LERADO FINANCIAL GROUP
隆成金融集團

Lerado Financial Group Company Limited

(Incorporated in Bermuda with limited liability)
Stock Code : 1225

ANNUAL REPORT 2023

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. CHEN Chun Chieh
Ms. HO Kuan Lai
Mr. LEUNG Kam Por Ken

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. YU Tat Chi Michael
Mr. YANG Haihui
Mr. LAM Williamson

AUDIT COMMITTEE

Mr. YU Tat Chi Michael *(Chairman)*
Mr. LAM Williamson
Mr. YANG Haihui

REMUNERATION COMMITTEE

Mr. YU Tat Chi Michael *(Chairman)*
Ms. HO Kuan Lai
Mr. LEUNG Kam Por Ken
Mr. LAM Williamson
Mr. YANG Haihui

NOMINATION COMMITTEE

Ms. HO Kuan Lai *(Chairlady)*
Mr. CHEN Chun Chieh
Mr. LAM Williamson
Mr. YU Tat Chi Michael
Mr. YANG Haihui

COMPANY SECRETARY

Mr. MAN Yun Wah

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Flat F&G, 4/F., Golden Sun Centre
59-67 Bonham Strand West
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

BRANCH SHARE REGISTRAR

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

Hong Kong Stock Exchange: 1225

COMPANY WEBSITE

www.lerado.com

PRINCIPAL BANKERS

Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

Elite Partners CPA Limited

Financial Highlights

	2023	2022	2021
	HK$'000	*HK$'000*	*HK$'000*
Revenue	**191,422**	218,238	215,287
Loss before taxation	**(278,243)**	(345,563)	(62,894)
As a percentage of revenue	**(145.4%)**	(158.3%)	(29.2%)
Loss attributable to owners of the company	**(279,466)**	(367,073)	(62,715)
As a percentage of revenue	**(146.0%)**	(168.2%)	(29.1%)
Total assets	**1,377,016**	1,682,653	2,031,070
Total capital employed*	**1,168,496**	1,470,498	1,842,566
Equity attributable to owners of the company	**428,581**	681,162	1,055,516
Loss per share *(HK cents)*	**(121.34)**	(159.37)	(28.53)
Current ratio	**6.7**	8.0	11.3
Gearing ratio	**172.9%**	116.0%	74.5%

* Total capital employed includes shareholders' equity and interest-bearing debts.

Management Discussion and Analysis

BUSINESS REVIEW

Lerado Financial Group Company Limited (the "Company", together with its subsidiaries, the "Group") is an investment holding company. The Group is principally engaged in providing financial services including securities broking, margin financing and money lending etc., as well as manufacturing and distributing children plastic toys and medical care products like mobility aid and other medical equipment.

Medical Products and Plastic Toys Business

In terms of products, sales revenue from medical products for the year ended 31 December 2023 was approximately HK$72.0 million, representing a decrease of approximately 15.9% over last year. The decline was mainly due to the overall economic downturn in 2023. Sales revenue from plastic toys decreased by approximately 2.6% for the year ended 31 December 2023 to approximately HK$7.2 million mainly due to keen market competition.

Securities Brokerage, Margin Financing, Underwriting and Placements and Assets Management Business

Black Marble Securities Limited, a wholly-owned subsidiary of the Company ("Black Marble Securities") has generated HK$3.3 million revenue for the year ended 31 December 2023 (2022: HK$3.2 million), representing 1.7% of the total revenue of the Group. It was mainly contributed by the interest income from the margin client of HK$2.2 million for the year ended 31 December 2023 (2022: HK$2.0 million).

The Group has started to develop assets management business and wishes to launch different type of fund to attract new investors for scaling up the portfolio size and the Group will receive management fees and incentive fees based on the amount of assets under management, and returns of portfolios, respectively. However, the assets management business has not yet generated any revenue during the year ended 31 December 2023 due to the weak market condition and the decline of investor enthusiasm.

Money Lending and Finance Leasing

In respect of the money lending business and finance leasing business, the Group targeted on variety of customers including individuals and corporate customers by providing secured or unsecured loans. The source of customers was mainly past customers or referrals by third parties. The Company sourced customers through this channel because it was a direct and authentic way to spread word about our business and it also reduced the marketing cost.

To become the Company customers (including corporate customers and individual customers), the customer is required to disclose in the loan application a list of information including but not limited to the size, term and use of the loan, whether the loan will be guaranteed or secured, and capability of repayment. Regarding corporate customers, we require the customer to provide various types of documentation, such as a copy of business registration certificate, certificate of incorporation, register of members and directors, articles of association and latest of the audited report or management account.

Regarding individual customers, we require the customer to provide various types of documentation, such as a copy of the identification card of the borrower for individual customers, or asset or income proof. In respect of the portion of secured or unsecured loans, it is expected that the loan portfolio will shift to more secured loan focused in the future when considering new loan applications. The source of funds for the money lending business is funded by the internal resources of the Group.

Lerado Finance Limited principally engages in money lending business in Hong Kong and is licensed money lender in Hong Kong under the Money Lenders Ordinance. We also have a business license to conduct the finance leasing business in the PRC. The terms of a loan were determined on a case-by-case basis following arm's length negotiation between the Company and the borrowers, taking into account the factors such as the borrowers' requirements, the credit risks and prevailing market conditions. Regarding monitoring the credit risk of the long-term loans, the Company closely reviewed and monitored the loan repayment status subsequent to the drawdown of loans on a regular basis to ensure that loan repayments were punctual and past due accounts were handled efficiently. When there were past due accounts, the Group would take actions including discuss the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower. The Group manages credit risk through review and credit approval and post-transaction monitoring processes which are performed by management. Before granting the loans and entering into the finance lease agreements, the credit risk assessment has been performed. The credit risk assessment procedures include but not limited to:

(i) We will conduct a background search through the Companies Registry and the internal KYC system, in relation to the shareholding and information of the management of the corporate or individual customers, if necessary. We will conduct a litigation search in relation to the borrower through the independent search agent, if necessary;

(ii) the Company understands the business operations of the client through including but not limited to the interview, the statutory record provided, the financial information provided;

(iii) reviewing the corporate documents of the potential client including but not limited to the constitution documents and financial statements;

(iv) We perform the assessment on our customers including but not limited to monitor the value of collateral and check any default in repayment; and

(v) in case of security being provided as collateral for the loan, assessing the validity and value of the security. The Company adopted the procedures on monitoring loan repayment and recovery which involve (a) the Company's subsidiary operating the money lending business is required to submit management accounts to the Company and report on the financial and business performance during meeting biannually; (b) it is required to report the repayment status of all loans to the Company bi-annually and report for any material defaulted loans immediately upon occurrence; We will assess the periodic review on loan portfolio by considering the outstanding balance, the total interest and principal paid, the value of collateral and any default in repayment. We will monitor the borrower through the latest financial information provided. In respect of delinquent loans, the standard demand letters will be issued. If no satisfactory response is received, formal legal demand letters will be issued. Thereafter formal legal proceedings may be issued where appropriate.

Management Discussion and Analysis

For loan receivables, the ECL was primarily estimated based on three key parameters, namely exposure at default ("EAD"), probability of default ("PD"), and loss given default ("LGD"). EAD is based on the gross carrying amount of the receivables as of 31 December 2023.

LGD is calculated by one minus recovery rate, where the recovery rate is estimated with available data in the Moody's research paper and the collateral-to-loan ratio (if there is any collateral pledged to the loan, and its fair value could be provided by the management of the Company or could be estimated based on quoted price in an active market). For loan receivables that the management of the Company considered could not be recovered, no recovery was applied.

The key assumption and basis used in determining the ECL, market data (e.g. PD, LGD, Moody's forecast) are in line with the credit risk of the subject in the future.

The adopted valuation method is a common and widely used approach to estimate the expected credit loss for receivables. While the expected credit losses should be measured as probability-weighted or expected loss amount, the method adopted considered both the expected probability of occurrence of loss event and the expected loss severity in the event of default based on historical data and market expectation.

As at 31 December 2023, 169 of loans were with impairment. As at 31 December 2023, demand letters were issued and no legal actions taken on the overdue loans with significant impairment. The management was in the course of reviewing the overdue loan. The management of the Company is of the view that the exercise of the collaterals would incur additional time costs and legal costs. In order to maintain the diversity of loan portfolios and customer relationship, our management would take the approach of negotiating with the customers in the first place before exercising the collaterals or taking legal actions.

Loans were allowed to be extended for one or two years. In response to the economic impact, we are of the view that the extension are fair and reasonable, followed normal market practice and hence the extensions were in the interests of the Company and the Shareholders as a whole.

The Group has persistently implemented internal policy in relation to the money lending business and remains sensitive in minimizing the credit risk it is exposed to. The internal policy are designed to meet the Group's needs and to minimize the credit risks to which the Group is exposed to, and provide reasonable but not absolute assurance against losses.

Management Discussion and Analysis

The following internal policy of the initial loans and extending the loans are put in place:

Pre-Approval and credit review

Prior to grant of a loan to a borrower, the Group carries out credit risk assessment on the borrower, taking into account, among other things, the background and character of the borrowers, shareholders' background, character, and management capability (if any), purpose of the loan, value of collateral and guarantee (if any), where applicable, relevant public searches and the financial strength of the borrower, shareholder and guarantor.

Monitoring of loan recoverability

The Group closely reviews and monitors the loan repayment status subsequent to the drawdown of loans on a regular basis to ensure that loan repayments are punctual and past due accounts are handled efficiently. When there is past due accounts, the Group would take actions including discuss the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower.

Regarding the loan's extension, the credit assessment report would be prepared for the approval by the credit committee. The most updated information includes but not limits to the repayment record of the borrower, loan-to-value (the "LTV") of the collaterals and the identification proof of the borrower are obtained from the borrower. The credit committee members performed credit assessment based on the information as stated in the credit assessment report. First and foremost, the credit committee members considers the creditworthiness of borrowers by taking into account the total amount of repayment made by the borrowers, the timing of the interests repayment and the repayment plan.

The Company had performed the following detailed analysis and ongoing monitoring exercises in considering the approval of loan extension. We communicated with the borrower and enquired about additional information including but not limited to the reason for extension, use of borrowed funds and repayment plan etc.. With respect to the Secured Loans, the LTV of the collaterals were monitored on a quarterly basis within the tenor of the loan. By the time of loan extension, the LTV of the collaterals were further assessed. With respect to the Unsecured Loans, the enhanced due diligence regarding the repayment ability was performed including but not limited to obtaining the proof of source of income and the proof of net-worth such as bank statements.

The Company would demand the repayment of the outstanding interests due by the borrowers before the approval of extension of loans. The Company would negotiate with the borrowers to provide further guarantee/ securities pledge so as to safeguard the benefits of the Company.

Management Discussion and Analysis

The management of the Company is of the view that the exercise of the collaterals would incur additional time costs and legal costs. In order to maintain the diversity of loan portfolios and customer relationship, our management would take the approach of negotiating with the customers in the first place before exercising the collaterals or taking legal actions.

As at 31 December 2023, the Group has 14 corporate customers which are private companies, and 155 individual customers.

Regarding to the loans granted without collaterals (the "Unsecured Loans"), the interest rate is ranged from 7% to 12%, which the higher end is comparatively better than that of loans granted with collaterals (the "Secured Loans"). As such, the interest received from the Unsecured Loans would have more contributions than that of Secured Loans to the Company's loan interest income as a whole.

Besides, there was keen competition in the money lending market. In order to maintain our business in the market, the provision of unsecured loans would broaden the scope of our customer base which facilitate us to have a better mix of loan portfolios with a weighted balance of risk and return. Meanwhile, the company could also have better utilized the funds in our accounts so as to drive more business for the Company.

Moreover, the customer relationship was better managed by extending our money lending services to borrowers without collaterals. Our management is of the view that by providing a full scope of services, without limiting our scope of offering secured loans, the customer stickiness is significantly enhanced. This is one of our key strategies to secure our business with the recurring customers and maintain the volume of our loan portfolios.

The Company has complied with requirements set out in chapter 14 and/or 14A of the Listing Rules when it granted the loans or the loan extensions to each of the borrower(s), whose loan(s) was still outstanding as at 31 December 2023.

