*	*Interest held directly*	*Interest held indirectly*	*Principal activities*
北京城市副中心建設發展基金管理有限公司	People's Republic of China	50%	-	50%	Asset management
鐵建廣德成長投資管理有限公司	People's Republic of China	50%	-	50%	Investment management
Grand Begonia Limited Partnership	Cayman Islands	50%	-	50%	Investment management

There are no significant restrictions on the ability of joint ventures to transfer funds to the Group in the form of cash dividends.

Summarised financial information of a material joint venture, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, is disclosed below:

	Grand Begonia Limited Partnership	
	2022 HK$	*2021* HK$
Gross amounts of the joint venture		
Asset	58,269,664	30,002,000
Liabilities	-	-
Equity	58,269,664	30,002,000
Reconciliation to the Group's interest in the joint venture		
Profit/(loss) for the year	-	-
Group's effective interest	50%	50%
Carrying amount as at 1 January	116,971,013	-
Fair value adjustment	(13,869,593)	(7,800)
Capital injection	110,409,866	116,464,715
Others	(166,315)	514,098
Carrying amount as at 31 December	213,344,971	116,971,013

16 Financial assets at fair value through profit or loss (continued)

(b) Investment in associates, designated at fair value through profit or loss

	2022 HK$	*2021* HK$
Unlisted equity securities	522,203,721	576,971,533
Investment in funds	367,100,283	957,289,847
	889,304,004	1,534,261,380

The following list contains the particulars of principal associates, all of which are unlisted entities whose quoted market price is not available:

Name	*Place of incorporation and business*	*Group's effective interest*	*Interest held directly*	*Interest held indirectly*	*Principal activities*
四川省宜賓五糧液集團財務有限公司	People's Republic of China	12.64%	12.64%	-	Financing
農銀二號無錫股權投資中心 (有限合夥)	People's Republic of China	36.11%	-	36.11%	Investment Management
融核産業發展基金 (海鹽) 合夥企業 (有限合夥)	People's Republic of China	35.72%	-	35.72%	Investment Management
信恩润实投资管理有限公司	People's Republic of China	49%	-	49%	Investment Management

There are no significant restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends.

16 Financial assets at fair value through profit or loss (continued)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	*四川省宜賓五糧液集團財務有限公司**		*農銀二號無錫股權投資中心(有限合夥)**		*融核產業發展基金(海鹽)合夥企業(有限合夥)募集專戶**		*信恩润实投资管理有限公司**	
Gross amounts of the associate	*2022*	*2021*	*2022*	*2021*	*2022*	*2021*	*2022*	*2021*
Current assets	37,702,691,872	43,700,772,095	437,026,231	738,142,822	696,947,207	645,109,160	107,277,483	116,171,968
Non-current assets	11,810,392,405	10,045,780,746	-	-	-	-	-	-
Current liabilities	44,180,128,586	48,120,711,523	111,317,513	49,451,912	-	2,862,811	329,778	373,081
Non-current liabilities	5,648,508	-	-	-	-	-	-	-
Equity	5,327,307,183	5,625,841,318	-	-	696,947,207	642,246,349	106,947,706	115,798,888
Revenue	558,002,257	603,822,818	33,362,745	283,488,757	173,866,641	124,126,690		
Profits from continuing operations and total comprehensive income	251,471,324	253,491,672	21,405,406	274,198,862	164,585,531	114,558,501	997,337	4,967,299
Dividend received from the associate	7,036,589	14,046,231	-	-	1,973,048	622,078	40,593,611	1,265,187
Reconciliation to the Group's interest in the associate								
Profit/(loss) for the year	251,471,324	253,491,672	21,405,406	274,198,862	164,585,531	114,558,501	997,337	4,967,299
Group's effective interest	12.64%	12.64%	36.11%	36.11%	35.72%	35.72%	49%	49%
Carrying amount as at 1 January	481,886,369	459,236,480	248,693,962	222,644,881	215,342,304	184,183,968	56,831,838	53,820,244
Fair value adjustment	26,265,583	8,894,033	9,732,133	99,016,256	71,147,634	25,350,220	549,136	1,407,319
Capital injection/(redemption)	-	-	(119,360,800)	(83,264,137)	(16,552,346)	-	-	-
Others	(40,422,269)	13,755,856	(21,448,257)	10,296,962	(21,027,875)	5,808,116	(4,835,798)	1,604,275
Carrying amount as at 31 December	467,729,683	481,886,369	117,617,038	248,693,962	248,909,717	215,342,304	52,545,176	56,831,838

* Financial information is extracted from unaudited financial statements of associates.

17 Financial assets measured at amortised cost

	2022	*2021*
	HK$	HK$
Bond investment		
- Hong Kong listed bonds	-	1,200,662,296
- Private bonds (note i)	853,808,837	467,884,051
	853,808,837	1,668,546,347
Less: expected credit losses (note 35(b))	(3,661,077)	(4,727,065)
	850,147,760	1,663,819,282
Loans receivable		
- Entrusted loans (note ii)	836,253,316	974,804,305
- Secured loans	1,917,173,348	4,971,592,047
	2,753,426,664	5,946,396,352
Less: expected credit losses (note 35(b))	(1,015,039,706)	(1,093,182,284)
	1,738,386,958	4,853,214,068
	2,588,534,718	6,517,033,350

Note (i): The private bonds bear interest at rates ranging from 5.35% to 13% (2021: 8.5% to 11%).

Note (ii): The entrusted loans are arranged by the immediate holding company. The loans bear interest at rates 11% (2021: 7.7% to 11%)

18 Accounts and trade receivable/(payable)

(a) Accounts and trade receivable arising from the ordinary course of business

		2022 HK$	2021 HK$
Accounts receivable arising from the business of securities dealing and broking			
Cash clients receivable	(note i)	73,233,048	12,447,953
Margin clients receivable	(note ii)	2,598,587,781	2,621,662,357
Account receivable from clearing houses		1,566,442	1,918,742
Brokers, dealers and placing transaction receivables from clients and others	(note iii)	77,234	929,912
IPO loans receivable	(note iv)	3,299,873	-
		2,676,764,378	2,636,958,964
Accounts receivable arising from:			
Insurance business	(note v)	104,531,193	92,231,529
Corporate finance activities and financial advisory business	(note vi)	48,041,568	23,381,733
Asset management business	(note vii)	1,641,808	2,359,812
IT service		1,098,034	7,672,871
		155,312,603	125,645,945
Less: Expected credit losses (note 35(b))		(3,972,898)	(2,319,585)
		2,828,104,083	2,760,285,324

All of the accounts receivable arising from the ordinary course of business of dealing in securities and broking, excluding margin clients receivable, are expected to be recovered two days after trade date.

All other account receivables are expected to be recovered within one year.

18 Accounts and trade receivable/(payable) (continued)

The aged analysis and further details on the Group's credit policies are set out in note 35.

Notes:

(i) Included in the cash clients receivable arising from securities dealing are debtors with an aggregate carrying amount of HK$1,100,300 (2021: HK$1,532,334) which are past due but not impaired, are secured by client securities at fair values of approximately HK$370,012,419 (2021: HK$1,167,534,359). In the opinion of the management and taking into accounts of the securities held relating to these trade receivables, impairment allowance of HK$139,285 (2021: HK$138,766) was made.

(ii) Margin clients receivable are secured by clients' pledged securities at fair values of approximately HK$11,756,386,343 (2021: HK$11,033,475,034) which can be sold at the subsidiary's discretion to settle margin call requirements imposed by the irrespective securities transactions. The loans are repayable on demand and bear interest at variable commercial rates. Impairment allowance of HK$3,512,533 (2021: HK$1,784,505) was provided for margin loans with a carrying amount of HK$1,114,535,921 (2021: HK$945,161,272) and these margin loans are secured by pledged Hong Kong-listed securities with fair value of approximately HK$2,154,075,260 (2021: HK$1,926,360,566).

(iii) Brokers, dealers and placing transaction receivables is unsecured, non-interest bearing and not yet due. Impairment allowance of HK$1,544 (2021:HK$18,598) was provided for brokers, dealers and placing transaction receivables from clients and others.

(iv) Trade receivable from clients arising from financing of IPO subscriptions are required to settle their securities trading balances on the allotment date determined under the relevant market practices or exchange rules.

(v) Included in the trade receivable arising from insurance business are debtors with an aggregate carrying amount of HK$12,526,679 (2021: HK$8,752,266) which are past due but not impaired at the end of the reporting date. These receivables are mainly derived from transactions with overseas parties which normally take longer time to settle. As at 31 December 2022, impairment allowance of HK$99,657 (2021: HK$141,162) is provided.

(vi) Included in the trade receivable arising from corporate finance activities and financial advisory business are debtors with an aggregate carrying amount of HK$31,106,456 (2021: HK$14,538,724) which are past due but not impaired at the end of the reporting date. As at 31 December 2022, impairment allowance of HK$210,230 (2021: HK$236,553) is provided.

(vii) All trade receivable arising from asset management business were past due but not impaired. As at 31 December 2022, no impairment allowance of is provided (2021: Nil).