Management Discussion and Analysis

The following table sets forth details of the 20 borrowers in term of outstanding loan receivable as at 31 December 2023:

The 20 Borrowers

No.	The Name of Borrowers	Loss allowance (reversal of loss allowance) made in year 2023 *HK$'000*	Loss allowance (reversal of loss allowance) made in year 2022 *HK$'000*	Interest rate	The date when the loan was granted	Latest maturity date	Loan and interest receivables as at 31 Dec 2023 *HK$'000*	Any collaterals and guarantee
1)	Corporate Customer A	**9,617**	16,365	8% p.a.	2016-10-31	2024-10-30	–	Personal guarantee
2)	Individual Customer A	**8,758**	22,160	8% p.a.	2016-04-20	2024-04-18	–	N/A
3)	Individual Customer B	**22,747**	612	8% p.a.	2016-06-22	2024-06-20	9,039	N/A
4)	Individual Customer C	**22,294**	144	8% p.a.	2016-06-23	2024-06-21	8,859	N/A
5)	Individual Customer D	**22,294**	406	8% p.a.	2016-06-23	2024-06-21	8,859	N/A
6)	Individual Customer E	**22,275**	100	8% p.a.	2016-06-28	2024-06-26	8,851	N/A
7)	Individual Customer F	**8,268**	20,923	10% p.a.	2016-05-16	2024-05-14	–	N/A
8)	Individual Customer G	**20,320**	64	7% p.a.	2017-03-01	2024-02-28	8,075	N/A
9)	Individual Customer H	**19,298**	61	7% p.a.	2017-03-10	2025-03-09	7,669	N/A
10)	Individual Customer I	**18,564**	61	9% p.a.	2017-05-22	2024-05-21	18,082	N/A
11)	Individual Customer J	**3,611**	(5,243)	9% p.a.	2017-05-19	2024-05-18	10,668	N/A
12)	Individual Customer K	**15,118**	48	7% p.a.	2017-03-08	2025-03-07	6,008	N/A
13)	Individual Customer L	**4,785**	383	8% p.a.	2017-04-26	2024-04-25	15,142	N/A
14)	Individual Customer M	**3,854**	(4,777)	8% p.a.	2017-04-26	2024-04-25	11,291	N/A
15)	Individual Customer N	**13,904**	46	9% p.a.	2017-04-27	2024-04-26	5,524	N/A
16)	Individual Customer O	**13,818**	45	8% p.a.	2017-04-07	2024-04-06	5,490	N/A
17)	Individual Customer P	**13,729**	45	9% p.a.	2017-04-27	2024-04-26	5,455	N/A
18)	Individual Customer Q[1]	**(9,932)**	8,503	8% p.a.	2016-11-22	2024-05-21	9,021	N/A
19)	Individual Customer R	**12,833**	43	10% p.a.	2016-06-13	2024-06-12	5,098	N/A
20)	Individual Customer S	**12,670**	(3,921)	8% p.a.	2017-03-20	2025-03-19	5,034	N/A

Note 1 Negative amount of loss allowance represents the reversal of loss allowance made during the year ended 31 December 2023.

Maturity profile of loan receivables

The following table sets forth the distribution of the remaining maturity as at 31 December 2023:

	As at 31 December			
	2023		2022	
	Amount		Amount	
	HK$'000	***%***	*HK$'000*	*%*
Within one year	**375,904**	**42%**	141,870	12%
1 year to 5 years	**520,908**	**58%**	1,058,840	88%
	896,812	**100%**	1,200,710	100%

Note: The loan receivables with 1 year to 5 years were also receivable on demand

PROSPECTS

The Group has endeavored to develop and expand the financial sectors, including, money lending business, financing leasing and securities brokerage business in Hong Kong and the PRC. In order to further expand the business, the Company will focus on the existing businesses and wish to participate in providing other financial services, including but not limited to providing corporate finance, asset management, financial planning services, which can leverage with the Group's existing financial sectors.

However, the outbreak of COVID-19 has been having an adverse effect in the market and the worldwide economy. It would likely reduce the investor enthusiasm and our businesses in Hong Kong and the PRC are expected to be very challenging in the coming years. In light of the above, the Group will adopt cautious flexible strategy to face the market changes. Going forward, with a view to achieving better return and enhancing the expansion of the Group, the Group will keep focus on the existing business and look for potential investment opportunities to diversify its business scope and leverage with the Group's business.

FINANCIAL REVIEW

Consolidated revenue of the Group for the year ended 31 December 2023 was approximately HK$191.4 million (2022: HK$218.2 million), representing a decrease of approximately 12.3% over last year. The decrease in the consolidated revenue was mainly due to the decrease of medical products and plastic toys business, of which the decrement was HK$13.8 million.

Gross profit margin of the Group for the year ended 31 December 2023 was approximately 69.0%, representing a increase of approximately 2.4 percentage points as compared to the gross profit margin of approximately 66.6% in the last year. Loss of the Group for the year ended 31 December 2023 was approximately HK$279.4 million (2022: HK$367.6 million) and loss for the year ended 31 December 2023 attributable to owners of the Company was approximately HK$279.5 million (2022: HK$367.1 million). The loss was mainly due to the impairment loss recognised on loan receivables of approximately HK$285.4 million for the year ended 31 December 2023.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a conservative policy in its financial management and maintains a solid financial position. Cash and cash equivalents of the Group as at 31 December 2023 decreased by approximately HK$47.2 million to approximately HK$127.8 million as compared to approximately HK$175.0 million as at 31 December 2022. The Group has bond payable of approximately HK$740.2 million (2022: HK$789.7 million) as at 31 December 2023. As at 31 December 2023, the Group had net current assets of approximately HK$1,108.0 million (31 December 2022: HK$1,397.1 million) and a current ratio of approximately 6.7 (31 December 2022: 8.0). The Group's gearing ratio as at 31 December 2023 was approximately 172.9% (2022: 116.0%). The gearing ratio was computed by the total borrowings and bonds payable over the equity of the Group.

SIGNIFICANT INVESTMENTS

Since there was no held-for-trading investments and other investments held by the Group valued more than 5% of the total assets of the Group as at 31 December 2023, there were no significant investments held by the Group.

PLEDGE OF ASSETS

The Group did not have any pledged assets as at 31 December 2023.

EXCHANGE RISK EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in United States dollar, Renminbi, Hong Kong dollar, Euro and New Taiwan dollar. In the event that Renminbi appreciates, the Group will be affected directly. Although the Group currently does not maintain any hedging policy to hedge against foreign exchange exposure that may arise from the above transactions, the management team continuously assesses the foreign currency exposure, with an aim to minimize the impact of foreign exchange fluctuation on the Group's business operations.

EQUITY PRICE RISK EXPOSURE

The Group is exposed to equity price risk through its investments in listed securities. Although, the Group currently does not maintain any hedging policy to hedge against the equity price risk, the management team manages this exposure by monitoring the price movements and the changes in market conditions that may affect the value of the investments and will consider taking appropriate actions to minimize the risk.

CONTINGENT LIABILITY

As at 31 December 2023, the Company did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

Apart from basic salaries, discretionary bonus and contribution to retirement benefits schemes, share options may also be granted to staff with reference to the individual's performance. Moreover, the Group also provides internal and external training to its staff to enable them to achieve self-improvement and to enhance their job related skills.

Directors' Profile

EXECUTIVE DIRECTORS

Mr. CHEN Chun Chieh ("**Mr. Chen**"), aged 48, was appointed as an executive director of the Company (the "Director") on 3 April 2008. Mr. Chen has been working for the Group since 2002, and is currently an executive Director, a member of the nomination committee of the Company (the "Nomination Committee") and a director of certain subsidiaries of the Company. He obtained a master's degree in business administration from Lawrence Technical University, U.S.A. Mr. Chen is responsible for the strategic planning and finance of the Group.

Mr. LEUNG Kam Por, Ken ("**Mr. Leung**"), aged 44, was appointed as an executive Director on 28 January 2019. Mr. Leung is currently an executive Director, a member of the remuneration committee of the Company (the "Remuneration Committee") and a director of certain subsidiaries of the Company. Mr. Leung holds a bachelor of engineering degree from Hong Kong Polytechnic University. Mr. Leung held a number of senior positions in various organizations including management consulting firm, licensed corporation and conglomerate. He has over 15 years of senior managerial experience of which 4 years working for licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance, and 3 years working as a director of a sizable company which mainly carries on money lending business. He also has extensive experience in different industries and is specializing in manufacturing, supply chain, finance, money lending, business consultancy and general management.

Ms. HO Kuan Lai ("**Ms Ho**"), aged 52, was appointed as an executive Director on 22 December 2017. Ms Ho is currently an executive Director, the chairlady of the Nomination Committee and a member of the Remuneration Committee. Ms. Ho is currently an associate member of the Singapore Institute of Chartered Secretarial & Administrator. She had been a non-executive director of Laura Ashley Holdings PLC (a company listed on the main board of the London Stock Exchange, stock code: ALY) between 17 June 2013 and 3 August 2014, and an executive director of Morning Star Resources Limited (a company listed on the main board of the Stock Exchange, stock code: 542) between 1 February 2010 and 7 October 2010 and previously held senior management position of a sizable group of companies in Malaysia and United Kingdom. Ms. Ho has abundant experience in management of sizable group of companies.

Directors’ Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. YU Tat Chi Michael (“**Mr. Yu**”), aged 59, was appointed as an independent non-executive Director on 6 February 2018. Mr. Yu is currently an independent non-executive Director, a member of the Nomination Committee, the chairman of the Remuneration Committee and the chairman of the audit committee of the Company (the “Audit Committee”). Mr. Yu holds a bachelor of commerce degree from the University of New South Wales, Australia. He is a fellow member of the CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yu is also a founding member of The Hong Kong Independent Non-Executive Director Association. Mr. Yu has many years of experience in accounting, corporate finance and asset management. He had held senior management positions in several listed companies in Hong Kong. He was an independent non-executive director of EVOC Intelligent Technology Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2308) during 30 May 2016 and 21 May 2021. He is currently an independent non-executive director of Golden Resources Development International Limited (a company listed on the Main Board of the Stock Exchange, stock code: 677) since 30 August 2012, Applied Development Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 519) since 14 September 2016, China Netcom Technology Holdings Limited (a company listed on GEM of the Stock Exchange, stock code: 8071) since 31 August 2017, Harbour Digital Asset Capital Limited (a company listed on the Main Board of the Stock Exchange, stock code: 913) since 17 August 2020 and WT Group Holdings Limited (a company listed on GEM of the Stock Exchange, stock code: 8422) since 20 September 2021. He is also an executive director of Sino Splendid Holdings Limited (a company listed on GEM of the Stock Exchange, stock code: 8006) since 1 February 2024. Mr. Yu has extensive experience in the field of accounting. The Company considers that Mr. Yu can provide independent and comprehensive advice to the Company.

Mr. YANG Haihui (“**Mr. Yang**”), aged 32, was appointed as an independent non-executive Director on 6 February 2018. Mr. Yang is currently an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. Mr. Yang holds a bachelor of software engineering from the Beijing Normal University, Zhuhai. He currently serves managerial position of Jinshang Capital Investment Management Co. Ltd., primarily responsible for risk management in terms of investment, lending and product portfolio. He has extensive experience in risk management. The Company considers that Mr. Yang can provide independent advice to the Company and enhance the risk management of the Company.

Mr. LAM Williamson (“**Mr. Lam**”), aged 49, was appointed as an independent non-executive Director on 20 July 2018. Mr. Lam is currently an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. Mr. Lam is a fellow member of The Hong Kong Institute of Certified Public Accountants and a member of the CPA (Australia). He holds a bachelor of business degree from Monash University, Australia and a master of professional accounting degree from the Hong Kong Polytechnic University. Mr. Lam had held directorships and senior finance positions in various listed companies in Hong Kong. Mr. Lam is currently an independent non-executive director of Elife Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 223) since 1 January 2011.

Corporate Governance Report

The board (the "Board") of directors of the Company (the "Directors") is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2023.

CORPORATE GOVERNANCE CODE

The Directors consider that the Company had complied with Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2023.

THE BOARD

Responsibilities

The Board is responsible for overseeing the overall development of the Company's business with the objective of enhancing shareholders' value including setting and approving the Company's strategic plan, considering substantial investments, reviewing the Group's financial performance and developing and reviewing the Group's policies and practices on corporate governance. The Board has delegated to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established board committees and has delegated to these board committees various responsibilities as set out in their respective terms of reference.

All the Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The Company has arranged for appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against its directors and senior management arising out of corporate activities.

The Directors are aware of the requirements under the applicable regulations and the Listing Rules for the handling and dissemination of inside information. All the inside information identified by the Directors shall be published and disclosed to the public timely through the Company's publications and communications, unless the information falls within safe harbours as prescribed in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Corporate Governance Report

Board Composition

As at the date of this annual report, the Board comprises 3 executive Directors and 3 independent non-executive Directors.

The composition of the Board during the year ended 31 December 2023 and up to the date of this annual report is set out below:

Executive Directors

Mr. CHEN Chun Chieh
Ms. HO Kuan Lai
Mr. LEUNG Kam Por Ken

Independent Non-Executive Directors

Mr. YU Tat Chi Michael
Mr. YANG Haihui
Mr. LAM Williamson

The biographical details of the current Board members are set out under the section headed "Directors' Profile" on pages 12 to 13 of this report. Each of the independent non-executive Directors is appointed for a term of three years.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The Company is in compliance with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive directors represented over one-third of the Board.

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

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

Appointment and Re-election of Directors

In accordance with the Company's bye-laws, all the Directors are subject to retirement by rotation at least once every three years and any new director appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to their number) and shall then be eligible for re-election at the meeting.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's bye-laws. The Nomination Committee is responsible for reviewing the board composition, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

BOARD MEETINGS

Board Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to the Directors in advance.

Notice of regular Board meetings is served to all the Directors at least 14 days before the meeting. For other Board and board committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or board committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management of the Company where necessary.

The senior management, including the company secretary of the Company (the "Company Secretary") attend all regular Board meetings and where necessary, other Board and board committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and board committee meetings. Draft minutes are normally circulated to the Directors for comment within a reasonable time after each meeting and final versions are open for the Directors' inspection.

The Company's bye-laws contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Corporate Governance Report

Directors' Attendance Records

During the year ended 31 December 2023, 4 board meetings were held for, among others, reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each Director at the Board meetings and the annual general meeting of the Company (the "AGM") during the year ended 31 December 2023 are set out below:

Name of Director	**Attendance/Number of Meetings**	
	Board Meetings	**AGM**
Mr. CHEN Chun Chieh	2/4	0/1
Ms. HO Kuan Lai	4/4	0/1
Mr. LEUNG Kam Por Ken	4/4	1/1
Mr. YU Tat Chi Michael	4/4	1/1
Mr. YANG Haihui	2/4	0/1
Mr. LAM Williamson	4/4	1/1

Directors' Training

The Directors must keep abreast of their collective responsibilities and are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide to each newly appointed director or alternative director an induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Group's businesses and the statutory regulatory obligations of a director of a listed company as well as the Company's constitutional documents to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The Company has provided information related to the changes in the Listing Rules to the Directors to update and refresh the Directors' knowledge on the latest developments to the Listing Rules. The Company will continuously update the Directors on the latest developments to the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance the Directors' awareness of good corporate governance practices.

Newly appointed Director will be arranged a comprehensive, formal and tailored induction which includes provision of key guidelines, documents and publications relevant to their roles, responsibilities and ongoing obligations; a briefing on the Company's structure, businesses, risk management and other governance practices and meeting with other fellow Directors so as to help the newly appointed Directors familiarize with the management, business and governance policies and practices of the Company, and ensure that they have a proper understanding of the operations and businesses of the Company.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with the Model Code throughout the year ended 31 December 2023.

DELEGATION BY THE BOARD

The Board undertakes responsibility for decision making in major company matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All the Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers. The Board also has the full support of the senior management for the discharge of its responsibilities.

BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established three board committees, namely, the Nomination Committee, the Remuneration Committee and the Audit Committee for overseeing particular aspects of the Company's affairs. All board committees of the Company are established with defined written terms of reference which are available for the reference of the Shareholders and the public on the websites of the Company and the Stock Exchange. Each of the Nomination Committee, the Remuneration Committee and the Audit Committee is provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances at the Company's expenses.

Nomination Committee

As at the date of this annual report, the Nomination Committee comprises 5 members, namely Ms. HO Kuan Lai, Mr. CHEN Chun Chieh, Mr. YU Tat Chi Michael, Mr. YANG Haihui and Mr. LAM Williamson, the majority of which are independent non-executive Directors, with Ms. HO Kuan Lai acting as the chairlady.

The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of the Directors, and assessing the independence of the independent non-executive Directors.

The Nomination Committee is also responsible to review the board diversity policy of the Company (the "Board Diversity Policy"), as appropriate; review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually.

During the year ended 31 December 2023, the Nomination Committee was primarily responsible, among others, for:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on selection of individuals nominated for directorships;
- assessing the independence of the independent non-executive Directors, having regard to the requirements under the applicable laws, rules and regulations;
- making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for the Directors and, in particular, the chairman of the Board and the CEO of the Company; and
- reviewing the Board Diversity Policy and any measurable objectives for implementing such policy.

The terms of reference of the Nomination Committee and the authority delegated by the Board is available on the websites of the Stock Exchange and the Company.

The Nomination Committee will meet at least once per year according to its terms of reference. A Nomination Committee meeting was held during the year ended 31 December 2023, details of attendance are set out below:

Nomination Committee Members	Attendance/ Number of Meeting
Mr. CHEN Chun Chieh	1/1
Ms. HO Kuan Lai	1/1
Mr. YU Tat Chi Michael	1/1
Mr. YANG Haihui	1/1
Mr. LAM Williamson	1/1

Board Diversity Policy

The Company has a Board Diversity Policy which sets out it approach to achieve a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Nomination Policy

The Board has a nomination policy which sets out the procedures and criteria for the selection, appointment and reappointment of the Directors. In evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the candidates' character and integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

Remuneration Committee

As at the date of this report, the Remuneration Committee comprises 5 members, namely Mr. YU Tat Chi Michael, Ms. HO Kuan Lai, Mr. LEUNG Kam Por Ken, Mr. YANG Haihui and Mr. LAM Williamson, the majority of which are independent non-executive Directors, with Mr. YU Tat Chi Michael acting as the chairman.

The Remuneration Committee is responsible for, among others, making recommendations to the Directors' remuneration and other benefits. The remuneration of all the Directors is subject to regular monitoring by the Remuneration Committee to ensure that level of their remuneration and compensation is reasonable. Its written terms of reference are in line with the provisions of the CG Code.

During the year ended 31 December 2023, the Remuneration Committee was primarily responsible, among others, for:

- making recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management and on the establishment of formal and transparent procedures for developing policies on all such remunerations;
- recommending to the Board the specific remuneration packages of all the executive Directors and senior management members of the Company;
- reviewing and proposing performance-based remunerations by reference to corporate goals and objectives resolved by the Board from time to time; and
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The terms of reference of the Remuneration Committee explaining its role and the authority delegated to it by the Board is available on the websites of the Stock Exchange and the Company.

The Remuneration Committee held one meeting during the year ended 31 December 2023 and the details of attendance are set out below:

Remuneration Committee Members	Attendance/ Number of Meeting
Ms. HO Kuan Lai	1/1
Mr. LEUNG Kam Por Ken	1/1
Mr. YU Tat Chi Michael	1/1
Mr. YANG Haihui	1/1
Mr. LAM Williamson	1/1

Corporate Governance Report

Directors Remuneration Policy

The Company has adopted a director remuneration policy, it sets out the general principles which guide the Group to deal with the remuneration matters. This remuneration policy aims to provide a fair market level of remuneration to retain and motivate high quality directors, senior management of the Group and attract experienced people of high calibre to oversee the business and development of the Group.

Audit Committee

As at the date of this annual report, the Audit Committee comprises 3 members, namely Mr. YU Tat Chi Michael, Mr. YANG Haihui and Mr. LAM Williamson, all of whom are independent non-executive Directors, with Mr. YU Tat Chi Michael acting as the chairman.

The primary duties of the Audit Committee are, among others, to review and supervise the financial reporting process and internal control system and to provide advice and comments to the Board.

During the year ended 31 December 2023, the Audit Committee was primarily responsible among others, for:

- making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- reviewing and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- developing and implement policy on the engagement of an external auditor to supply non-audit services;
- monitoring integrity of financial statements of the Company and the Company's annual report and accounts and half-year reports and reviewing significant financial reporting judgements contained in them;
- reviewing the Company's financial controls, internal control and risk management systems;
- discussing with management the system of internal controls and risk management and ensuring that management has discharged its duty to have an effective internal control system and risk management;
- reviewing the Group's financial and accounting policies and practices; and
- reviewing the external auditor's management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of internal controls and risk management and management's response, and ensuring that the Board provides a timely response to the issues raised.

The Audit Committee held 2 meetings during the year ended 31 December 2023 and the details of attendance are set out below:

Audit Committee Members	Attendance/ Number of Meeting
Mr. YU Tat Chi Michael	2/2
Mr. YANG Haihui	2/2
Mr. LAM Williamson	2/2

Corporate Governance Functions

During the year ended 31 December 2023, the Board is responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and
- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2023.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management of the Company has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

Risk Management and Internal Controls

During the year ended 31 December 2023, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control system of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The Board is responsible for maintaining an adequate risk management and internal control system to safeguard shareholder investments and Company assets and with the support of the Audit Committee, reviewing the effectiveness of the risk management and internal control system on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis, and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

The Company has also engaged an external professional firm for the purpose of conducting internal audit function, who has conducted a review of the Group's operational control and risk management.

WHISTLEBLOWING POLICY AND ANTI-CORRUPTION POLICY

The Company has formulated a whistleblowing policy which allows all staff and independent third parties, including customers, suppliers and contractors, to report any possible improprieties, misconducts, malpractices or irregularities in matters of financial reporting, internal control or other matters to the Board or the Audit Committee anonymously. The Group will handle the reports and complaints with care and will treat the whistle-blower's concerns fairly and properly. Any person who is found to have victimized or retaliated against those who have raised concerns under this policy will subject to disciplinary sanctions.

The Group has adopted an anti-corruption policy on a zero-tolerance basis for any form of corruption, including bribery and extortion, fraud and money laundering, and promise to operate our business in an honest, ethical and creditable manner. The policies are revised in due course and all Directors and employees are reminded with its requirement from time to time. Every employee should abide by the rules stipulated in the Company's "Operation and Compliance Manual of Securities Industry". Striving to reduce the risk of corruption, the Company provided the employees with one training session with an average of 3 hours of training per employee on anti-corruption. 100% of the employee received the training, including the Company's senior management, middle-level management, supervisors and other employees. The Company provides a series of internal training programs on anti-money laundering and counter-terrorist financing policies. During the year, no legal case regarding corrupt practices and material non-compliance with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) was brought against the Company or its employees.

Please refer to the Environmental, Social and Governance Report for more details.

Corporate Governance Report

COMPANY SECRETARY

Mr. MAN Yun Wah has been nominated by In.Corp Corporate Services (HK) Limited to act as the Company Secretary, who has complied with the requirements of the Listing Rules. He has been contacting with the Board directly in respect of company secretarial matters. He reports to the Board directly.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on page 33 of this annual report.

During the year ended 31 December 2023, the remunerations paid/payable to the Company's external auditors, Elite Partners CPA Limited are set out below:

Type of Services	**Fees Paid/ Payable** *(HK$)*
Audit Services	
– Audit of annual financial statements	710,000
Total	710,000

There was no non-audit service provided by Elite Partners CPA Limited to the Company during the year ended 31 December 2023.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The general meetings of the Company provide a forum for communication between the Board and the shareholders face-to-face dialogue with the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent board committee, are available to answer questions at shareholders' meetings.

The forthcoming annual general meeting of the Company (the "AGM") will be held on 26 June 2024. The notice of the AGM will be sent to the Shareholders at least 21 clear days before the AGM.

The Company has reviewed the implementation and effectiveness of the Shareholders' communication policy during the year and concluded that it is effective.

SHAREHOLDER RIGHTS

Convening a special general meeting by shareholders

Procedures for shareholders to convene a special general meeting (including making proposals/moving a resolution at the special general meeting)

- Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at a special general meeting.

- Eligible Shareholders who wish to convene a special general meeting for the purpose of making proposals or moving a resolution at a special general meeting must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong.

- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene a special general meeting, the agenda proposed to be included the details of the business(es) proposed to be transacted in the special general meeting, signed by the Eligible Shareholder(s) concerned.

- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene a special general meeting within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder at the special general meeting after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for a special general meeting and/or include the proposal or the resolution proposed by the Eligible Shareholder at the special general meeting.

- If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene a special general meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the bye-laws, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Making enquiry to the Board

The Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post to Flat F&G, 4/F., Golden Sun Centre, 59-67 Bonham Strand West, Sheung Wan, Hong Kong or email to public@lerado.com.hk.

Corporate Governance Report

Investors Relationship

Bye-laws

During the year ended 31 December 2023, in view of the changes to Appendix A to the Listing Rules, the Bye-laws were amended, and the adoption of the amended and restated bye-laws of the Company was approved by the Shareholders at the annual general meeting of the Company held on 27 June 2023. For details, please refer to the announcements of the Company dated 11 May 2023 and 27 June 2023 and the circular of the Company dated 11 May 2023. The new Bye-laws are available on the websites of the Company and the Stock Exchange.

Investors Communication Policy

The Company regards the communication with institutional investors as important means to enhance the transparency of the Company and collect views and feedbacks from institutional investors. To promote effective communication, the Company maintains a website at www.lerado.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted and available for public access.

The Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number:	(852) 3700 9600
By post:	Flat F&G, 4/F., Golden Sun Centre, 59-67 Bonham Strand West, Sheung Wan, Hong Kong
Attention:	Investor Relations Department
By email:	public@lerado.com.hk

Disclaimer

The contents of this section headed "Shareholders' Rights" are for reference and disclosure compliance purposes only. The information does not represent and should not be regarded as legal or other professional advice from the Company to the Shareholders. The Shareholders should seek their own independent legal or other professional advice as to their rights as the Shareholders. The Company disclaims all liabilities and losses incurred by the Shareholders in reliance on any contents of this section headed "Shareholders' Rights".

Directors' Report

The Directors present the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 38 to the consolidated financial statements for the year ended 31 December 2023.

Descriptions and reviews of principal risks and uncertainties that the Group may be facing are set out on pages 106 to 120 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 106 and 120 of the annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023.

PROPERTY, PLANT AND EQUIPMENT

The Group's buildings were revalued at 31 December 2023. The revaluation resulted in gain of HK$3.9 million which was credited to property revaluation reserve at 31 December 2023.

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements for the year ended 31 December 2023.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements for the year ended 31 December 2023.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders at the end of the reporting period were as follows:

	2023	2022
	HK$'000	*HK$'000*
Contributed surplus	**933,125**	933,125
Accumulated losses	**(1,543,953)**	(1,031,764)
	(610,828)	(98,639)

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIVIDEND POLICY

The Dividend Distribution Policy of the Company establishes the principles to ascertain amounts that can be distributed to the Shareholders as dividend by the Company. Subject to the applicable law and its Bye-Laws, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholders return.

While determining the nature and quantum of dividend payout, the Board would take into account the following factors, inter alia:

- Cash flow position of the Company
- Earnings stability
- Long term investments
- Future cash requirements for development
- Economic environment
- Industry outlook for the future years
- Changes in the Government policies, industry specific rulings & regulatory provisions

DIRECTORS

The Directors during the year ended 31 December 2023 and up to the date of this annual report were:

Executive Directors:

Mr. CHEN Chun Chieh
Ms. HO Kuan Lai
Mr. LEUNG Kam Por Ken

Independent non-executive Directors:

Mr. YU Tat Chi Michael
Mr. YANG Haihui
Mr. LAM Williamson

Directors' Report

In accordance with clause 87 of the Company's bye-laws, Mr. CHEN Chun Chieh and Mr. YANG Haihui will retire at the forthcoming AGM and, being eligible, offer themselves for re-election. All the other Directors will continue in office.

The terms of office of all independent non-executive Directors are subject to retirement by rotation in accordance with the Company's bye-laws.