18 Accounts and trade receivable/(payable) (continued)

(b) Accounts and trade payable arising from the ordinary course of business

	2022 HK$	*2021* HK$
Accounts payable arising from the business of securities dealing and broking		
Cash clients payable	696,157,144	752,818,246
Margin clients payable	350,595,188	572,261,228
Account payable to clearing houses	31,035,733	2,837,956
Account payable to brokers	33,990,000	302,754
	1,111,778,065	1,328,220,184
Accounts payable arising from:		
Asset management business	87,436,126	123,698,893
Insurance business	116,583,666	99,846,385
IT service provision	67,520,460	36,505,102
	271,540,252	260,050,380
	1,383,318,317	1,588,270,564

All of the accounts payable arising from the ordinary course of business of dealing in securities and broking are expected to be settled two days after trade date, except for account payable to margin client which are repayable on demand.

All other accounts payable are expected to be settled within one year.

18 Accounts and trade receivable/(payable) (continued)

(c) Offsetting financial assets and financial liabilities

Certain subsidiaries of the Group have entered into transactions subject to an enforceable master netting arrangement or similar agreement with counterparties. The gross amounts of recognised accounts receivable from and accounts payable to these counterparties and the net balance as shown on the consolidated statement of financial position are disclosed as follows:

	As at 31 December 2022					
				Related amounts not offset in the statement of financial position		
	Gross amount recognised HK$	*Gross amount offset in the statement of financial position* HK$	*Net amount presented in the statement of financial position* HK$	*Financial instruments other than cash collateral* HK$	*Cash collateral received* HK$	*Net amount* HK$
Financial assets						
Accounts receivable from HKSCC	40,509,904	(40,509,904)	-	-	-	-
Financial liabilities						
Accounts payable to HKSCC	(71,545,637)	40,509,904	(31,035,733)	-	-	(31,035,733)

	As at 31 December 2021					
				Related amounts not offset in the statement of financial position		
	Gross amount recognised HK$	*Gross amount offset in the statement of financial position* HK$	*Net amount presented in the statement of financial position* HK$	*Financial instruments other than cash collateral* HK$	*Cash collateral received* HK$	*Net amount* HK$
Financial assets						
Accounts receivable from HKSCC	24,976,890	(23,497,061)	1,479,829	(1,479,829)	-	-
Financial liabilities						
Accounts payable to HKSCC	(26,335,017)	23,497,061	(2,837,956)	1,479,829	-	(1,358,127)

19 Prepayments, deposits and other receivables

	2022 HK$	*2021* HK$
Utility and rental deposits	27,938,898	29,519,812
Prepayments	35,749,680	23,213,113
Contract assets	48,244,064	5,992,496
Other contract costs	63,376,756	42,988,080
Interest receivables	315,581,782	228,374,062
Dividend receivables	11,273,549	36,304,732
Less: expected credit losses (note 35(b))	(55,216,635)	(23,018,725)
	446,948,094	343,373,570

20 Financial assets purchased under resale agreement

	2022	*2021*
	HK$	HK$
Type of collateral:		
PRC government bonds	293,495,808	68,493,151

The Group enters into short-term investment arrangements secured by PRC government bonds. The PRC government bonds are not recognised on the consolidated statement of financial positions.

As at 31 December 2022, the financial assets purchased under resale agreements will mature within 14 days (2021: within 14 days) from the purchase date, with interest rates ranging from 3.78% to 4.69% (2021: range of 3.6%) per annum.

21 Cash and cash equivalents and fixed deposits

(a) Cash and cash equivalents comprise:

	2022	*2021*
	HK$	HK$
Bank balances		
- general accounts (note i)	3,478,140,618	4,760,278,505
- segregated accounts (note i and ii)	1,331,368,132	1,464,300,830
Cash and cash equivalent in the consolidated statement of financial positions	4,809,508,750	6,224,579,335
Less: bank balances of segregated accounts	(1,331,368,132)	(1,464,300,830)
Cash and cash equivalent in the consolidated cash flow statement	3,478,140,618	4,760,278,505

Note i: the general accounts and cash comprise cash held by the Group and bank deposits with original maturity of three months or less bearing interest at commercial rate.

Note ii: the Group receives and holds money deposits by clients and other institutions in the course of conducting regulated activities. These clients' monies are maintained in segregated bank accounts in accordance with the provision of Hong Kong Securities and Futures (Client Money) Rules. The Group has recognised the corresponding account payables to respective clients and other institutions as the Group does not have a currently enforceable right to offset those payables with the deposits placed.

21 Cash and cash equivalents and fixed deposits (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Borrowings HK$ (Note 27)	*Notes issued* HK$ (Note 28)	*Lease liabilities* HK$ (Note 12)	*Total* HK$
At 1 January 2022	9,976,675,391	21,553,239,378	82,560,107	31,612,474,876
Changes from financing cash flows:				
Proceeds from borrowings	12,054,616,649	-	-	12,054,616,649
Repayment of borrowings	(9,965,288,381)	-	-	(9,965,288,381)
Capital element of lease rental paid	-	-	(83,626,892)	(83,626,892)
Interest element of lease rentals paid	-	-	(5,559,842)	(5,559,842)
Total changes from financing cash flows	2,089,328,268	-	(89,186,734)	2,000,141,534
Exchange adjustments	(479,218,252)	(457,914,325)	(2,993,972)	(940,126,549)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	-	-	113,363,274	113,363,274
Interest expenses (note 8)	-	-	5,559,842	5,559,842
Total other changes	-	-	118,923,116	118,923,116
As 31 December 2022	11,586,785,407	21,095,325,053	109,302,517	32,791,412,977

21 Cash and cash equivalents and fixed deposits (continued)

	Borrowings HK$ (Note 27)	*Notes issued* HK$ (Note 28)	*Lease liabilities* HK$ (Note 12)	*Total* HK$
At 1 January 2021	9,378,576,232	19,980,368,770	122,609,280	29,481,554,282
Changes from financing cash flows:				
Proceeds from borrowings	8,093,113,748	-	-	8,093,113,748
Repayment of borrowings	(7,570,813,160)	-	-	(7,570,813,160)
Proceeds from issuance of notes	-	11,278,621,395	-	11,278,621,395
Repayment of notes	-	(9,787,428,571)	-	(9,787,428,571)
Proceeds from financial assets sold under repurchase agreements	-	-	-	-
Capital element of lease rental paid	-	-	(78,950,379)	(78,950,379)
Interest element of lease rentals paid	-	-	(3,701,290)	(3,701,290)
Total changes from financing cash flows	522,300,588	1,491,192,824	(82,651,669)	1,930,841,743
Exchange adjustments	75,798,571	81,677,784	1,100,254	158,576,609
Other changes:				
Increase in lease liabilities from entering into new leases during the year	-	-	37,800,952	37,800,952
Interest expenses (note 8)	-	-	3,701,290	3,701,290
Total other changes	-	-	41,502,242	41,502,242
As 31 December 2021	9,976,675,391	21,553,239,378	82,560,107	31,612,474,876

21 Cash and cash equivalents and fixed deposits (continued)

(c) *Fixed deposits*

	2022 HK$	*2021* HK$
Fixed deposits with original maturity over three months	193,087,500	161,855,338

Fixed deposits earn interest at fixed interest rates, with longer maturities of more than three months. The fixed deposits are deposited with creditworthy banks with no recent history of default.

22 Reinsurance assets

Reinsurance assets mainly represents the reinsurers' share of outstanding claims and unearned premiums

	2022 HK$	*2021* HK$
Claims recoverable from reinsurance for:		
- Reported claims (note 24)	90,058,710	122,702,584
- Claims incurred but not reported (note 24)	192,849,061	180,503,220
	282,907,771	303,205,804
Unearned premiums (note 23)	70,835,553	62,346,663
Provision for unexpired risk (note (i))	(2,138,413)	(2,503,651)
	351,604,911	363,048,816

Note (i): Movements in unexpired risk are set out as follows:

	Gross HK$	*Reinsurance* HK$	*Net* HK$
At 1 January 2021	2,839,000	-	2,839,000
(Decrease)/increase during the year (note 5)	(1,978,000)	2,503,652	525,652
As 31 December 2021 and 1 January 2022	861,000	2,503,652	3,364,652
Increase/(decrease) during the year (note 5)	2,988,482	(365,239)	2,623,243
As 31 December 2022	3,849,482	2,138,413	5,987,895

23 Unearned premiums

	2022 HK$	*2021* HK$
Gross unearned premiums	84,871,727	72,268,033
Recoverable from reinsurance of unearned premiums (note 22)	(70,835,553)	(62,346,663)
Net unearned premiums	14,036,174	9,921,370

The remaining contractual maturity for all unearned premiums is within one year.

Movements in unearned premiums are set out as follows:

	Gross HK$	*Reinsurance* HK$	*Net* HK$
At 1 January 2021	85,981,806	(75,115,000)	10,866,806
Premium earned during the year	(273,451,518)	239,737,736	(33,713,782)
Premium written during the year	259,737,745	(226,969,399)	32,768,346
As 31 December 2021 and 1 January 2022	72,268,033	(62,346,663)	9,921,370
Premium earned during the year	(213,896,077)	178,460,825	(35,435,252)
Premium written during the year	226,499,771	(186,949,715)	39,550,056
As 31 December 2022	84,871,727	(70,835,553)	14,036,174

24 Outstanding claims

	2022 HK$	*2021* HK$
Gross outstanding claims from:		
- Reported claims	112,036,884	147,389,791
- Claims incurred but not reported	241,936,052	228,313,812
	353,972,936	375,703,603
Claims recoverable from reinsurance for:		
- Reported claims (note 22)	(90,058,710)	(122,702,584)
- Claims incurred but not reported (note 22)	(192,849,061)	(180,503,220)
	(282,907,771)	(303,205,804)
	71,065,165	72,497,799

24 Outstanding claims (continued)

The remaining contractual maturity for all outstanding claims is within one year or on demand.

Movements in outstanding claims are set out as follows:

	Gross HK$	*Reinsurance* HK$	*Net* HK$
At 1 January 2021	361,632,895	(289,001,440)	72,631,455
Net change in reported claims	150,720,010	(136,496,100)	14,223,910
Net change in claims incurred but not reported	38,594,812	(33,264,220)	5,330,592
Cash paid for claims settled	(175,244,114)	155,555,956	(19,688,158)
As 31 December 2021 and 1 January 2022	375,703,603	(303,205,804)	72,497,799
Net change in reported claims	95,879,788	(77,718,011)	18,161,777
Net change in claims incurred but not reported	13,622,240	(12,345,841)	1,276,399
Cash paid for claims settled	(131,232,695)	110,361,885	(20,870,810)
As 31 December 2022	353,972,936	(282,907,771)	71,065,165

25 Other payable and accruals

	2022 HK$	*2021* HK$
Interest payable	258,154,401	235,434,275
Accrued expenses	23,821,171	13,477,481
Other payables	725,039,912	600,295,029
Net assets attributable to the non-controlling interest of investment funds	48,883,949	48,752,982
	1,055,899,433	897,959,767

All the other payables and accruals are unsecured and interest-free, see note 35(c) as the maturity profile.

26 Amount due from/(to) related parties

	2022 HK$	*2021* HK$
Amount due from a branch of the immediate holding company	100,642,024	129,826,910
Amount due to a fellow subsidiary	(55,974,118)	(61,154,599)

The amount due from a branch of the immediate holding company is unsecured, non-interest bearing and repayable on demand.

As at 31 December 2022, amount due to a fellow subsidiary amounted to HK$55,974,118 (2021: HK$61,154,599) is unsecured, bearing interest at a fixed rate of 1.5% per annum (2021: bearing interest at a fixed rate of 1.5% per annum and mature in July 2023).

27 Borrowings

	Note	*2022* HK$	*2021* HK$
Unsecured bank borrowing from immediate holding company (note 33)	(i)	2,089,260,806	2,459,557,241
Other unsecured bank borrowing	(ii)	9,497,524,601	5,633,556,506
Other unsecured borrowings	(iii)	-	1,883,561,644
		11,586,785,407	9,976,675,391

Notes:

(i) The amount represents three short-term unsecured bank loans from immediate holding company which was repayable within one year. The effective interest rate for the borrowings ranges from 3.3% to 4.99% (2021: 1.2% to 3.65%) per annum.

(ii) The amount represents unsecured bank loans from other financial institutions. The effective interest rate for the borrowings ranges from 2.62% to 5.49% (2021: 0.72% to 4.2%) per annum.

(iii) As at 31 December 2022, the Group did not borrow entrusted loans (2021: RMB1,540,000,000).

(iv) As at 31 December 2022, the Group has obtained banking and other facilities amounting to HK$32,116,428,504 (2021: HK$34,833,092,368), out of which three (2021: four) banking facilities of HK$6,659,349,357 (2021: HK$8,369,274,853) have been granted by the immediate holding company. As at 31 December 2022, banking and other facilities of HK$11,586,785,407 has been drawn down (2021: HK$9,976,675,391).

(v) See Note 35(c) for detail analysis on maturity profile.

28 Notes issued

	2022 HK$	*2021* HK$
Guaranteed US Dollars denominated notes	15,949,654,030	15,934,623,133
Guaranteed RMB denominated notes	5,145,671,023	5,618,616,245
	21,095,325,053	21,553,239,378

On 22 June 2020, a wholly owned subsidiary of the Company issued RMB 500,000,000 guaranteed notes. The notes will mature on 22 June 2023, with interest at 3.8% per annum and payable annually. The notes are unconditionally guaranteed by the Company.

On 15 July 2020, a wholly owned subsidiary of the Company issued US$ 450,000,000 guaranteed notes. The notes will mature on 15 July 2023, with interest at 1.5% per annum and payable semi-annually. The notes are unconditionally guaranteed by the Company.

On 3 September 2020, a wholly owned subsidiary of the Company issued US$ 800,000,000 guaranteed notes. The notes will mature on 3 September 2025, with interest at 1.65% per annum and payable semi-annually. The notes are unconditionally guaranteed by the Company.

On 22 April 2021, a wholly owned subsidiary of the Company issued RMB 1,100,000,000 guaranteed notes. The notes will mature on 22 April 2024, with interest at 4.1% per annum and payable annually. The notes are unconditionally guaranteed by the Company.

On 11 June 2021, a wholly owned subsidiary of the Company issued RMB 3,000,000,000 guaranteed notes. The notes will mature on 11 June 2024, with interest at 3.8% per annum and payable annually. The notes are unconditionally guaranteed by the Company.

On 1 September 2021, a wholly owned subsidiary of the Company issued US$ 500,000,000 guaranteed notes. The notes will mature on 1 September 2024, with interest at 1.1% per annum and payable semi-annually. The notes are unconditionally guaranteed by the Company.

On 1 September 2021, a wholly owned subsidiary of the Company issued US$ 300,000,000 guaranteed notes. The notes will mature on 1 September 2026, with interest at 1.6% per annum and payable semi-annually. The notes are unconditionally guaranteed by the Company.

See Note 35(c) for detail analysis on maturity profile.

29 Share capital

	2022 No. of shares	*2022* HK$	*2021* No. of shares	*2021* HK$
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	4,113,392,450	4,113,392,450	4,113,392,450	4,113,392,450

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

30 Reserves

(a) Nature and purpose of Group's reserves

	2022 HK$	*2021* HK$
Merger reserve	(317,492,450)	(317,492,450)
Exchange reserve	(412,942,267)	45,475,275
Statutory reserve	142,088,563	134,472,728
Fair value reserve	(230,688,007)	405,285,866
	(819,034,161)	267,741,419

The amount of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity.

(i) Merger reserve

Merger reserve represents the difference between the nominal value of the ordinary shares of the subsidiaries of the Company in issue and the nominal value of the shares issued by the Company for acquisitions of subsidiaries pursuant to group reorganisation in 2010.

(ii) Exchange reserve

The exchange and other reserves mainly comprise the foreign exchange differences arising from the translation of the financial statements of foreign operations, joint ventures and associates and the share of reserves of associates and joint ventures.

30 Reserves (continued)

(iii) Statutory reserve

Pursuant to the Company Law of PRC, 10% of the net profit of the Group's subsidiaries in China, as determined under the PRC accounting regulations and before distribution to shareholders, is required to be transferred to a statutory reserve until such time when this reserve represents 50% of the share capital of the Group's subsidiaries in China. The reserve appropriated can be used for loss-covering, expansion of production scale and capitalisation, in accordance with the Group's subsidiaries articles of association or approved by the shareholders in a shareholders' general meeting.

(iv) Fair value reserve

The FVOCI investment revaluation reserve (recycling) comprises the cumulative net change in the fair value of debt securities measured at FVOCI and expected credit losses under HKFRS 9 held at the end of the reporting period (see note 2.4(i) and 2.4(l)(i)).

The FVOCI investment revaluation reserve (non-recycling) comprises the cumulative net change in the fair value of equity securities measured at FVOCI under HKFRS 9 held at the end of the reporting period (see note 2.4(i)(i)).

(b) Company

	Share capital HK$	*Retained profits* HK$	*Hedging reserve* HK$	*Total* HK$
At 1 January 2021	4,113,392,450	311,024,674	(32,683,691)	4,391,733,433
Profit for the year	-	38,649,240	-	38,649,240
Effective portion of change in fair value	-	-	32,683,691	32,683,691
At 31 December 2021 and 1 January 2022	4,113,392,450	349,673,914	-	4,463,066,364
Profit for the year	-	73,834,548	-	73,834,548
At 31 December 2022	4,113,392,450	423,508,462	-	4,536,900,912

31 Structured entities

(a) Consolidated structure entities

Structured entities consolidated by the Group include certain funds managed and/or invested by the Group.

The Group controls these entities because the Group has power over, is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns. As at 31 December 2022, the total assets of these consolidated structured entities were approximately HK$1,793 million (2021: HK$2,025million)

31 Structured entities (continued)

(b) *Unconsolidated structure entities*

The Group invested in certain structured entities, including investment funds, partnership investments and private equity investment with primary objectives for capital appreciation, investment income and selling in the near future for profit. Pursuant to subscription agreements or equivalent documents, the beneficial interests held by the Group in these structured entities are in the form of participating shares or interests which primarily provide the Group with the share of returns from the structured entities but not any decision-making power nor any voting right to involve in and control the daily operation.