DIRECTORS' SERVICE CONTRACTS

No Director has entered into service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, none of the Directors, supervisor or the chief executive of the Company had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") which shall be recorded and maintained in the register pursuant to section 352 of the SFO, or which shall be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

SHARE OPTIONS

Particulars of the share option schemes and the movements in the share options of the Company are set out in note 31 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than share option schemes mentioned above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following Shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long position in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Opus Platinum Growth Fund	Beneficial owner	18,000,000	7.82%
Mr. Lai Shu Fun, Francis Alvin *(Note 1)*	Interest in Controlled Corporation	18,000,000	7.82%

Note:

(1) Mr. Lai Shu Fun, Francis Alvin is indirectly interested in approximately 40.03% of the total issued share capital of Opus Platinum Growth Fund. Therefore Mr. Lai Shu Fun, Fancis Alvin is deemed to be interested in the 18,000,000 shares held by Opus Platinum Growth Fund.

Save as disclosed above, the Company has not been notified of any other relevant interests or short position in the issued share capital of the Company as at 31 December 2023.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CONNECTED TRANSACTIONS

Other than those disclosed in note 34 to the consolidated financial statements for the year ended 31 December 2023, there were no transactions which need to be disclosed as connected transactions in accordance with the requirements under Chapter 14A of the Listing Rules.

Directors’ Report

DIRECTORS’ INTEREST IN CONTRACTS OF SIGNIFICANCE

Other than disclosed in note 34 to the consolidated financial statements for the year ended 31 December 2023, no contracts of significance, to which the Company or its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end or at any time during the year ended 31 December 2023.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2023, the aggregate sales attributable to the Group’s five largest customers represented approximately 36% of the Group’s total sales and the sales attributable to the Group’s largest customer were approximately 11% of total sales. The aggregate purchases attributable to the Group’s five largest suppliers during the year were less than 23% of the total purchases of the Group and the purchases attributable to the Group’s largest supplier were approximately 10%.

None of the directors, their associates or any shareholders which, to the knowledge of the directors, owning more than 5% of the Company’s issued share capital, had any interest in the share capital of any of the five largest customers of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the directors of the Company are decided by the board of directors, who are authorised by the shareholders in the annual general meeting, having regard to the Company’s operating results, individual performance and comparable market statistics.

The Company has adopted share option schemes as an incentive to the Directors and eligible employees, details of these schemes are set out in note 31 to the consolidated financial statements for the year ended 31 December 2023.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2023.

EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period up to the date of this annual report.

AUDITOR

The Audit Committee has recommended to the Directors the nomination of Elite Partners CPA Limited for re-appointment as auditor of the Company at the forthcoming AGM.

The auditor, Elite Partners CPA Limited, has expressed its willingness to accept re-appointment. A resolution for the re-appointment of Elite Partners CPA Limited as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the board

HO Kuan Lai
Executive Director

28 March 2024

elite partners

TO THE SHAREHOLDERS OF LERADO FINANCIAL GROUP COMPANY LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Lerado Financial Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 129, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2023, 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables and loan receivables	
We identified the impairment assessment under expected credit losses ("ECL") of HKFRS 9 for trade receivables and loan receivables as a key audit matter due to its significance to the consolidated financial statements and the significant management estimates and judgement required in the measurement. • Determination of the criteria for significant increase in credit risk ("SICR"); • Selection of models and assumptions used in the ECL models, including Probability of default ("PD") and Loss given default ("LGD"); and • Establishing the relative probability weightings of forward-looking scenarios. In addition, the ECL measurement involves management estimates and judgement in the consideration of various factors, including the realisable value of securities or collaterals from clients and their guarantors which are held by the Group and subsequent settlement and additional collaterals received. The total gross amount of loan receivables was approximately HK$1,409,684,000 with accumulated impairment provision of approximately HK$512,872,000 as at 31 December 2023, details of which has been disclosed in note 21 to the consolidated financial statements. The total gross amount of trade receivables was approximately HK$201,916,000 with accumulated impairment provision of approximately HK$121,612,000 as at 31 December 2023, details of which has been disclosed in note 20 to the consolidated financial statements.	Our procedures in relation to impairment assessment under ECL of HKFRS 9 for trade receivables and loan receivables include: • Understanding the established policies and procedures on impairment assessment of the Group in relation to the application of ECL model under HKFRS 9; • Assessing the reasonableness and appropriateness of the management's judgement on staging criteria for determining if a SICR has occurred or the financial asset is credit-impaired and the basis for classification of exposures into the 3 stages as required by HKFRS 9; • Evaluating the reasonableness and appropriateness of the model and assumption; and • Examining significant data inputs into the ECL model, including PD and LGD after taking into consideration of forward-looking information.

Independent Auditor's Report

OTHER INFORMATION

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

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

- 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

The engagement director on the audit resulting in the independent auditor's report is Mr. Leung Man Kin, with Practising Certificate number P07174.

Elite Partners CPA Limited
Certified Public Accountants

Level 23, YF Life Tower,
33 Lockhart Road, Wan Chai,
Hong Kong
28 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Revenue	5		
– Goods and services		**80,279**	94,112
– Interest		**111,143**	124,126
Total revenue		**191,422**	218,238
Cost of inventories and services		**(59,428)**	(72,866)
		131,994	145,372
Other income	6	**6,632**	9,683
Other gains and losses, net	7	**(17,808)**	(52,728)
Impairment loss recognised on financial assets at amortised cost, net	7	**(292,066)**	(318,160)
Marketing and distribution costs		**(10,281)**	(9,041)
Administrative expenses		**(34,914)**	(50,772)
Share of results of an associate		**(9,487)**	530
Finance costs	8	**(52,313)**	(70,447)
Loss before taxation		**(278,243)**	(345,563)
Income tax expense	9	**(1,152)**	(22,074)
Loss for the year	10	**(279,395)**	(367,637)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Gains on property revaluation		**3,898**	6,221
Recognition of deferred tax liability arising on property revaluation		**(976)**	(112)
		2,922	6,109
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**23,963**	(13,390)
Other comprehensive income/(expense) for the year		**26,885**	(7,281)
Total comprehensive expense for the year		**(252,510)**	(374,918)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	NOTES	2023 *HK$'000*	2022 *HK$'000*
Loss for the year attributable to			
Owners of the Company		**(279,466)**	(367,073)
Non-controlling interests		**71**	(564)
		(279,395)	(367,637)
Total comprehensive expense attributable to:			
Owners of the Company		**(252,581)**	(374,354)
Non-controlling interests		**71**	(564)
		(252,510)	(374,918)
Loss per share	*14*		
– Basic and diluted		**(HK121.34 cents)**	(HK159.37 cents)

Consolidated Statement of Financial Position

As at 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	15	**28,456**	26,024
Right-of-use assets	16	**12,510**	12,649
Investment properties	17	**21,157**	24,516
Investment in associates	18	**–**	10,134
Financial assets at fair value through profit or loss ("FVTPL")	23	**13,626**	13,626
Statutory deposits placed with clearing house		**205**	255
		75,954	87,204
Current assets			
Inventories	19	**12,871**	13,962
Trade and other receivables and prepayments	20	**150,596**	106,550
Loan receivables	21	**896,812**	1,200,710
Financial assets at FVTPL	23	**105,176**	90,100
Tax recoverable		**–**	9
Bank balances (trust and segregated accounts)	24	**7,785**	9,098
Bank balances (general accounts) and cash	24	**127,822**	175,020
		1,301,062	1,595,449
Current liabilities			
Bonds	26	**234,537**	–
Trade and other payables and accruals	25	**176,739**	178,705
Lease liabilities	27	**935**	855
Tax payable		**15,349**	18,752
		427,560	198,312
Net current assets		**873,502**	1,397,137
Total assets less current liabilities		**949,456**	1,484,341

Consolidated Statement of Financial Position

As at 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Capital and reserves			
Share capital	29	**2,304**	2,304
Reserves		**426,277**	678,858
		428,581	681,162
Non-controlling interests		**(332)**	(403)
Total equity		**428,249**	680,759
Non-current liabilities			
Bonds	26	**505,710**	789,739
Deferred tax liabilities	28	**14,616**	13,843
Lease liabilities	27	**881**	–
		521,207	803,582
		949,456	1,484,341

The consolidated financial statements on pages 38 to 129 were approved and authorised for issue by the Board of Directors on 28 March 2024 and are signed on its behalf by:

Leung Kam Por, Ken
DIRECTOR

Ho Kuan Lai
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company										
	Share capital	Share premium	Special reserve	Property revaluation reserve	Translation reserve	Capital redemption reserve	Contributed surplus	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Note a)	*(Note b)*	*(Note c)*	*(Note d)*	*(Note e)*				
At 1 January 2022	690,968	352,753	38,510	41,647	13,252	1,270	–	(82,884)	1,055,516	161	1,055,677
Loss for the year	–	–	–	–	–	–	–	(367,073)	(367,073)	(564)	(367,637)
Exchange differences arising from translation	–	–	–	–	(13,390)	–	–	–	(13,390)	–	(13,390)
Gains on property revaluation	–	–	–	6,109	–	–	–	–	6,109	–	6,109
Total comprehensive expense for the year	–	–	–	6,109	(13,390)	–	–	(367,073)	(374,354)	(564)	(374,918)
Capital reduction	(688,664)	–	–	–	–	–	688,664	–	–	–	–
At 31 December 2022	2,304	352,753	38,510	47,756	(138)	1,270	688,664	(449,957)	681,162	(403)	680,759
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(279,466)**	**(279,466)**	**71**	**(279,395)**
Exchange differences arising from translation	**–**	**–**	**–**	**–**	**23,963**	**–**	**–**	**–**	**23,963**	**–**	**23,963**
Gains on property revaluation	**–**	**–**	**–**	**2,922**	**–**	**–**	**–**	**–**	**2,922**	**–**	**2,922**
Total comprehensive expense for the year	**–**	**–**	**–**	**2,922**	**23,963**	**–**	**–**	**(279,466)**	**(252,581)**	**71**	**(252,510)**
At 31 December 2023	**2,304**	**352,753**	**38,510**	**50,678**	**23,825**	**1,270**	**688,664**	**(729,423)**	**428,581**	**(332)**	**428,249**

Notes:

(a) The special reserve of the Group represents the difference between the nominal value of shares of Lerado Group Limited, a subsidiary of the Company, together with its share premium and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation.

(b) The property revaluation reserve represents cumulative gains and losses, and deferred tax effects arising from revaluation of the corresponding properties that have been recognised in other comprehensive income. Such items will not be reclassified to profit or loss in subsequent periods.

(c) Translation reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar) that are recognised directly in other comprehensive income and accumulated in the Translation reserve. Such exchange differences accumulated in the Translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

(d) The capital redemption reserve represents the aggregate par value of shares which have been repurchased and cancelled.

(e) The contributed surplus represents the capital reduction of the nominal value of issued ordinary shares from HK$5.0 each to HK$0.01 each by a cancellation of such amount of the paid-up capital on each issued ordinary share and an extinguishment and reduction of any part of the capital not paid up on any issued ordinary share so that each existing issued ordinary share will be treated as one fully paid up share of par value of HK$0.01 on 13 January 2022.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Loss before taxation	**(278,243)**	(345,563)
Adjustments for:		
Depreciation of property, plant and equipment	**1,723**	5,070
Depreciation of right-of-use assets	**1,339**	867
Finance costs	**52,313**	70,447
Impairment loss recognised on financial assets at amortised cost, net	**292,066**	318,160
Bank interest income	**(670)**	(811)
Fair value changes of:		
– investment properties	**3,029**	1,149
– financial assets at FVTPL	**14,037**	51,557
Loss on disposal of property, plant and equipment	**10**	22
Share of result of an associate	**9,487**	(530)
Provision of allowance for inventories	**17**	401
Early redemption of bond	**732**	–
Written off of property, plant and equipment	**–**	380
Operating cash flows before movements in working capital	**95,840**	101,149
Decrease in inventories	**881**	11,956
(Increase)/decrease in trade and other receivables	**(50,383)**	8,678
Increase in loan receivables	**(14,634)**	(36,241)
Decrease/(increase) in financial assets at FVTPL	**4,022**	(4,865)
Decrease in bank balances – trust and segregated accounts	**1,313**	41
(Decrease)/increase in trade and other payables and accruals	**(1,685)**	14,449
Cash generated from operations	**35,354**	95,167
Income tax paid, net	**(4,546)**	(1,589)
Interest paid	**(47,837)**	(24,168)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(17,029)**	69,410

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(646)**	(369)
Proceed from disposal of property, plant and equipment	**48**	4
Interest received	**670**	811
Payments for right of use assets	**–**	(232)
Purchase of financial assets at FVTPL	**–**	(2,826)
Withdrawn/(placement) of statutory deposit	**50**	(50)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**122**	(2,662)
FINANCING ACTIVITIES		
Repayment of lease liabilities	**(958)**	(742)
Repayment of bonds	**(54,700)**	(30,200)
NET CASH USED IN FINANCING ACTIVITIES	**(55,658)**	(30,942)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(72,565)**	35,806
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**175,020**	149,784
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**25,367**	(10,570)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances (general accounts) and cash	**127,822**	175,020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. GENERAL

Lerado Financial Group Company Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and principal place of business of the Company in Hong Kong is at Flat F&G, 4/F., Golden Sun Centre, 59-67 Bonham Strand West, Sheung Wan, Hong Kong.

This consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Impacts on the application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(B) NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or 1 January 2024.
3 Effective for annual periods beginning on or 1 January 2025.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.1 Basis of preparation of consolidated financial statements *(continued)*

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

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Investment in associates

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

The results and assets and liabilities of the associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate equals or exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

The Group assess whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Investment in associates *(continued)*

When the Group ceases have significant influence over an associate, it is accounted for as a disposal of the entire in the investor with resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

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

Revenue from contracts with customers

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Revenue from contracts with customers *(continued)*

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

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

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

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

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

Leases

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leasehold properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Leases *(continued)*

The Group as a lessee (continued)

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Leases *(continued)*

As a lessor

The Group enters into lease agreements as a lessor with respect to its investment properties to other parties.