These structured entities are set up and managed by respective investment manager or general partner who has the power and authority to manage and make decisions for the structured entities. The directors considered the Group does not have controls over the relevant activities of these unconsolidated structured entities so the Group did not consolidate these structured entities.

The Group invested in unconsolidated funds and trusts of which the size ranges from HK$11,195 to HK$28,068,288,423 each (2021: HK$12,231 to HK$28,073,043,053 each). These investment funds mainly invested in listed and unlisted debt and equity securities, with a primary objective to provide the investors with capital appreciation and investment income.

The table below sets out interests held by the Group in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

Carrying amount

	2022 HK$	*2021* HK$
Financial assets at fair value through profit or loss (note 16)	6,326,138,806	7,451,042,649

The unfulfilled capital commitment to these funds by the Group was HK$2,280,433,954 (2021: HK$1,498,146,861) and the amount has been included in capital commitment in Note 32.

For the year ended 31 December 2022 and 2021, the total income derived from involvement with unconsolidated structured entities are dividend income from investments of HK$155,065,764 (2021: HK$239,291,986) and management fee of HK$60,686,832 (2021: HK$67,535,896).

32 Commitments

Investment commitments

At the end of the reporting period, committed facilities under investment agreements entered into with counterparties are as follows:

	2022 HK$	*2021* HK$
Outstanding commitments to the funds	2,280,433,954	1,498,146,861

33 Material related party transactions

Remuneration for key management personnel of the Group including amounts paid/payable to the Company's directors have been disclosed in note 7.

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year.

Material related party transactions	Note	*2022* HK$	*2021* HK$
Underwriting commission fee, financial advisory fee and management fee income from branches of the immediate holding company	(i)	131,861,630	150,999,648
IT service income from	(ii)		
- branches of the immediate holding company		69,234,800	56,216,036
- the immediate holding company		233,626,219	22,914,396
- fellow subsidiaries		30,813,036	9,571,022
Interest income from branches of the immediate holding company	(iii)	16,798,707	7,031,789
Interest income from financial assets at amortised cost from a fellow subsidiary	(iii)	103,471,084	37,278,185
Underwriting commission fee to the immediate holding company	(iv)	-	(779,800)
Payment made to a branch of the immediate holding company for:			
- Right-of-use assets	(v)	(33,170,523)	(34,855,243)
Financial advisory fee to branches of the immediate holding company	(iv)	(1,151,734)	(3,072,521)
Interest expense to	(vi)		
- a branch of the immediate holding company		(83,472,180)	(31,654,170)
- a fellow subsidiary		(873,829)	(903,335)
Bank charges to a branch of the immediate holding company	(vii)	(128,211)	(130,597)

33 Material related party transactions (continued)

(i) Underwriting commission fee is paid to the immediate holding company for the provision of underwriting services. The charges are based on the fee schedules signed between two parties.

(ii) Provision of IT service fee income is charged at prevailing market rate for different IT professional service.

(iii) Interest income is received from branches of the immediate holding company and a fellow subsidiary at prevailing market rate.

(iv) Underwriting commission income, financial advisory fees, management fees and IT services from branches of the immediate holding company are for the services performed. The fees are calculated based on the fee agreement signed between two parties.

(v) Rental payment is paid to a branch of the immediate holding company based on the rental agreements signed between the Group and the branch.

(vi) Interest expenses are paid to branches of the immediate holding company and a fellow subsidiary at prevailing market interest rate.

(vii) Bank charges are paid to branches of the immediate holding company based on the fee schedules that is publicly available.

33 Material related party transactions (continued)

Material related party balance	*2022* HK$	*2021* HK$
Bank balance deposits placed with branches of the immediate holding company	2,683,752,770	3,140,188,867
Amount due from branches of the immediate holding company	100,624,024	129,826,910
Right-of-use assets from branches of the immediate holding company	42,441,670	56,555,925
Amounts due to a fellow subsidiary	(55,974,118)	(61,154,599)
Bank borrowings from a branch of immediate holding company (note 27)	(2,089,260,806)	(2,459,557,241)
Financial assets at amortised cost with a fellow subsidiary		
- Loan receivable	779,674,678	1,710,753,666
- Interest receivable	4,326,874	5,222,251
Lease liabilities to branches of the immediate holding company	(43,383,298)	(59,808,742)
Interest payable to a branch of immediate holding company	(14,452,153)	(4,186,116)

34 Fair value measurement

(a) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

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

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

34 Fair value measurement (continued)

The Group held the following financial instruments measured at fair value:

At 31 December 2022

	Fair value at 31 December 2022 HK$	*Fair value measurements categorised into* *Level 1* HK$	*Level 2* HK$	*Level 3* HK$
Recurring fair value measurements				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
- Unlisted equity securities	6,470,190,215	-	-	6,470,190,215
- Listed equity securities	1,785,840,374	1,600,263,373	185,577,001	-
- Listed preference shares	440,996,629	-	440,996,629	-
- Listed debt securities	575,606,982	-	575,606,982	-
- Restricted listed securities	120,764,700	-	-	120,764,700
- Listed securities with options	204,837,619	-	-	204,837,619
- Investment in funds	6,326,138,806	660,649,376	-	5,665,489,430
- Investment in trust	126,026,260	-	-	126,026,260
- Unlisted convertible bonds, preference shares and senior notes with warrants	830,202,135	-	-	830,202,135
Financial assets at FVOCI				
- Listed debt securities	14,476,232,041	27,305,669	14,448,926,372	-
- Unlisted equity securities	1,566,253,530	-	-	1,566,253,530
	32,923,089,291	2,288,218,418	15,651,106,984	14,983,763,889
Financial liabilities measured at fair value				
Other payable and accruals				
- Net assets attributable to the non-controlling interest of investment funds	(48,883,949)	-	(48,883,949)	-

34 Fair value measurement (continued)

At 31 December 2021

	Fair value at 31 December 2021	*Fair value measurements categorised into*		
		Level 1	*Level 2*	*Level 3*
	HK$	HK$	HK$	HK$
Recurring fair value measurements				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
- Unlisted equity securities	7,145,603,601	-	-	7,145,603,601
- Listed equity securities	1,876,670,274	1,876,670,274	-	-
- Listed preference shares	1,304,541,054	-	1,304,541,054	-
- Listed debt securities	532,631,368	-	532,631,368	-
- Listed securities with options	173,046,425	-	-	173,046,425
- Investment in funds	7,451,042,649	638,143,513	-	6,812,899,136
- Investment in trust	506,000,652	-	-	506,000,652
- Unlisted convertible bonds, preference shares and senior notes with warrants	1,717,119,167	-	-	1,717,119,167
Financial assets at FVOCI				
- Listed debt securities	5,724,949,866	27,236,730	5,697,713,136	-
- Unlisted equity securities	1,781,372,527	-	-	1,781,372,527
	28,212,977,583	2,542,050,517	7,534,885,558	18,136,041,508
Financial liabilities measured at fair value				
Other payable and accruals				
- Net assets attributable to the non-controlling interest of investment funds	(48,752,982)	-	(48,752,982)	-

Note: there are locked up periods for the above investment.

During the year ended 31 December 2022, there were financial asset at fair value through profit or loss of HK$23,247,000 transferred between Level 1 and Level 2, and HK$154,150,857 transferred into or out of Level 3.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to transfer the swap at the end of the reporting period, taking into account current interest rates.

34 Fair value measurement (continued)

The fair value of net assets attributable to the non-controlling interest of investment funds is referenced to the net assets value of the investment funds, taking into account the percentage attributable to other non-controlling fund investors.

Information about Level 3 fair value measurements

At 31 December 2022

	Valuation techniques	*Significant unobservable input*	*Unit*	*Range*	*Relationship to fair value*
Unlisted equity	Actuarial Valuation	Risk discount rate	Percentage	20%	Negative
	Latest financial information	Net assets value	$	570,936 – 107,243,948	Positive
		Discount on lack of control	Percentage	8.7%	Negative
	Market Approach	Marketability discount	Percentage	12.54% - 28.18%	Negative
		EV/Sales Multiplies	Multiplies	0.49x – 14.58x	Positive
		P/B Multiplies	Multiplies	0.78x – 2.79x	Positive
		P/E Multiplies	Multiplies	7.3x – 15.67x	Positive
		P/S Multiplies	Multiplies	6.77x	Positive
		Discount rate	Percentage	45.6%	Negative
		Volatility	Percentage	39.98% - 132.24%	Positive
	Dividend model	Dividend growth rate	Percentage	37.78%	Positive
		Sustainable growth rate	Percentage	5.3%	Positive
		Marketability discount	Percentage	27.1%	Negative
	Discounted cash flow model	Discount rate	Percentage	7.63% - 23.07%	Negative
		Recovery rate	Percentage	13.5%	Negative
	Most recent market transaction	Transaction price	$	35,823,435	Positive
Listed securities with options	Discounted cash flow model	Discount rate	Percentage	17.39%	Negative
Investment in funds	Market Approach	Discount rate	Percentage	4.29%	Negative
		Marketability discount	Percentage	11% - 26.75%	Negative
		EV/Sales Multiplies	Multiplies	1.16x – 4.42x	Positive
		Volatility	Percentage	32.26% - 50.16%	Positive
	Latest financial information	Net assets value	$	11,195 – 417,344,020	Positive
		Marketability discount	Percentage	6.4%	Negative
	Discounted cash flow model	Discount rate	Percentage	5.32% - 27.67%	Negative
	Binomial option model	Volatility	Percentage	49.94%	Positive
Investment in trusts	Latest financial information	Net assets value	$	126,026,260	Positive

34 Fair value measurement (continued)

At 31 December 2022 (continued)

	Valuation techniques	*Significant unobservable input*	*Unit*	*Range*	*Relationship to fair value*
Convertible bonds and preference shares	Discounted cash flow model	Discount rate	Percentage	34.1% - 100.29%	Negative
	Market Approach	Volatility	Percentage	58.96%	Positive
Restricted listed securities	Market Approach	Volatility	Percentage	57.27%	Positive

At 31 December 2021

	Valuation techniques	*Significant unobservable input*	*Unit*	*Range*	*Relationship to fair value*
Unlisted equity	Actuarial Valuation	Risk discount rate	Percentage	20%	Negative
		Investment yield	Percentage	13%	Positive
	Latest financial information	Net assets value	$	8 - 93,481,637	Positive
		Discount on lack of control	Percentage	16.7%	Negative
	Market Approach	Marketability discount	Percentage	14.20% – 18.49%	Negative
		P/E Multiples	Multiples	4.34x – 12.73x	Positive
		P/S Multiples	Multiples	12.23x	Positive
		P/B Multiples	Multiples	0.79x	Positive
		Discount rate	Percentage	2.18% – 12.45%	Negative
		Volatility	Percentage	30.7% – 75.39%	Positive
	Binomial option model	Marketability discount	Percentage	14.76%	Negative
	Dividend model	Dividend growth rate	Percentage	2.3%	Positive
		Sustainable growth rate	Percentage	5.71%	Positive
		Marketability discount	Percentage	27.54%	Negative
	Discounted cash flow model	Discount rate	Percentage	2.23% – 49.24%	Negative
		Recovery rate	Percentage	12.39%	Negative
	Most recent market transaction	Transaction price	$	173,451,354	Positive
Listed securities with options	Binomial option model	Volatility	Percentage	55.97% – 93.5%	Positive
		Discount rate	Percentage	171.71%	Negative

34 Fair value measurement (continued)

	Valuation techniques	*Significant unobservable input*	*Unit*	*Range*	*Relationship to fair value*
Investment in funds	Market approach	Discount rate	Percentage	2.14% - 2.18%	Negative
		Marketability discount	Percentage	11.17% - 24.48%	Negative
		P/E Multiple	Multiples	28.24x - 42.33x	Positive
		P/S Multiple	Multiples	1.73x - 2.56x	Positive
		Volatility	Percentage	31.69% - 58.1%	Positive
	Latest financial information	Net assets value	$	12,231 - 256,811,195	Positive
	Discounted cash flow mode	Discount rate	Percentage	5.52% - 23.58%	Negative
	Binomial option model	Volatility	Percentage	39.28% - 46.48%	Positive
	Most recent market transaction	Transaction price	$	1,068,335,250	Positive
Investment in trusts	Latest financial information	Net assets value	$	19,569,472 - 322,751,339	Positive
Convertible bonds, preference shares, and senior notes with warrants	Discounted cash flow mode	Discount rate	Percentage	40.71%	Negative
	Binomial option model	Discount rate	Percentage	8.28%	Positive
	Market approach	Volatility	Percentage	42.02% - 53.55%	Positive
		Discount rate	Percentage	19.81%	Negative

34 Fair value measurement (continued)

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

Financial assets

	Financial assets at fair value through other comprehensive income HK$	*Financial assets at fair value through profit or loss* HK$	*Total* HK$
At 1 January 2021	1,508,827,331	14,579,118,822	16,087,946,153
Purchases	-	4,996,324,654	4,996,324,654
Disposals	-	(3,871,118,754)	(3,871,118,754)
Net gains recognised in profit or loss	-	376,556,877	376,556,877
Net gains recognised in other comprehensive income	224,701,598	-	224,701,598
Exchange adjustments	47,843,598	273,787,382	321,630,980
At 31 December 2021 and 1 January 2022	1,781,372,527	16,354,668,981	18,136,041,508
Purchases	-	2,050,343,393	2,050,343,393
Disposals	(1,484,434)	(3,626,086,059)	(3,627,570,493)
Net transfer to Level 1	-	(154,150,857)	(154,150,857)
Net gains recognised in profit or loss	-	(343,173,814)	(343,173,814)
Net gains recognised in other comprehensive income	(59,556,164)	-	(59,556,164)
Exchange adjustments	(154,078,399)	(864,091,285)	(1,018,169,684)
At 31 December 2022	1,566,253,530	13,417,510,359	14,983,763,889
Changes in unrealised loss for the year included in the profit or loss for 2021	-	(211,245,178)	(211,245,178)
Changes in unrealised loss for the year included in the profit or loss for 2022	-	(466,119,871)	(466,119,871)

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2022 and 2021.

35 Financial risk management

The Group's major financial instruments include financial asset at fair value through other comprehensive income, financial assets at fair value through profit and loss, amount due from certain branches of the immediate holding company, statutory deposits, deposits with brokers, other receivables and deposits, account and trade receivables, financial assets held under resale agreements, bank balances and cash, fixed deposits, financial assets at amortised cost, borrowings, trade payables, other payables, financial assets sold under repurchase agreements, amounts due to a fellow subsidiary, amount due to a branch of the immediate holding company and guaranteed notes issued. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Risk Management Department of the Group (" Risk Management Department") under policies approved by the Board of Directors. Risk Management Department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Market risk arises from changes in market rates including interest rates, foreign exchange rates, equity prices as well as their correlation and volatility levels.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing assets and liabilities. The loans to margin clients, client segregated bank balances, bank balances, borrowings with floating interest rates and guaranteed notes with floating interest rates were subject to the cash flow interest rate risk.

35 Financial risk management (continued)

The following table details the interest rate profile of the Group's interest-bearing financial instruments at the reporting date:

	2022 Effective interest rate %	*2022* Amount HK$	*2021* Effective interest rate %	*2021* Amount HK$
Fixed rate				
Loans to margin clients	0.25% - 10%	2,598,587,781	0.001% - 12.5%	2,621,662,357
Bank balances	0.1% - 5.09%	1,688,280,929	0.1% - 0.6%	3,409,757,827
Financial assets at FVPL	3.2% - 8%	1,287,394,946	1.5% - 11%	1,717,119,167
Financial assets at FVOCI	0% - 8.5%	14,476,232,041	0.13% - 6.25%	5,724,949,866
Bank and other borrowings	2.62% - 5.49%	(11,586,785,407)	0.72% - 3.65%	(7,848,495,352)
Notes issued	1.1% - 4.1%	(21,095,325,053)	1.1% - 4.7%	(21,553,239,378)
Floating rate				
Bank and other borrowings	-	-	4.2% - 4.275%	(2,128,180,039)

Hedges of interest rate risk

Interest rate swap, denominated in US$, has been entered into to achieve an appropriate mix of fixed and floating rate exposures consistent with the Group's policy.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The effective portion of gains and losses on interest rate swap contracts qualifying for hedge accounting are recognised in the hedging reserve in equity. There was no ineffectiveness during 2022 in relation to the interest rate swaps.

The following table provides a reconciliation of the hedging reserve in respect of interest rate risk and shows the effectiveness of the hedging relationship:

	2022 HK$	*2021* HK$
Balance at 1 January	-	(32,683,691)
Effective portion of the cash flow hedge recognised in other comprehensive income	-	32,683,691
Balance at 31 December	-	-
Change in fair value of the interest rate swap during the year	-	32,683,691
Effective portion of the cash flow hedge recognised in other comprehensive income	-	32,683,691

35 Financial risk management (continued)

Sensitivity analysis

The following table demonstrates the sensitivity of a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax and equity.

	Change in interest rates (basis points)	*Effect on profit before tax* HK$	*Effect on equity* HK$
At 31 December 2022			
Interest bearing bank deposits	0.50%	8,441,405	-
Loans receivable subject to floating rate of interest	0.50%	12,992,939	-
Financial assets at fair value at profit or loss	0.50%	6,436,975	-
Financial assets at fair value through other comprehensive income - debt	0.50%	-	72,381,160
Bank loans	0.50%	(57,933,927)	-
Notes issued	0.50%	(105,476,625)	-
At 31 December 2021			
Interest bearing bank deposits	0.50%	17,048,789	-
Loans receivable subject to floating rate of interest	0.50%	13,108,312	-
Financial assets at fair value at profit or loss	0.50%	8,585,596	-
Financial assets at fair value through other comprehensive income - debt	0.50%	-	28,624,749
Bank loans	0.50%	(49,883,377)	-
Notes issued	0.50%	(107,766,197)	-

The sensitivity analysis above indicates the annualised impact on the Group's interest income and expense that would arise assuming that the change in interest rates had occurred at the end of the reporting period. The analysis is performed on the same basis for 2021.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group manages its foreign currency exposure by matching the currencies of its financial assets and liabilities.