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

Rental income from leases is recognised in other income on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging a 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.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

The functional currency of a group entity is changed only if there is a change to the underlying transactions, events and conditions relevant to the group entity. The group entity applies the translation procedures applicable to the new functional currency prospectively from the date of the change. At the date of the change, the group entity translates all items into the new functional currency using the prevailing exchange rate at that date and the resulting translated amounts for non-monetary items are treated as their historical cost.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Foreign currencies *(continued)*

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

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

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and state-managed retirement schemes, which are defined contribution schemes, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Taxation *(continued)*

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Taxation *(continued)*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

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

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to accumulated losses.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets upon application of HKFRS 16 and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

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

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

Financial instruments

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

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

<u>Impairment of financial assets and other items subject to impairment assessment under HKFRS 9</u>

The Group performed impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, deposits, loan receivables and bank balances) and other items (finance lease receivables) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group always recognises lifetime ECL for trade receivables (excepts for receivables from margin clients).

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(continued)*

(i) Significant increase in credit risk *(continued)*

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

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due (except for receivables from margin clients where a shorter period of 30 days past due has been applied by the directors in view of the nature of business operation and practice in managing the credit risk), unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(continued)*

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables (except margin clients) using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flow used for determining the ECL is consistent with the cashflows used in measuring the lease receivable in accordance with HKFRS 16.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(continued)*

(v) Measurement and recognition of ECL *(continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

– Past-due status;

– Nature, size and industry of debtors; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loans receivable where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities including trade and other payables and accrual, bonds are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Significant accounting policies *(continued)*

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other 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 within the next financial year.

Impairment assessment under ECL for trade receivables arising from medical products and plastic toys business

Trade receivables arising from medical products and plastic toys business with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables arising from medical products and plastic toys business which are individually insignificant. The provision rates are based on past due aging as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL are disclosed in note 34.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment assessment under ECL for loan receivables, trade receivables arising from securities brokerage business, other receivable and finance lease receivables

The Group estimates the amount of loss allowance for ECL on its loan receivables, trade receivables arising from securities brokerage business and finance lease receivables. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of loan receivables, trade receivables arising from securities brokerage business and finance lease receivables. The assessment of the credit risk of loan receivables, trade receivables arising from securities brokerage business and finance lease receivables involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

The following significant judgements and estimation are required in applying the accounting requirements for measuring the ECL:

Significant increase of credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Details of loan receivables, trade receivables arising from securities brokerage business, other receivable and finance lease receivables are set out in Note 20, 21 and 22.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 33 for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of assets, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment assessment under ECL for loan receivables, trade receivables arising from securities brokerage business, other receivable and finance lease receivables *(continued)*

Forward-looking information

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

5. REVENUE AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating segments", which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM") in order to allocate resources to the segment and to assess its performance. The Group's executive directors are the CODM for the purposes of HKFRS 8 as they collectively make strategic decisions in allocating the Group's resources and assessing performance.

For the segment reporting purpose to the CODM, the Group is currently organised into the following three operating and reportable segments:

Medical products and plastic toys business	Manufacturing and distribution of medical care products and plastic toys
Securities brokerage business and asset management services	Securities brokerage, margin financing and underwriting and placements and provision of asset management services
Money lending business and other financial services	Provision of loan services and other financial services

An operating segment regarding the garments trading and sourcing was discontinued in the current year. The segment information reported on the following does not include any amounts for this discontinued operation, which are described in more detail as below.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue

An analysis of the Group's revenue by major goods and services categories for the year are as follows:

	2023	2022
	HK$'000	*HK$'000*
Medical products	**71,956**	85,528
Plastic toys	**7,224**	7,415
Fee and commission income	**1,099**	1,169
Revenue from contracts with customers	**80,279**	94,112
Interest income from		
– Loan receivables	**108,954**	122,093
– Margin financing	**2,189**	2,033
	111,143	124,126
	191,422	218,238

	2023	2022
	HK$'000	*HK$'000*
Timing of revenue recognition		
A point in time	**80,279**	94,112
Over time	**–**	–
	80,279	94,112

Performance obligations for contracts with customers

Medical products

For sales of medical products to international customers, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers and the customers have obtained control on the goods through their ability to direct other use of and obtain substantially all the benefits from the goods. The normal credit term is 30 days upon delivery.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Performance obligations for contracts with customers *(continued)*

Plastic toys

For sales of plastic toys to international customers and the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers and the customers have obtained control on the goods through their ability to direct other use of and obtain substantially all the benefits from the goods. The normal credit term is 30 to 90 days upon delivery.

Segment revenue and results

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

	Medical products and plastic toys business *HK$'000*	Securities brokerage business and asset management services *HK$'000*	Money lending business and other financial services *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2023				
Segment revenue – external	79,180	3,288	108,954	191,422
Segment results	669	(7,142)	(219,384)	(225,857)
Changes in fair value of:				
– investment properties				(3,029)
– financial assets at FVTPL				(14,037)
Property rental income				3,207
Share of results of an associate				(9,487)
Unallocated corporate income				3,425
Unallocated corporate expenses				(32,465)
Loss before taxation				(278,243)

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

	Medical products and plastic toys business *HK$'000*	Securities brokerage business and asset management services *HK$'000*	Money lending business and other financial services *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2022				
Segment revenue – external	92,943	2,074	123,221	218,238
Segment results	(7,724)	(34,319)	(172,842)	(214,885)
Changes in fair value of:				
– investment properties				(1,149)
– financial assets at FVTPL				(51,557)
Property rental income				1,875
Share of results of an associate				530
Unallocated corporate income				7,808
Unallocated corporate expenses				(88,185)
Loss before taxation				(345,563)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by/loss from each segment without allocation of changes in fair value of investment properties and financial assets at FVTPL, property rental income, loss on disposal of subsidiaries, share of results of an associate, unallocated corporate income and unallocated corporate expenses. This is the measure reported to the CODM for the purposes of resources allocations and, performance assessment.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

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

	Medical products and plastic toys business *HK$'000*	Securities brokerage business and asset management services *HK$'000*	Money lending business and other financial services *HK$'000*	Consolidated *HK$'000*
As at 31 December 2023				
Segment assets	140,837	125,298	943,723	1,209,858
Investment properties				21,157
Financial assets at FVTPL				118,802
Other unallocated assets				27,199
Total assets				1,377,016
Segment liabilities	15,548	45,590	21,052	82,190
Bonds				740,247
Other unallocated liabilities				126,330
Total liabilities				948,767

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

	Medical products and plastic toys business *HK$'000*	Securities brokerage business and asset management services *HK$'000*	Money lending business and other financial services *HK$'000*	Consolidated *HK$'000*
As at 31 December 2022				
Segment assets	146,215	137,533	1,242,032	1,525,780
Investment properties				24,516
Investment in associates				10,134
Financial assets at FVTPL				103,726
Other unallocated assets				18,497
Total assets				1,682,653
Segment liabilities	40,397	82,128	21,022	143,547
Bonds				789,739
Other unallocated liabilities				68,608
Total liabilities				1,001,894

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

- all assets, other than investment properties, investment in associates, financial assets at FVTPL and assets of the investment holding companies, are allocated to reportable and operating segments; and
- all liabilities, other than bonds and liabilities of the investment holding companies, are allocated to reportable and operating segments.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Other segment information

	Medical products and plastic toys business *HK$'000*	Securities brokerage business and asset management services *HK$'000*	Money lending business and other financial services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2023					
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment	**646**	**–**	**–**	**–**	**646**
Depreciation of property, plant and equipment	**1,379**	**344**	**–**	**–**	**1,723**
Depreciation of right-of-use assets	**332**	**–**	**696**	**311**	**1,339**
Provision of allowance for inventories	**17**	**–**	**–**	**–**	**17**
Impairment loss recognised on financial assets at amortised cost, net	**(395)**	**7,064**	**285,397**	**–**	**292,066**

	Medical products and plastic toys business *HK$'000*	Securities brokerage business and asset management services *HK$'000*	Money lending business and other financial services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2022					
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment	369	–	–	–	369
Depreciation of property, plant and equipment	4,713	357	–	–	5,070
Depreciation of right-of-use assets	347	–	520	–	867
Provision of allowance for inventories	401	–	–	–	401
Impairment loss recognised on financial assets at amortised cost, net	195	29,726	288,239	–	318,160

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Geographical information

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

Information about the Group's revenue from continuing operations from external customers is presented based on the locations of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**112,244**	125,295	**2,665**	2,580
Europe*	**62,017**	71,870	**–**	–
The United States of America	**7,462**	11,603	**–**	–
The PRC (excluding Hong Kong)	**5,015**	5,732	**59,458**	60,609
Australia	**1,961**	1,513	**–**	–
South America	**232**	8	**–**	–
Others*	**2,491**	2,217	**–**	–
	191,422	218,238	**62,123**	63,189

* No further analysis by countries in these two categories is presented because the revenue from each individual country is insignificant to the total revenue.

Note: Non-current assets excluded those relating to discontinued operation and investment in associates, financial assets at FVTPL, statutory deposits placed with clearing house and deferred tax assets.

Information about major customers

The Group's revenue from continuing operations from external customers is mainly derived from the PRC and Hong Kong. For the years ended 31 December 2023 and 2022, there was no revenue from transactions with a single customer amounted to 10% or more of the total revenue.

6. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	670	811
Rental income	3,207	1,875
Other commission income	1,759	231
Government grants	–	295
Others	996	6,471
	6,632	9,683

7. OTHER GAINS AND LOSSES, NET/IMPAIRMENT LOSS RECOGNISED ON FINANCIAL ASSETS AT AMORTISED COST, NET

(a) Other gains and losses, net

	2023	2022
	HK$'000	*HK$'000*
Fair value changes of:		
– investment properties	(3,029)	(1,149)
– financial assets at FVTPL	(14,037)	(51,557)
Loss on disposal of property, plant and equipment	(10)	(22)
Loss on early redemption of bond payable	(732)	–
	(17,808)	(52,728)

(b) Impairment loss recognised on financial assets at amortised cost, net

	2023	2022
	HK$'000	*HK$'000*
Impairment loss (recognised)/reversed on trade receivables arising from:		
– medical products and plastic toys business and trading of garments	395	(195)
– securities brokerage business	(7,064)	(29,726)
Impairment loss recognised on loan receivables	(285,397)	(288,239)
	(292,066)	(318,160)

8. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interests on		
– Bonds	**52,290**	70,412
– Lease liabilities	**23**	35
	52,313	70,447

9. INCOME TAX EXPENSE

	2023 HK$'000	2022 HK$'000
Current tax:		
The PRC Enterprise Income Tax ("EIT")	**2,169**	2,444
Over-provision in prior years:		
The PRC EIT	**(1,017)**	–
Deferred taxation:		
Current year	**–**	19,630
	1,152	22,074

9. INCOME TAX EXPENSE *(continued)*

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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

Corporate Income Tax in Taiwan is charged at 17% for both years.

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

The income tax expense can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023	2022
	HK$'000	*HK$'000*
Loss before taxation	**(278,243)**	(345,563)
Tax credit at Hong Kong Profits Tax rate of 16.5%	**(45,910)**	(57,018)
Tax effect of share of result of an associate	**(1,565)**	(87)
Tax effect of expenses not deductible for tax purposes	**4,436**	8,860
Tax effect of income not taxable for tax purposes	**(250)**	(145)
Tax effect of temporary differences not recognised	**(77)**	729
Tax effect of tax losses not recognised	**54,745**	72,913
Tax effect of tax losses utilised	**(9,602)**	(3,805)
Over-provision in prior years	**(1,017)**	–
Effect of different tax rates of subsidiaries operate in other jurisdictions	**392**	627
Income tax expense	**1,152**	22,074

Details of movements in deferred taxation are set out in note 28.

10. LOSS FOR THE YEAR

	2023 HK$'000	2022 HK$'000
Loss for the year from continuing operations has been arrived at after charging:		
Salaries and allowances, including those of directors	**26,694**	25,511
Contributions to retirement benefit schemes, including those of directors	**913**	780
Total employee benefits expense, including those of directors	**27,607**	26,291
Auditor's remuneration	**710**	710
Cost of inventories recognised as an expense	**59,398**	72,866
Depreciation of property, plant and equipment	**1,723**	5,070
Depreciation of right-of-use assets	**1,339**	867
Written off of property, plant and equipment	**–**	380
Provision of allowance for inventories	**17**	401

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors are as follows:

2023

	Fees HK$'000	Salaries and allowances HK$'000	Contribution to retirement benefits scheme HK$'000	Total emoluments HK$'000
Executive directors				
Chen Chun Chieh	–	1,285	39	1,324
Leung Kam Por Ken	–	240	12	252
Ho Kuan Lai	–	960	–	960
Independent non-executive directors				
Lam Williamson	144	–	–	144
Yu Tat Chi Michael	216	–	–	216
Yang Haihui	120	–	–	120
Total	480	2,485	51	3,016

11. DIRECTORS' EMOLUMENTS *(continued)*

2022

	Fees	Salaries and allowances	Contribution to retirement benefits scheme	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Chen Chun Chieh	–	1,267	39	1,306
Leung Kam Por Ken	–	240	12	252
Ho Kuan Lai	–	960	–	960
Independent non-executive directors				
Lam Williamson	144	–	–	144
Yu Tat Chi Michael	216	–	–	216
Yang Haihui	120	–	–	120
Total	480	2,467	51	2,998

Notes:

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive Directors' emoluments shown above were mainly for their services as directors of the Company.

During the years ended 31 December 2023 and 2022, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Company has waived any remuneration during the years ended 31 December 2023 and 2022.