35 Financial risk management (continued)

The Group's principal operations are transacted and recorded in Hong Kong dollar, US dollar, Euro and Renminbi. The Group is not exposed to material foreign exchange risk from US dollar, because HK dollar is pegged with US dollar. The Group is mainly exposed to the foreign exchange risk arising from Renminbi and Euro. The carrying amounts of the Group's assets and liabilities denominated in Renminbi and Euro arising from the Hong Kong and non-PRC operations at the end of the reporting period are as follows.

The following table demonstrates the exposure to foreign currency risk at the end of the reporting period and sensitivity for a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit before tax and equity.

	Renminbi HK$	*Euro* HK$
At 31 December 2022		
Exposure (expressed in Hong Kong dollars)		
Financial assets at fair value at profit or loss	941,770,557	858,690,632
Financial assets measured at fair value through other comprehensive income	292,838,833	-
Accounts and trade receivable	125,567,409	797,020
Prepayments, deposits and other receivables	62,966	-
Fixed deposit	11,280,995	-
Cash and cash equivalents	173,660,613	92,667,688
Trade payable	(139,538,256)	(84,246,791)
Other payables and accruals	(22,869,739)	(1,593,521)
Outstanding claims	(50,795,917)	-
Borrowings	(2,657,651,102)	(914,078,610)
	(1,325,673,641)	47,763,582
Net asset value of the Group's subsidiaries in PRC	5,053,000,000	-
Sensitivity analysis		
Percentage change in foreign exchange rate	+/- 5%	+/- 5%
Effect on profit before tax	-/+ 66,283,682	+/- 2,388,179
Effect on equity	+/- 252,650,000	-

35 Financial risk management (continued)

	Renminbi HK$	*Euro* HK$
At 31 December 2021		
Exposure (expressed in Hong Kong dollars)		
Financial assets at fair value at profit or loss	1,033,392,302	1,248,083,768
Accounts and trade receivable	91,457,723	585,963
Prepayments, deposits and other receivables	3,888,167	-
Cash and cash equivalents	285,130,965	106,139,554
Trade payable	(214,513,550)	(90,460,425)
Other payables and accruals	(13,381,472)	(2,102,729)
Outstanding claims	(62,265,418)	-
Borrowings	(1,325,831,703)	(1,324,553,571)
	(202,122,986)	(62,307,440)
Net asset value of the Group's subsidiaries in PRC	4,812,000,000	-
Sensitivity analysis		
Percentage change in foreign exchange rate	+/- 5%	+/- 5%
Effect on profit before tax	-/+ 10,106,149	-/+ 3,115,372
Effect on equity	+/- 240,600,000	-

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2021.

(iii) Equity price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The Group is currently holding equity securities for medium and long-term investment purposes that are exposed to price fluctuation.

The Group monitors its equity investments through strict procedures, starting from selection process to final exit execution. If the market for a financial asset is not active (e.g. for unlisted securities), the financial asset will be valued by independent professional qualified valuers who hold a recognised relevant professional qualification and have experience in using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and net asset value model, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

35 Financial risk management (continued)

The following table demonstrates the sensitivity of the Group's profit before tax and equity to every 5% change in the fair values of the above investments, where material:

	Change in equity price	*Effect on pre-tax profit* HK$	*Effect on other comprehensive income* HK$
At 31 December 2022			
Listed equity securities	+/- 5%	+/- 89,292,019	-
Unlisted equity securities	+/- 5%	+/- 323,509,511	+/- 78,312,677
Unlisted fund investment	+/- 5%	+/- 316,306,940	-
Unlisted trust investment	+/- 5%	+/- 6,301,313	-
At 31 December 2021			
Listed equity securities	+/- 5%	+/- 93,833,514	-
Unlisted equity securities	+/- 5%	+/- 357,280,180	+/- 89,068,626
Unlisted fund investment	+/- 5%	+/- 372,552,132	-
Unlisted trust investment	+/- 5%	+/- 25,300,033	-

The sensitivity analysis above indicates the instantaneous change on the Group's pre-tax profit and other comprehensive income that would arise assuming that the change in fair values had occurred at the end of the reporting period and had been applied to re-measure those financial instruments which expose the Group to equity price risk at the end of the reporting period. The analysis is performed on the same basis for 2021.

(b) Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

As at 31 December 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Risk Management Department has a delegated team to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate allowances for impairment are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

35 Financial risk management (continued)

The Group structures the levels of credit risk by placing limits on its exposure to a single counterparty or groups of counterparties. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category are reviewed regularly by the Group's management. The Group has concentration of credit risk as 28% (2021: 27%) of the total account and trade receivables was due from the Group's largest customer. Besides, the Group's loan receivable represents entrusted loans, investment in private bonds and secured loans as disclosed in Note 17. As at 31 December 2022, the entrusted loans, investment in private bonds and secured loans are concentrated in 12 customers (2021: 21).

The Group's financial asset at fair value through other comprehensive income and financial assets at fair value through profit or loss are deposited/ custodied in respectable, large commercial banks or financial institutions. The credit risk is considered to be manageable.

Amount due from branches of the immediate holding company, bank balances and cash are placed in various authorized institutions and the directors of the Company consider the credit risk for such is minimal.

The Group maintains records of the payment history for significant insurance debtors and reinsurers with whom the Group conducts regular business. Moreover, the management of the Group assess regularly the creditworthiness of these counterparties by reviewing credit rating and other publicly available financial information.

Reinsurance is used to manage insurance. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurer is considered on a regular basis by reviewing their financial strength prior to finalisation of any contract.

The Group has below financial assets that are subject to the expected credit loss model:

- Financial assets at fair value through other comprehensive income (debt instruments)
- Statutory deposits
- Financial assets at amortised cost
- Amount due from branches of the immediate holding company
- Account and trade receivables
- Financial assets purchased held under resale agreements
- Fixed deposits
- Deposits and other receivables
- Deposits with brokers
- Cash and cash equivalent

However, the directors of the Group considers that the identified impairment losses of statutory deposits, amount due from branches of the immediate holding company, fixed deposits, deposit with brokers, financial assets purchased held under resale agreements and cash and cash equivalent were immaterial and the disclosure of the credit risk exposure of these items does not provide additional analytical information.

35 Financial risk management (continued)

As at 31 December 2022 and 2021, the Group's financial instruments for which all ECL allowances were recognised as follows according to the stage of assets:

As at 31 December 2022:

	Stage of assets				
	Stage 1	*Stage 2*	*Stage 3*		
	12-month ECL	*Lifetime ECL*	*Lifetime ECL (credit impaired)*	*Lifetime ECL (simplified approach)*	*Total*
	HK$	HK$	HK$	HK$	HK$
Financial assets at fair value through other comprehensive income (Debt instruments)					
As at 1 January 2022	9,762,242	-	-	-	9,762,242
Originated or purchased	23,137,690	-	-	-	23,137,690
Remeasurement	1,111,375	-	-	-	1,111,375
Repayment and transfer-out	(3,526,462)	-	-	-	(3,526,462)
Exchange realignment	299	-	-	-	299
As at 31 December 2022	30,485,144	-	-	-	30,485,144
Financial assets at amortised cost					
As at 1 January 2022	15,113,474	-	1,082,795,875	-	1,097,909,349
Transfers between stages					
Stage 1 to stage 2					
Stage 2 to stage 3					
Originated or purchased	3,679,643	-	-	-	3,679,643
Remeasurement	(4,045,506)	-	-	-	(4,045,506)
Repayment and transfer-out	(7,602,256)	-	-	-	(7,602,256)
Write-off	-	-	-	-	-
Exchange realignment	(27,617)	-	(71,212,830)	-	(71,240,447)
As at 31 December 2022	7,117,738	-	1,011,583,045	-	1,018,700,783
Account and trade receivables					
As at 1 January 2022	1,803,104	-	138,767	377,714	2,319,585
Remeasurement	1,722,256	-	518	(59,963)	1,662,811
Exchange realignment	(1,633)	-	-	(7,865)	(9,498)
As at 31 December 2022	3,523,727	-	139,285	309,886	3,972,898
Deposits and other receivables					
As at 1 January 2022	331,002	-	22,168,519	519,204	23,018,725
Transfers between stages					
Stage 1 to 2					
Stage 1 to 3	(28,610,734)	-	28,610,734	-	-
Stage 2 to 3					
Remeasurement	34,207,114	-	-	-	34,207,114
Written off	-	-	(389,903)	-	(389,903)
Exchange realignment	(1,176,017)	-	40,884	(484,168)	(1,619,301)
As at 31 December 2022	4,751,365	-	50,430,234	35,036	55,216,635

35 Financial risk management (continued)

As at 31 December 2021:

	Stage of assets Stage 1 12-month ECL HK$	Stage 2 Lifetime ECL HK$	Stage 3 Lifetime ECL (credit impaired) HK$	Lifetime ECL (simplified approach) HK$	Total HK$
Financial assets at fair value through other comprehensive income (Debt instruments)					
As at 1 January 2021	10,274,031	-	-	-	10,274,031
Originated or purchased	563,131	-	-	-	563,131
Remeasurement	(980,596)	-	-	-	(980,596)
Repayment and transfer-out	(111,083)	-	-	-	(111,083)
Exchange realignment	16,759	-	-	-	16,759
As at 31 December 2021	9,762,242	-	-	-	9,762,242
Financial assets at amortised cost					
As at 1 January 2021	20,213,128	72,546,015	930,633,646	-	1,023,392,789
Transfers between stages					
Stage 1 to stage 2	(3,312,648)	3,312,648		-	-
Stage 2 to stage 3	-	(10,445,571)	10,445,571	-	-
Originated or purchased	6,794,867	-	-	-	6,794,867
Remeasurement	(1,964,720)	(1,961,136)	232,006,712	-	228,080,856
Repayment and transfer-out	(6,742,179)	(63,462,490)	(113,194,651)	-	(183,399,320)
Write-off	-	-	-	-	-
Exchange realignment	125,026	10,534	22,904,597	-	23,040,157
As at 31 December 2021	15,113,474	-	1,082,795,875	-	1,097,909,349
Account and trade receivables					
As at 1 January 2021	152,138	-	136,799	2,688,070	2,977,007
Remeasurement	1,654,048	-	-	(2,318,212)	(664,164)
Exchange realignment	(3,082)	-	1,968	7,856	6,742
As at 31 December 2021	1,803,104	-	138,767	377,714	2,319,585
Deposits and other receivables					
As at 1 January 2021	372,650	1,097,501	67,268,335	512,985	69,251,471
Transfers between stages					
Stage 1 to 2	(30,193)	30,193	-	-	-
Stage 1 to 3	(25,425)	-	25,425	-	-
Stage 2 to 3	-	(9,555,973)	9,555,973	-	-
Remeasurement	(24,250)	8,458,472	(53,619,610)	-	(45,185,388)
Exchange realignment	38,220	(30,193)	(1,061,604)	6,219	(1,047,358)
As at 31 December 2021	331,002	-	22,168,519	519,204	23,018,725

35 Financial risk management (continued)

Remeasurement includes the impact of changes in model assumptions, updates of model parameters, changes in probability of default and loss given default, changes in ECL due to transfer of financial assets between stages, and changes in ECL due to unwinding of discount over time.

The following table presents an analysis of the notional amounts of financial assets at fair value through other comprehensive income and amortised cost by rating agency designation at the end of the reporting period, based on external credit ratings agency' rating to the respective issuers of the investments:

	2022 HK$	*2021* HK$
Financial assets at fair value through other comprehensive income (debt instruments)		
Investment grade	12,724,656,078	4,700,624,118
Non-investment grade	-	56,009,995
Unrated	1,751,575,963	968,315,753
	14,476,232,041	5,724,949,866
Financial assets at amortised cost		
Investment grade	-	358,469,708
Non-investment grade	-	413,297,578
Unrated	3,607,235,502	6,843,175,413
	3,607,235,502	7,614,942,699

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations when they are due. The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding from the immediate holding company and other fellow subsidiaries.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group manages its liquidity risk through:

- Optimizing asset and liability structure;
- Reviewing major funding position regularly;
- Making projections of future cash flows, and evaluating the appropriate liquid asset position; and
- Maintaining an efficient internal funds transfer mechanism within the Group.

35 Financial risk management (continued)

The contractual remaining maturity profile of the Group's financial assets and financial liabilities (including those based on the contractual undiscounted payments) as at 31 December was as follows:

	Carrying amount					
	On demand HK$	*Less than 3 months* HK$	*3 to 12 months* HK$	*Over 1 year* HK$	*Undated* HK$	*Total* HK$
At 31 December 2022						
Assets						
Cash and cash equivalents	4,809,508,750	-	-	-	-	4,809,508,750
Fixed deposit with maturity over 3 months	-	131,648,026	61,439,474	-	-	193,087,500
Accounts receivable arising from the ordinary course of business of dealing in securities, futures and options contracts	2,673,101,366	66,709,155	87,762,739	530,823	-	2,828,104,083
Financial assets at FVPL	660,649,376	-	1,294,959,172	4,116,814,159	10,808,181,014	16,880,603,721
Financial assets at FVOCI	-	552,137,753	1,182,768,160	12,741,326,127	1,566,253,531	16,042,485,571
Reinsurance assets	-	351,604,911	-	-	-	351,604,911
Financial assets purchased under resell agreement	-	293,495,808	-	-	-	293,495,808
Prepayments, deposits and other receivables	237,908,849	120,757,489	60,342,858	-	27,938,898	446,948,094
Financial assets at AC	-	544,249,749	802,168,460	1,242,116,509	-	2,588,534,718
Tax recoverable	-	-	27,137,468	-	-	27,137,468
Deposits with brokers	30,177	-	-	-	-	30,177
Amount due from branches of the immediate holding company	-	100,642,024	-	-	-	100,642,024
	8,381,198,518	2,161,244,915	3,516,578,331	18,100,787,618	12,402,373,443	44,562,182,825

	Contractual undiscounted cash flow					
	On demand HK$	*Less than 1 year* HK$	*1 to 5 years* HK$	*Undated* HK$	*Total* HK$	*Carrying amount as at 31 December* HK$
Liabilities						
Trade payable	1,266,734,652	116,583,665	-	-	1,383,318,317	1,383,318,317
Other payables and accruals	-	797,745,032	-	-	797,745,032	1,055,899,433
Amount due to fellow subsidiary	-	55,974,118	-	-	55,974,118	55,974,118
Borrowings	-	11,631,277,546	-	-	11,631,277,546	11,586,785,407
Tax payable	-	51,012,111	-	-	51,012,111	51,012,111
Leased liabilities	-	76,720,189	45,740,623	-	122,460,812	109,302,517
Notes issued	-	4,499,959,932	17,655,459,751	-	22,155,419,683	21,095,325,053
	1,266,734,652	17,229,272,593	17,701,200,374	-	36,197,207,619	35,337,616,956

35 Financial risk management (continued)

	Carrying amount					
	On demand HK$	*Less than 3 months* HK$	*3 to 12 months* HK$	*Over 1 year* HK$	*Undated* HK$	*Total* HK$
At 31 December 2021						
Assets						
Cash and cash equivalents	6,224,579,335	-	-	-	-	6,224,579,335
Fixed deposit with maturity over 3 months	-	-	161,855,338	-	-	161,855,338
Accounts receivable arising from the ordinary course of business of dealing in securities, futures and options contracts	2,635,017,095	114,505,371	10,621,849	141,009	-	2,760,285,324
Financial assets at FVPL	135,202,352	1,955,898,341	2,184,193,573	6,000,178,378	10,431,182,546	20,706,655,190
Financial assets at FVOCI	-	69,073,839	1,073,314,021	4,582,562,006	1,781,372,527	7,506,322,393
Reinsurance assets	-	363,048,816	-	-	-	363,048,816
Financial assets purchased under resell agreement	-	68,493,151	-	-	-	68,493,151
Prepayments, deposits and other receivables	103,794,423	181,280,789	27,028,462	-	31,269,896	343,373,570
Financial assets at AC	-	674,661,861	2,502,846,131	3,339,525,358	-	6,517,033,350
Tax recoverable	-	-	40,238,087	-	-	40,238,087
Deposits with brokers	30,129	-	-	-	-	30,129
Amount due from branches of the immediate holding company	-	129,826,910	-	-	-	129,826,910
	9,098,623,334	3,556,789,078	6,000,097,461	13,922,406,751	12,243,824,969	44,821,741,593

	Contractual undiscounted cash flow					
	On demand HK$	*Less than 1 year* HK$	*1 to 5 years* HK$	*Undated* HK$	*Total* HK$	*Carrying amount as at 31 December* HK$
Liabilities						
Trade payable	1,488,424,179	99,846,385	-	-	1,588,270,564	1,588,270,564
Other payables and accruals	-	662,525,492	-	-	662,525,492	897,959,767
Amount due to fellow subsidiary	-	61,154,599	-	-	61,154,599	61,154,599
Borrowings	-	10,008,416,588	-	-	10,008,416,588	9,976,675,391
Tax payables	-	133,761,927	-	-	133,761,927	133,761,927
Leased liabilities	-	88,706,208	26,974,957	-	115,681,165	82,560,107
Notes issued	-	453,724,223	22,648,386,804	-	23,102,111,027	21,553,239,378
	1,488,424,179	11,508,135,422	22,675,361,761	-	35,671,921,362	34,293,621,733

Note: For the contractual undiscounted cash flow for liabilities, the interest payable has been deducted from other payables and accruals.

(d) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the vary nature of an insurance contract, this risk is random and therefore unpredictable.