12. EMPLOYEES' EMOLUMENTS

Among the five individuals with the highest emoluments in the Group for the year ended 31 December 2023, two (2022: two) were directors of the Company whose emoluments are included in the disclosure in note 11 above. The emoluments of the remaining three (2022: three) individuals are as follows:

	2023	2022
	HK$'000	*HK$'000*
Salaries and allowance	**3,189**	1,794
Contribution to retirement benefits scheme	**51**	35
	3,240	1,829

Their emoluments were within the following bands:

	2023	2022
Below HK$1,000,001	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–

No emoluments were paid by the Group to the five highest paid individuals as compensation for loss of office or as a discretionary bonus or an inducement to join or upon joining the Group. None of the five highest paid individuals has waived any emoluments in both years.

13. DIVIDENDS

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2023 (2022: nil).

14. LOSS PER SHARE

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

	2023 *HK$'000*	2022 *HK$'000*
Loss for the year attributable to owners of the Company, for the purpose of basic and diluted loss per share	**(279,466)**	(367,073)

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**230,322,413**	230,322,413

Diluted loss per share for the years ended 31 December 2023 and 2022 were the same as basic loss per share as there were no potential ordinary shares in issue for the years ended 31 December 2023 and 2022.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST OR VALUATION						
At 1 January 2022	23,851	1,205	20,870	6,079	1,640	53,645
Exchange realignment	(3,187)	(102)	(1,769)	(338)	(107)	(5,503)
Additions	–	–	17	87	265	369
Disposal	–	–	–	–	(263)	(263)
Written off	–	–	–	(396)	–	(396)
Adjustment on valuation	1,943	–	–	–	–	1,943
At 31 December 2022 and at 1 January 2023	22,607	1,103	19,118	5,432	1,535	49,795
Exchange realignment	(341)	(16)	(280)	(44)	(15)	(696)
Additions	–	–	223	72	351	646
Disposal	–	–	(552)	(37)	(146)	(735)
Adjustment on valuation	2,837	–	–	–	–	2,837
At 31 December 2023	25,103	1,087	18,509	5,423	1,725	51,847
DEPRECIATION AND IMPAIRMENT						
At 1 January 2022	–	1,082	19,144	3,887	1,338	25,451
Exchange realignment	(106)	(126)	(1,327)	(512)	(148)	(2,219)
Provided for the year	4,384	34	145	432	75	5,070
Disposals	–	–	–	–	(237)	(237)
Written off	–	–	–	(16)	–	(16)
Adjustment on valuation	(4,278)	–	–	–	–	(4,278)
At 31 December 2022 and at 1 January 2023	–	990	17,962	3,791	1,028	23,771
Exchange realignment	(7)	(14)	(297)	(40)	(7)	(365)
Provided for the year	1,068	33	132	408	82	1,723
Disposals	–	–	(513)	(33)	(131)	(677)
Adjustment on valuation	(1,061)	–	–	–	–	(1,061)
At 31 December 2023	–	1,009	17,284	4,126	972	23,391
CARRYING AMOUNT						
At 31 December 2023	25,103	78	1,225	1,297	753	28,456
At 31 December 2022	22,607	113	1,156	1,641	507	26,024

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

Buildings	2% or the remaining period of the leases, if shorter
Leasehold improvements	10-20% or the remaining period of the leases, if shorter
Plant and machinery	10-20%
Office equipment	20-33$^1/_3$%
Motor vehicles	20-50%

The Group revalued its buildings at 31 December 2023 and 2022. At 31 December 2023, the buildings in the PRC amounting to HK$25,103,000 (2022: HK$22,607,000) were valued under depreciated replacement cost approach. The revaluation gain for the year ended 31 December 2023 amounting to HK$3,898,000 which were debited directly to the property revaluation reserve (2022: revaluation gain of HK$6,221,000).

Fair value measurement of the Group's buildings

The fair values of the Group's buildings were revalued at 31 December 2023 and 2022 by independent property valuers not connected to the Group.

The fair values of the remaining buildings in the PRC were determined by using the depreciated replacement cost approach that reflects the cost to a market participant to construct asset of comparable utility and age, adjusted for obsolescence. There has been no change to the valuation technique during the year.

In estimating of the fair values of buildings, the highest and the best use of the buildings is their current use. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. All of the fair value measurements of the Group's buildings were categorised into Level 3.

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Fair value measurement of the Group's buildings *(continued)*

Reconciliation of Level 3 fair value measurements

	Buildings
	HK$'000
At 1 January 2022	23,851
Exchange realignment	(3,081)
Depreciation	(4,384)
Revaluation	6,221
At 31 December 2022 and at 1 January 2023	22,607
Exchange realignment	(334)
Depreciation	(1,068)
Revaluation	3,898
At 31 December 2023	25,103

The following table shows the valuation techniques used in the determination of fair values for buildings and unobservable inputs used in the valuation model.

Description	**Fair value as at 31 December 2023** *HK$'000*	31 December 2022 *HK$'000*	**Valuation techniques**	**Unobservable inputs**	**Relationship of unobservable inputs of fair value**
Buildings located in the PRC					
Industrial office units	**25,103**	22,607	Depreciated replacement cost approach	Adjusted building construction cost after taking into account the difference in individual factor	An increase in the building construction cost would result in the increase in the comparable fair value and vice versa.

If the buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation at approximately HK$3,228,000 (2022: approximately HK$3,406,000).

16. RIGHT-OF-USE ASSETS

	Land use rights	Leasehold building	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 January 2022	12,797	466	13,263
Addition	–	1,400	1,400
Exchange realignment	213	–	213
At 31 December 2022	13,010	1,866	14,876
Addition	–	1,919	1,919
Termination of leases	–	(1,866)	(1,866)
Exchange realignment	(273)	–	(273)
At 31 December 2023	12,737	1,919	14,656
Accumulated depreciation:			
At 1 January 2022	1,445	48	1,493
Charge for the year	347	520	867
Exchange realignment	(133)	–	(133)
At 31 December 2022	1,659	568	2,227
Charge for the year	332	1,007	1,339
Termination of leases	–	(1,394)	(1,394)
Exchange realignment	(26)	–	(26)
At 31 December 2023	1,965	181	2,146
Carrying amount:			
At 31 December 2023	10,772	1,738	12,510
At 31 December 2022	11,351	1,298	12,649

	2023	2022
	HK$'000	*HK$'000*
Total cash outflow for leases	**981**	778

Notes:

Land use rights represents lump sum considerations paid by the Group to acquire leasehold lands located in the PRC. These leasehold lands are with lease periods of 50 years and there are no ongoing payments to be made under the terms of the land leases.

17. INVESTMENT PROPERTIES

	HK$'000
At 1 January 2022	27,520
Changes in fair value recognised in profit or loss	(1,149)
Exchange realignment	(1,855)
At 31 December 2022 and 1 January 2023	24,516
Changes in fair value recognised in profit or loss	(3,029)
Exchange realignment	(330)
At 31 December 2023	21,157

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

During the year ended 31 December 2023, no property, plant and equipment and right-of-use assets were transferred to investment properties due to change of the uses from owner-occupation to earning rentals.

The fair values of the Group's investment properties at 31 December 2023 and 2022 have been arrived at on the basis of a valuation carried out on the respective dates by independent qualified professional valuers not connected to the Group.

The fair values of industrial office units located in PRC were determined based on direct comparison approach by reference to the market transaction prices of similar properties in the neighbourhood, and adjusted based on the nature, location and condition of the property. There has been no change to the valuation technique during the year.

In estimating of the fair value of properties, the highest and the best use of the properties is their current use. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. All of the fair value measurements of the Group's investment properties were categorised into Level 3.

17. INVESTMENT PROPERTIES *(continued)*

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

Description	Fair value as at 31 December 2023 HK$'000	31 December 2022 HK$'000	Valuation technique(s)	Unobservable inputs	Relationship of unobservable inputs to fair value
Property located in the PRC					
Industrial office units	**21,157**	24,516	Depreciated replacement cost approach	Adjusted building construction cost after taking into account the difference in individual factor	An increase in the building construction cost would result in the increase in the comparable fair value and vice versa.

18. INVESTMENT IN ASSOCIATES

	2023 HK$'000	2022 HK$'000
Cost of unlisted investments	**1,081**	1,097
Share of post-acquisition results	**(1,081)**	1,200
	–	2,297
Loan to an associate *(note a)*	**–**	7,837
	–	10,134

(a) Loan to an associate is unsecured, non-interest bearing and have no fixed terms of repayment. This is regarded as capital contribution to the associate.

18. INVESTMENT IN ASSOCIATES *(continued)*

Details of the Group's associates as at 31 December 2023 and 2022 are as follows:

Name of associate	Place of incorporation/ business	Issued and fully paid share capital/registered capital		Effective interest in the issued share capital		Principal activity
		2023	2022	**2023**	2022	
上海勤瑞益安物業管理有限公司 (“上海勤瑞”)	PRC	**RMB2,000,000**	RMB2,000,000	**49%**	49%	Investment holding
上海坎菲德企業管理合夥企業（有限合夥）(“上海坎菲德”) *(Note a)*	PRC	**RMB50,000,000**	RMB50,000,000	**29.4%**	29.4%	Investment holding

Summarised financial information of principal associate 上海勤瑞 is set out below:

	2023	2022
	HK$'000	*HK$'000*
Total assets	**18,731**	40,568
Total liabilities	**(30,629)**	(29,693)
Net (liabilities)/assets	**(11,898)**	10,875
Revenue	**–**	2,348
(Loss)/profit for the year and total comprehensive income	**(22,618)**	1,081
Group's share of result of the associate for the year	**(9,487)**	530

Notes:

(a) 上海坎菲德 is directly held by 上海勤瑞.

18. INVESTMENT IN ASSOCIATES *(continued)*

Reconciliation of the above summarised financial information of 上海勤瑞 to the carrying amount of the interest in an associate recognised in these consolidated financial statements:

	2023 *HK$'000*	2022 *HK$'000*
Net (liabilities)/assets of 上海勤瑞	**(11,898)**	10,875
Less: Non-controlling interests of 上海勤瑞's subsidiaries	**(6,025)**	(6,187)
	(17,923)	4,688
Proportion of the Group's ownership interest in 上海勤瑞	**49%**	49%
Proportion of the Group's interest in 上海勤瑞	**–**	2,297
Loan to 上海勤瑞	**–**	7,837
Carrying amount of the Group's interest in 上海勤瑞	**–**	10,134

19. INVENTORIES

	2023 *HK$'000*	2022 *HK$'000*
Raw materials	**6,380**	9,710
Work in progress	**1,664**	1,131
Finished goods	**4,827**	3,121
	12,871	13,962

During the year, provision of allowance of HK$17,000 (2022: HK$401,000) was recognised in cost of sales for obsolete and slow-moving inventory items identified.

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	HK$'000	*HK$'000*
Trade receivables arising from:		
Medical products and plastic toys business *(Note a)*	**16,954**	16,539
Less: allowance for ECL	**(2,853)**	(3,262)
	14,101	13,277
Securities brokerage business *(Note b)*:		
– Margin clients	**184,962**	186,358
Less: allowance for ECL	**(118,759)**	(111,695)
	66,203	74,663
Total trade receivables	**80,304**	87,940
Purchase deposits, other receivables and deposits	**27,048**	11,534
Amount due from brokers	**41,574**	5,445
Prepayments	**1,670**	1,631
Total trade and other receivables and prepayments	**150,596**	106,550

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

Notes:

(a) The Group allows an average credit period of 60 days to its trade customers from medical products and plastic toys business and garments trading and sourcing. The following is an aged analysis of trade receivables net of allowance for ECL from medical products and plastic toys business and sourcing presented based on the invoice date at the end of reporting period, which approximated the respective revenue recognition dates.

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**4,650**	9,241
31 to 90 days	**6,441**	1,190
91-365 days	**1,914**	1,376
Over 365 days	**1,096**	1,470
	14,101	13,277

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly.

(b) The normal settlement terms of trade receivables from cash clients and securities clearing house are two days after trade date.

Trade receivables from margin clients, net of individually impaired receivables, amounting to HK$55,012,000 (2022: HK$63,512,000) as at 31 December 2023 are secured by clients' pledged securities with fair value of HK$44,241,000 (2022: HK$53,286,000). All of the pledged securities are listed equity securities in Hong Kong. The margin loans are repayable on demand subsequent to settlement date and carry interest at Hong Kong Prime rate plus margin that ranges from 8% to 15% (2022: ranges from 8% to 15%) per annum. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.

Details of impairment assessment are set out in note 33.

The Group has concentration of credit risk as 54% (2022: 54%) of the total loans to margin clients was due from the Group's five largest margin clients. The whole amount is secured by clients' pledged securities with the fair value of HK$23,360,000 (2022: HK$22,964,000) as at 31 December 2023. No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

In determining the allowances for impaired margin loans to margin clients, the management of the Group considers the margin shortfall by comparing the market value of stock portfolio and the outstanding balance of margin loan to securities margin clients individually. Impairments are made for those clients with margin shortfall as at year end and with no settlement after the year end.

21. LOANS RECEIVABLES

	2023 *HK$'000*	2022 *HK$'000*
Loans receivables	**1,049,055**	1,185,044
Interest receivables	**354,971**	359,763
	1,404,026	1,544,807
Factoring loan receivables	**5,658**	18,711
	1,409,684	1,563,518
Loss allowance for ECL	**(512,872)**	(362,808)
	896,812	1,200,710
Analysed as:		
Secured	**1,980**	112,054
Unsecured	**894,832**	1,088,656
	896,812	1,200,710

The total amounts are repayable on demand or within one year from the end of the reporting period. Interest rate on the fixed rate loans receivables as at 31 December 2023 was ranged from 7% to 18% per annum (2022: from 6% to 18% per annum).