The Group uses assumptions based on a mixture of internal and market data to measure its claims loss. Internal data is derived mostly from the Group's claims reports and screening of the actual insurance contracts carried out in prior years. The Group has reviewed the individual contract and in particular the industries in which the insured companies operate and the actual years of claims.

35 Financial risk management (continued)

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Group uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two more commonly used methods are the chain ladder and the Bornhuetter-Ferguson methods.

36 Capital 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 capital structure of the Group consists of debt, which include amounts due to fellow subsidiaries, capital and reserves, which include issued share capital and reserves. The Group's overall strategy remains unchanged throughout the year. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group manages its overall capital structure through the amounts due to fellow subsidiaries, payment of dividends and issuance of share capital.

Three subsidiaries of the Group (the "Regulated Subsidiaries") are registered with the Hong Kong Securities and Futures Commission (the "SFC") to conduct respective regulated activities in Hong Kong. The Regulated Subsidiaries are subject to liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules ("FRR") adopted by the SFC. Under the FRR, the Regulated Subsidiaries must maintain its liquid capital (assets and liabilities adjusted as determined by FRR) in excess of required liquid capital.

A subsidiary of the Group is a licensed insurer and is regulated by the Insurance Authority (the "IA") and is required to comply with certain solvency requirements of the Hong Kong Insurance Ordinance. Management of the licensed insurer subsidiary monitors the subsidiary's solvency position to ensure it meets the requirements in accordance with the Hong Kong Insurance Ordinance. The subsidiary has no non-compliance with the solvency requirements imposed by the Hong Kong Insurance Ordinance during the year.

In addition, a subsidiary of the Group is an insurance intermediary and is regulated by the IA. It is required to maintain a minimum paid-up capital of HK$300,000 at all times.

Management of the respective subsidiaries monitor the liquid capital, solvency position and capital requirement of these subsidiaries to ensure they meet the requirements.

37 Company-level statement of financial position

	Note	2022 HK$	2021 HK$
ASSETS			
Property and equipment		8,909,947	5,309,463
Right-of-use assets		42,441,670	55,291,946
Investments in subsidiaries	38	5,735,062,160	5,735,062,160
Deferred tax assets		1,512,758	2,309,960
Loans to subsidiaries		29,771,355,221	24,199,493,234
Amounts due from subsidiaries		1,102,953,096	840,555,486
Financial assets at fair value through profit or loss		467,729,683	481,886,369
Prepayments, deposits and other receivables		22,500,927	15,670,667
Tax recoverable		-	12,246,902
Bank balances and cash		544,614,092	1,545,426,877
TOTAL ASSETS		37,697,079,554	32,893,253,064
LIABILITIES			
Other payable and accruals		130,495,530	66,544,205
Lease liabilities		43,383,298	58,415,590
Loans from subsidiaries		17,500,276,918	16,888,007,749
Amounts due to subsidiaries		3,894,275,414	3,568,723,804
Tax payables		1,935,059	-
Deferred tax liabilities		3,027,016	-
Borrowings		11,586,785,407	7,848,495,352
TOTAL LIABILITIES		33,160,178,642	28,430,186,700
NET ASSETS		4,536,900,912	4,463,066,364
EQUITY			
Share capital		4,113,392,450	4,113,392,450
Retained earnings		423,508,462	349,673,914
TOTAL EQUITY	30(b)	4,536,900,912	4,463,066,364

Approved and authorised for issue by the board of directors on 10 MAY 2023

Huang Haiqin) Directors

Cao Yi)

38 Investments in subsidiaries

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and business	Particular of issued capital	Group's effective interest	Interest held directly	Interest held indirectly	Principal activities
ABCI Securities Company Limited	Hong Kong	HK$ 2,560,000,000 ordinary shares	100%	100%	-	Provision of securities brokerage services and margin financing services
ABCI Insurance Company Limited	Hong Kong	HK$ 500,000,000 ordinary shares	100%	100%	-	Provision of general insurance services
ABCI Insurance Broker Limited	Hong Kong	HK$ 129,600,000 ordinary shares	100%	-	100%	Provision of insurance brokerage services
Smart Huge Investments Limited	Hong Kong	HK$ 428,000,000 ordinary shares	100%	100%	-	Property investment
ABCI Capital Limited	Hong Kong	HK$ 100,000,000 ordinary shares	100%	100%	-	Advisory services on corporate finance
ABCI Assets Management Limited	Hong Kong	HK$ 50,000,000 ordinary shares	100%	100%	-	Asset management
ABCI Investment Management Limited	British Virgin Islands	US$1 ordinary shares	100%	100%	-	Investment holding
Harbor Prosper (HK) Limited	Hong Kong	HK$ 25,500,000 ordinary shares	100%	-	100%	Investment holding
Harbor Sure (HK) Limited	Hong Kong	US$ 1 ordinary shares	100%	-	100%	Investment holding
Harbor Bloom (HK) Limited	Hong Kong	US$ 1 ordinary shares	100%	-	100%	Investment holding
Inventive Global Investments Limited	British Virgin Islands	US$ 1 ordinary shares	100%	100%	-	Investment holding
Silver Sure (BVI) Investments Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Smart Pioneer Inc Limited	Hong Kong	HK$ 1 ordinary share	100%	-	100%	Investment holding
Loving King Limited	Hong Kong	HK$ 1 ordinary shares	100%	-	100%	Investment holding
Harmony Glory Investment Limited	Hong Kong	HK$ 1 ordinary shares	100%	-	100%	Investment holding
Smarter Path Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Double Colour Investment Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Glorious Align Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Faithful Way Investment Limited	Hong Kong	US$ 1 ordinary shares	100%	-	100%	Investment holding
Cozy Pony Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Heroic Day Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Victorious Base Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
广州天河瑞盈投资有限公司	PRC	RMB420,000,000	100%	-	100%	Investment holding
Abundant Favour Investments Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Greater Merchant Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Creation Knight Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding

38 Investments in subsidiaries (continued)

Name	Place of incorporation and business	Particular of issued capital	Group's effective interest	Interest held directly	Interest held indirectly	Principal activities
Enlightenment Rich Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Dynamic Move Investments Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Express Success Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
ABCI Innovative Investments	Cayman Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Ever Thriving Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Top Surge Investments Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Excel Merchant Limited	British Virgin Islands	US$ 1 ordinary shares	100%	-	100%	Investment holding
Start New Limited	Hong Kong	HK$ 1 ordinary shares	100%	-	100%	Investment holding
农银国际 (中国) 投资有限公司	PRC	RMB1,550,000,000	100%	100%	-	Investment and financial consultancy
农银无锡投资咨询有限公司	PRC	RMB1,000,000,000	100%	-	100%	Investment holding and asset management
农银投 (嘉兴) 企业管理有限公司	PRC	RMB100,000,000	100%	-	100%	Investment and financial consultancy
农银企航（苏州）私募基金管理有限公司 (formerly known as 农银国联无锡投资管理有限公司)	PRC	RMB50,000,000	70%	-	70%	Fund management
农银国际企业管理有限公司	PRC	RMB200,000,000	100%	-	100%	Investment and financial consultancy
农银金融科技有限责任公司	PRC	RMB100,000,000	100%	-	100%	Financial technology service
农银投资 (嘉兴) 有限公司	PRC	RMB100,000,000	100%	-	100%	Investment and financial consultancy
新余农银智盈投资管理合伙企业 (有限合伙)	PRC	RMB150,100,000	100%	-	100%	Investment and financial consultancy
农银国际投资 (苏州) 有限公司	PRC	RMB600,000,000	100%	-	100%	Investment and financial consultancy
农银国际投资管理（河北雄安）有限公司 (formerly known as 农银国际 (湖南) 投资管理有限公司)	PRC	RMB10,000,000	51%	-	51%	Investment and financial consultancy
农银前海 (深圳) 投资基金管理有限公司	PRC	RMB100,000,000	100%	-	100%	Fund management
农银創新 (北京) 投资有限公司	PRC	RMB1,000,000,000	100%	-	100%	Investment holding
新余农银陆发投资合伙企业(有限合伙)	PRC	RMB755,252,894	100%	-	100%	Fund management

38 Investments in subsidiaries (continued)

The total non-controlling interest as at 31 December 2022 is HK$109,048,677 (2021: HK$ 148,273,442).

Cash and short-term deposits of HK$1,675,630,553 (2021: HK$1,201,693,327) are held in PRC and subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

39 Comparative figures

Certain comparative figures have been adjusted to conform to current year's presentation.

40 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 17, *Insurance Contracts*	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: *Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
Amendments to HKAS 1, *Classification of liabilities as current or non-current*	1 January 2024
Amendments to HKAS1, *Non-current liabilities with covenants*	1 January 2024
Amendments to HKFRS 16, *Lease liability in a sale and leaseback*	1 January 2024

40 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2022 (continued)

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has identified some aspects in the new standard which may have a significant impact on the consolidated financial statements. Further details of the expected impact from HKFRS 17 *Insurance Contracts* are discussed below.

HKFRS 17 Insurance Contracts

HKFRS 17 was issued in January 2018 as replacement for HKFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;

- an explicit risk adjustment; and

- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under HKFRS 9 *Financial Instruments*.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

The Group is currently assessing the impact of the standard upon adoption.