In determining the impairment of loans receivables from money lending business, the management considers the settlements subsequent to maturity of the relevant loans receivables and the estimated recoverable amount of the corresponding pledged assets of each borrower less cost to sell.

For the factoring loan receivables, the credit period granted to each of the customers is generally less than one year. The effective interest rate of the above factoring loan receivables is 15% per annum as at 31 December 2023 (2022: 15%).

In the event of default by customers, the Group might sell the collaterals, hence the management of the Group monitors the market value of collaterals to ensure the market values of collaterals at the end of reporting period are sufficient to cover the respective outstanding loan receivables from customers.

Loan receivables, net of individually impaired receivables, amounting to HK$nil (2022: HK$93,343,000) as at 31 December 2023 are secured by clients' pledged securities with fair value of HK$nil (2022: HK$80,485,000). All of the pledged securities are listed equity securities in Hong Kong.

Detail of impairment assessment are set out in note 33.

22. FINANCE LEASE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Finance lease receivables	**7,491**	7,599
Loss allowance for ECL	**(7,491)**	(7,599)
	–	–
Analysed as:		
– Current	**–**	–
– Non-current	**–**	–
	–	–

Details of leasing arrangements

The Group has entered into finance lease arrangements to lease out certain of its production machinery and equipment with the remaining lease terms of 1 year. At the end of the lease term of these finance leases, the lessee has the option to buy the machinery and equipment at nominal consideration. None of the lease contains contingent rentals. The contractual interest rates in the lease arrangements are fixed rate 7% per annum.

Amount receivable under finance leases

	Minimum lease payments		**Present value of minimum lease payments**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Not later than one year	**7,491**	7,599	**7,491**	7,599
Later than one year and no later than five years	**–**	–	**–**	–
Later than five years	**–**	–	**–**	–
	7,491	7,599	**7,491**	7,599
Less: unearned finance income	**–**	–	**–**	–
Present value of minimum lease payments receivables	**7,491**	7,599	**7,491**	7,599

Details of impairment assessment are set out in note 33.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK$'000	*HK$'000*
Financial assets mandatorily at FVTPL:		
Listed securities held for trading:		
– Equity securities listed in Hong Kong	**94,989**	71,372
Unlisted equity fund	**13,626**	13,626
Unlisted debt securities	**10,187**	18,728
	118,802	103,726
Analysed for reporting purpose as:		
Current assets	**105,176**	90,100
Non-current assets	**13,626**	13,626
	118,802	103,726

The Group recorded a loss on fair value changes of financial assets at FVTPL for the year ended 31 December 2023 of approximately HK$14.0 million (2022: HK$51.6 million).

24. BANK BALANCES AND CASH

Bank balances-trust and segregated accounts

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The Group has also recognised the corresponding trade payables to respective clients and other respective clients and other institutions (note 25). However, the Group does not have a currently enforceable right to offset those payables with the deposits placed.

Bank balances (general accounts) and cash

The amount comprises balances and cash held by the Group and short term bank deposits with original maturity within 3 months. At 31 December 2023, bank balances and short term bank deposits carried interest at market rates ranging from 0.01% to 3% (2022: 0.01% to 3%) per annum.

25. TRADE AND OTHER PAYABLES AND ACCRUALS

	2023	2022
	HK$'000	*HK$'000*
Trade payables arising from:		
Medical products and plastic toys business and garments trading and sourcing	**13,214**	16,723
Securities brokerage business		
– Cash clients	**2,554**	4,284
– Margin clients	**5,226**	4,809
– Clearing house	**–**	–
Total trade payables	**20,994**	25,816
Bond interest payables	**74,908**	74,908
Other payables and accruals	**80,837**	77,981
	176,739	178,705

The following is an aged analysis of trade payables from medical products and plastic toys business and trading of garments presented based on the invoice date at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**5,613**	13,279
31 to 90 days	**293**	2,409
Over 90 days	**7,308**	1,035
	13,214	16,723

The average credit period on purchases of goods from medical products and plastic toys business and garments trading and sourcing is 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The settlement terms of trade payable arising from the securities brokerage business are two days after trade date or at specific terms agreed with clearing house. Trade payables to cash and margin clients are repayable on demand. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of share margin financing.

As at 31 December 2023, the trade payables amounting to HK$7,780,000 (2022: HK$9,093,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

26. BONDS

	2023 *HK$'000*	2022 *HK$'000*
Bonds, unsecured	**740,247**	789,739

The carrying amounts of bonds are repayable as follows:

	2023 *HK$'000*	2022 *HK$'000*
Within one year	**234,537**	–
More than one year but not more than two years	**455,710**	297,558
More than two years but not more than five years	**50,000**	492,181
	740,247	789,739
Less: Amounts due within one year shown under current liabilities	**(234,537)**	–
Amounts shown under non-current liabilities	**505,710**	789,739

Movement of the bonds is as follows:

	2023 *HK$'000*	2022 *HK$'000*
At 1 January	**789,739**	786,889
Accrued interests	**52,290**	70,412
Interest paid (cash flow)	**(47,814)**	(24,133)
Interest payable (included in other payable)	**–**	(13,229)
Early redemption of bond	**732**	–
Repayments (cash flow)	**(54,700)**	(30,200)
At 31 December	**740,247**	789,739

26. BONDS *(continued)*

The bonds are unsecured with maturity date falling on the eighth anniversary of the issue date. The interest rate of the bonds is fixed at 6% per annum (2022: 6% per annum), and the interest is paid annually.

27. LEASE LIABILITIES

The exposure of the Group's lease liabilities are as follows:

	2023	2022
	HK$'000	*HK$'000*
Current	**935**	855
Non-current	**881**	–
	1,816	855

	Minimum lease payment		**Present value of lease payment**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Minimum lease payment due:				
– Within one year	**1,010**	886	**935**	855
– More than one year but not more than two years	**904**	–	**881**	–
	1,914	886	**1,816**	855
Future finance charges	**(98)**	(31)		
Present value of lease liabilities	**1,816**	855		
Present value of lease liabilities				
Amounts due for settlement within one year (shown under current liabilities)			**(935)**	(855)
Amounts due for settlement after one year			**881**	–

The Group leases leasehold building for operation and these lease liabilities were measured at the present value of the lease payment that are not yet paid. All leases are entered at fixed prices.

The incremental borrowing rate applied to lease liabilities at from 4.71% to 8.00% (2022: from 3.51% to 5.00%).

28. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Difference between accounting and tax depreciation	Revaluation of properties	Loss allowance for ECL	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2022	(917)	17,360	(18,713)	(2,270)
Credit to profit or loss	917	–	18,713	19,630
Charge to other comprehensive income	–	112	–	112
Exchange realignment	–	(3,629)	–	(3,629)
At 1 January 2023	–	13,843	–	13,843
Charge to other comprehensive income	–	976	–	976
Exchange realignment	–	(203)	–	(203)
At 31 December 2023	–	14,616	–	14,616

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements as there is no temporary differences attributable to accumulated profits of the PRC subsidiaries as well as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31 December 2023, the Group had unused tax losses of HK$752,039,000 (2022: HK$483,772,000) available for offset against future profits. Deferred tax assets thereon have not been recognised because of the unpredictability of future profit streams. All losses may be carried forward indefinitely.

29. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
At 1 January 2022		
– ordinary shares of HK$0.5 each	10,000,000,000	5,000,000
Share Consolidation	(9,000,000,000)	–
Share Sub-division	499,000,000,000	–
At 31 December 2022, 1 January 2023 and 31 December 2023, ordinary shares of HK$0.01	500,000,000,000	5,000,000
Issued:		
At 1 January 2022		
– ordinary shares of HK$0.5 each	2,303,224,137	690,968
Share Consolidation	(2,072,901,724)	–
Capital Reduction	–	(688,664)
At 31 December 2022, 1 January 2023 and 31 December 2023, ordinary shares of HK$0.01	230,322,413	2,304

During the year ended 31 December 2022, the Company implemented the capital reorganisation (the "Capital Reorganisation") involving the followings:

(i) every ten issued and unissued ordinary shares of par value of HK$0.50 each in the share capital of the Company were consolidated into 1 consolidated share of par value of HK$5.0 each (the "Share Consolidation");

(ii) immediately following the Share Consolidation, the issued share capital of the Company will be reduced by (a) rounding down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) a reduction of the par value of each issued the Company's ordinary shares from HK$5.0 to HK$0.01 per issued ordinary share (the "Capital Reduction") which reduction will comprise of a cancellation of such amount of the paid-up capital on each issued ordinary share and an extinguishment and reduction of any part of the capital not paid up on any issued ordinary share so that each existing issued ordinary share will be treated as one fully paid up share of par value of HK$0.01 each in the share capital of the Company immediately following the Capital Reduction and the credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company with in the meaning of the Companies Act and be applied for such purposes as permitted by all applicable laws and the memorandum and bye-laws of the Company and as the Board considers appropriate; and

(iii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares shall be sub-divided into five hundred (500) New Shares of par value of HK$0.01 each (the "Share Sub-division").

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities	**Bonds**
	HK$'000	*HK$'000*
A 1 January 2022	429	786,889
Changes from financing cash flows	(742)	(30,200)
New lease entered	1,168	–
Interest expenses	35	70,412
Interest paid classified as operating cash flows	(35)	(24,133)
Interest payable (included in other payables)	–	(13,229)
A 31 December 2022 and 1 January 2023	855	789,739
Changes from financing cash flows	(958)	(54,700)
New lease entered	1,919	–
Interest expenses	23	52,290
Interest paid classified as operating cash flows	(23)	(47,814)
Interest payable (included in other payables)	–	–
Early termination of bond	–	732
At 31 December 2023	1,816	740,247

31. SHARE OPTIONS

2012 Scheme

The Company adopted a share option scheme (the "2012 Scheme"), which was approved in the Company's annual general meeting on 28 May 2012 with the view to motivate the eligible participants.

According to the 2012 Scheme, the board of directors of the Company may offer to grant an option to any full-time employees, executives or officers, directors of the Company or any of its subsidiaries and any suppliers, consultants, agents and advisers who have contributed to the Group. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

In general, the maximum number of shares in respect of which options may be granted under the 2012 Scheme and under any other share option scheme of the Company must not exceed 10% of the total number of shares in issue, excluding for this purpose shares which would have been issuable pursuant to option which have lapsed in accordance with the terms of the 2012 Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2012 Scheme and any other share option schemes of the Company to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as of the date of grant without prior approvals of the shareholders. Share options granted to connected persons in excess of 0.1% of the shares in issue or having a value in excess of HK$5 million must be approved in advance by the Company's shareholders in general meeting.

The directors may in its absolute discretion determine the period during which an option may be exercised, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the 2012 Scheme. Subject to earlier termination by the Company in general meeting or by the board of directors, the 2012 Scheme shall be valid and effective for a period of 10 years after the date of adoption of the 2012 Scheme. The exercise price shall be determined by the board of directors and must not be less than the highest of (i) the official closing price of the Company's shares on the date of grant, (ii) the average of the official closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share.

The 2012 Scheme expired on 27 May 2022.

No share option under 2012 Scheme was outstanding as at 31 December 2022.

31. SHARE OPTIONS *(continued)*

2022 Scheme

Following the 2012 Scheme expired on 27 May 2022, the Company adopted a new share option scheme (the "2022 Scheme"), which was approved in the Company's annual general meeting on 29 June 2022 with the view to motivate the eligible participants.

According to the 2022 Scheme, the board of directors of the Company may offer to grant an option to any full-time employees, executives or officers, directors of the Company or any of its subsidiaries a. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

In general, the maximum number of shares in respect of which options may be granted under the 2022 Scheme and under any other share option scheme of the Company must not exceed 10% of the total number of shares in issue, excluding for this purpose shares which would have been issuable pursuant to option which have lapsed in accordance with the terms of the 2022 Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2022 Scheme and any other share option schemes of the Company to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as of the date of grant without prior approvals of the shareholders. Share options granted to connected persons in excess of 0.1% of the shares in issue or having a value in excess of HK$5 million must be approved in advance by the Company's shareholders in general meeting.

The directors may in its absolute discretion determine the period during which an option may be exercised, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the 2022 Scheme. Subject to earlier termination by the Company in general meeting or by the board of directors, the 2022 Scheme shall be valid and effective for a period of 10 years after the date of adoption of the 2022 Scheme. The exercise price shall be determined by the board of directors and must not be less than the highest of (i) the official closing price of the Company's shares on the date of grant, (ii) the average of the official closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share.

No share option was outstanding as at 31 December 2023 and 2022.

32. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that its subsidiaries will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remain unchanged from prior year.

The capital structure of the Group consists of net debt which includes bonds disclosed in note 26, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital, share premium, special reserve, property revaluation reserve, translation reserve, share option reserve, capital redemption reserve and accumulated profits, as disclosed in the consolidated financial statements.

The directors of the Company review the capital structure annually. As part of this review, the directors of the Company assess the annual budget prepared by management of the Company. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through new share issues, as well as issue of new debts and repayment of existing debts.

A subsidiary of the Company is regulated by the Hong Kong Securities and Futures Commission ("SFC") and is required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). The Group's regulated entity is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management closely monitors, on a daily basis, the liquid capital level of these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 *HK$'000*	2022 *HK$'000*
Financial assets		
Fair value through profit or loss (FVTPL)		
– Held-for-trading	**94,989**	71,372
– Others	**23,813**	32,354
Amortised cost	**1,112,928**	1,489,747
Financial liabilities		
Amortised cost	**916,986**	968,444

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to financial assets at FVTPL, statutory deposit placed with clearing house, trade and other receivables, loan receivables and bank balances and cash. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan receivables and trade receivable arising from margin clients is mitigated because they are secured over properties or listed equity securities.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables arising from contracts with customers

The Group has concentration of credit risk as 24% (2022: 13%) and 71% (2022: 46%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the medical products and plastic toys business and securities brokerage business. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Except for trade receivables arising from cash and margin client, which are assessed for impairment individually, the remaining trade receivables is grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. Reversal of HK$231,000 (2022: provision of HK$195,000) is recognised for medical products and plastic toy business during the year.

In respect of trade receivables arising from securities brokerage business, individual evaluations are performed on all clients (including cash and margin clients) based on underlying collateral. Cash clients are required to place deposits as prescribed in the Group's policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within two days after the trade date. The Group normally obtains liquid securities and/or cash deposits as collateral for providing financing to its cash and margin clients and has policy to manage these exposures on a fair value basis. Margin loans due from margin clients are repayable on demand.

The provision of HK$7,064,000 (2022: HK$29,726,000) is recognised for securities brokerage business during the year. Details of the quantitative disclosures are set out below in this note.

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Bank balances

Credit risk on bank balances are limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies.

Other receivables

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and quantitative and qualitative information that is reasonable and supportive forward-looking information. For the year ended 31 December 2023 and 2022, The Group provided impairment on other receivables based on 12m ECL. Details of the quantitative disclosures are set out below in this note.

Loan receivables

The directors of the Company estimate the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the customers to the loan receivables. Based on assessment by the directors of the Company, the loss given default is low in view of the estimated realised amount of ultimate disposal of the collaterals and the amount of impairment made.

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

Internal credit rating	Description	Trade receivables (excepts for receivables from margin clients)	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

The tables below detail the credit risk exposures of the Group's financial assets and finance lease receivables, which are subject to ECL assessment:

	Note	External credit rating	Internal credit rating	12m or lifetime ECL	2023 Gross carrying amount HK$'000	2023 HK$'000	2022 Gross carrying amount HK$'000	2022 HK$'000
Financial assets at amortised cost								
Loan receivables	21	N/A	Low risk	12m ECL	**278,753**		870,900	
			Doubtful	Lifetime ECL (not credit-impaired)	**701,528**		467,190	
			Loss	Credit-impaired	**429,403**	**1,409,684**	225,428	1,563,518
Bank balances	24	WR-Aal	N/A	12m ECL	**135,607**	**135,607**	184,118	184,118
Trade receivable arising from medical products and plastic toys business	20	N/A	Note 1	Lifetime ECL (provision matrix)	**16,954**	**16,954**	16,539	16,539
Trade receivable arising from margin clients	20	N/A	Low risk	12m ECL	**12,731**		26,425	
			Doubtful	Lifetime ECL (not credit-impaired)	**–**		–	
			Loss	Credit-impaired	**172,231**	**184,962**	159,933	186,358
Finance lease receivable	22	N/A	Low risk	12m ECL	**–**		–	
			Loss	Credit-impaired	**7,491**	**7,491**	7,599	7,599
Other receivables	20	N/A	Low risk	12m ECL	**85,445**		11,162	
			Loss	Credit-impaired	**–**	**85,445**	22,717	33,879

Note 1: For trade receivables arising from medical products and plastic toys business, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the ECL on these items by using a provision matrix.

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its medical products and plastic toys business because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

	2023		2022	
	Average loss rate	**Trade receivables**	Average loss rate	Trade receivables
		HK$'000		*HK$'000*
Within 30 days	**0.13**	**4,656**	1.88	9,418
31 to 90 days	**0.14**	**6,450**	1.73	1,211
91 to 365 days	**0.36**	**1,921**	2.89	1,417
Over 365 days	**72.08**	**3,925**	67.28	4,493
		16,952		16,539

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

During the year ended 31 December 2023, the Group reversed HK$231,000 (2022: provided HK$195,000) of impairment allowance for trade receivables arising from medical products and plastic toys business based on the provision matrix.

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables arising from medical products and plastic toys business under the simplified approach.

	Lifetime ECL (not credit-impaired)	Total
	HK$'000	*HK$'000*
As at 1 January 2022	3,080	3,080
Impairment losses recognised	195	195
Exchange adjustments	(13)	(13)
As at 31 December 2022 and 1 January 2023	3,262	3,262
Reversal of impairment losses recognised	(395)	(395)
Exchange adjustments	(14)	(14)
As at 31 December 2023	2,853	2,853

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

The following tables show reconciliation of loss allowances that has been recognised for finance lease receivables, loan receivables, trade receivables arising from margin clients and other receivables.

Movement in the allowances for impairment for finance lease receivables is as follows:

	Lifetime ECL (credit-impaired) *HK$'000*
As at 1 January 2022	8,303
Impairment losses recognised	–
Exchange adjustments	(704)
As at 31 December 2022 and 1 January 2023	7,599
Impairment losses recognised	–
Exchange adjustments	(108)
As at 31 December 2023	7,491

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Movement in the allowances for impairment for loan receivables is as follows:

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2022	20,781	51,563	19,129	91,473
Transfer to credit-impaired	(412)	(33,921)	34,333	–
Transfer to lifetime ECL	(7,807)	7,807	–	–
Transfer to 12m ECL	14,280	(14,280)	–	–
Impairment losses recognised	3,007	172,322	138,447	313,776
Impairment losses reversed	(14,219)	(3,361)	(7,957)	(25,537)
Write-off	–	–	(18,451)	(18,451)
Exchange adjustments	227	–	1,320	1,547
As at 31 December 2022 and 1 January 2023	15,857	180,130	166,821	362,808
Transfer to credit-impaired	(7,151)	(3,299)	10,450	–
Transfer to lifetime ECL	(2,548)	50,316	(47,768)	–
Transfer to 12m ECL	3,993	(3,993)	–	–
Impairment losses recognised	7	48,817	324,439	373,263
Impairment losses reversed	(7,831)	(71,029)	(9,006)	(87,866)
Write-off	–	–	(134,917)	(134,917)
Exchange adjustments	(24)	–	(392)	(416)
As at 31 December 2023	2,303	200,942	309,627	512,872

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Movement in the allowances for impairment for trade receivables arising from margin clients is as follows:

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2022	–	15,021	66,948	81,969
Transfer to credit-impaired	–	(15,021)	15,021	–
Impairment losses recognised	172	–	29,558	29,730
Impairment losses reversed	–	–	(4)	(4)
As at 31 December 2022 and 1 January 2023	172	–	111,523	111,695
Transfer to credit-impaired	(44)	–	44	–
Impairment losses recognised	–	–	7,813	7,813
Impairment losses reversed	(68)	–	(681)	(749)
As at 31 December 2023	60	–	118,699	118,759

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Movement in the allowances for impairment for other receivables is as follows:

	Lifetime ECL (not credit-impaired) *HK$'000*	Lifetime ECL (credit-impaired) *HK$'000*	Total *HK$'000*
As at 1 January 2022	569	16,827	17,396
Exchange adjustments	(48)	(448)	(496)
As at 31 December 2022 and 1 January 2023	521	16,379	16,900
Exchange adjustments	(8)	(69)	(77)
As at 31 December 2023	513	16,310	16,823

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk

(i) Currency risk

Foreign currency risk management

The Group's exposure to currency risk mainly arises from fluctuation of foreign currencies against the functional currency of relevant group entities, including Renminbi (RMB), US dollar (US$) and Hong Kong dollar (HK$).

The functional currencies of the Group's principal subsidiaries are HK$, US$ and RMB. While most of the Group's operations are transacted in the functional currency of the respective group entities, the Group undertakes certain sales and purchase transactions denominated in US$ and HK$. Hence, exposures to exchange rate fluctuations arises. The Group currently does not formulate any hedging policies against its exposure to currency risk. The Group will manage its foreign currency risk by closely monitoring the movement of the foreign currency rate and buying foreign currency forward contracts if it considers the risk to be significant.

At the end of the reporting period, the carrying amounts of the Group's significant monetary assets and monetary liabilities denominated in currencies other than the functional currency of relevant group entity are as follow:

	2023 *HK$'000*	2022 *HK$'000*
Monetary Assets		
RMB	**124**	127
US$	**12,832**	22,828
HK$	**19,790**	18,204
Monetary Liabilities		
HK$	**–**	–

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

***Market risk** (continued)*

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the fluctuation of RMB, US$ and HK$.

The following table details the Group's sensitivity to a 5% (2022: 5%) increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currency monetary assets and liabilities. No sensitivity analysis is presented for HKD against USD as HKD is pegged to USD. 5% (2022: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2022: 5%) change in foreign currency rates. A negative/(positive) number below indicates an increase/(a decrease) in loss before tax for the year where the functional currency of the relevant group entity strengthen 5% (2022: 5%) against the relevant foreign currency. For a 5% (2022: 5%) weakening of the functional currency of the relevant group entity against the relevant foreign currency, there would be an equal and opposite impact on loss before tax for the year.

	Monetary assets and liabilities	
	2023	2022
	HK$'000	*HK$'000*
RMB impact	**6**	6
US$ impact	**642**	1,141

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

***Market risk** (continued)*

(ii) Interest rate risk

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to cash and margin clients receivables (see note 20) and bank balances (general accounts) (see note 24).

The Group currently does not have any interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The directors monitor the Group's exposures on an ongoing basis and will consider hedging the interest rate should the need arises.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for cash and margin clients receivables and bank balances (general accounts) at the end of the reporting period. The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

As at 31 December 2023, if the interest rate had been 10 basis points (2022: 10 basis points) higher/lower and all other variables were held constant, the Group's loss after taxation would decrease/increase by HK$313,000 (2022: HK$370,000).

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate bonds (see note 26 for details of these bonds).

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(iii) Equity price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. The Group's equity price risk is concentrated on equity instrument quoted on the Stock Exchange. The management manages the exposure to price risk by maintaining a portfolio of investments with different risk and return profiles.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. For sensitivity analysis purpose, the sensitivity rate at 20% is applied as a result of the volatile financial market.

If the price of the respective held-for-trading investments had been 20% (2022: 20%) lower, the Group's loss for the year would increase by HK$18,988,000 (2022: HK$14,274,000).

In management's opinion the sensitivity analysis was unrepresentative of the inherent equity price risk as the year end exposure does not reflect the exposure during the year.

Liquidity risk

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 management monitors the utilisation of borrowings and bonds and ensures compliance with loan covenants.

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

***Liquidity risk** (continued)*

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed settlement dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average interest rate	On demand or less than 1 year *HK$'000*	1-5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amounts *HK$'000*
2023						
Non-derivative financial liabilities						
Trade and other payables and accruals	–	176,739	–	–	176,739	176,739
Lease liabilities	5.49%	1,010	904	–	1,914	1,816
Bonds	6.00%	277,288	532,635	–	809,923	740,247
		455,037	533,539	–	988,576	918,802

	Weighted average interest rate	On demand or less than 1 year *HK$'000*	1-5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amounts *HK$'000*
2022						
Non-derivative financial liabilities						
Trade and other payables and accruals	–	178,705	–	–	178,705	178,705
Lease liabilities	4.41%	886	–	–	886	855
Bonds	6.00%	48,450	863,060	–	911,510	789,739
		228,041	863,060	–	1,091,101	969,299

(c) Fair value

The fair values of financial assets and financial liabilities measured other than fair value are determined in accordance with discounted cash flow analysis.

33. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value *(continued)*

Fair value measurement of financial assets and financial liabilities

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

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management report the findings to the directors of the Company to explain the cause of fluctuations in the fair value.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs
	2023	2022			
	HK$'000	*HK$'000*			
Listed equity investment held for trading	**94,989**	71,372	Level 1	Quoted bid prices in an active market	N/A
Unlisted fund	**13,626**	13,626	Level 3	Adjusted net asset value	N/A
Unlisted debt securities	**10,187**	18,728	Level 3	Discounted cash flows with yield to maturity	Yield to maturity at 23.7% (Note 1)
	23,813	32,354			

Note 1: An increase in the yield to maturity used in isolation would result in a decrease in the fair value measurement of the unlisted debt securities, and vice versa.

33. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value *(continued)*

Fair value measurement of financial assets and financial liabilities *(continued)*

There were no transfers between fair value hierarchy in the current year.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value	**Unlisted securities at FVTPL** *HK$'000*
At 1 January 2022	24,637
Changes in fair value	(7,372)
Additions	15,089
At 31 December 2022	32,354
Changes in fair value	(8,541)
At 31 December 2023	23,813

Of the total losses for the period included in profit or loss, HK$8,541,000 (2022: HK$7,372,000) relates to the unlisted securities at FVTPL held at the end of the current reporting period. Fair value changes of the unlisted securities at FVTPL are included in 'other gains and losses, net'.

33. FINANCIAL INSTRUMENTS *(continued)*

(d) Financial asset and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that are either:

– offset in the Group's consolidated statement of financial position; or

– not offset in the consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and the clearing house, the Group has a legal enforceable right to set off the money obligations receivable and payable with clearing house on the same settlement date and the Group intends to settle on a net basis.

In addition, the Group has a legally enforceable right to set off the trade receivables from and payables to securities brokerage business that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to the clearing house and trade receivables from and payables to securities brokerage business that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposit placed with clearing house do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

	Gross amounts of recognised as financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not offset in consolidated statement of financial position		Net amounts
				Financial instruments	Collateral received	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2023						
Financial assets						
Amounts due from clearing house and trade receivables from securities brokerage business	80,304	–	80,304	–	(44,241)	36,063
Statutory deposits placed with clearing house	205	–	205	(205)	–	–

33. FINANCIAL INSTRUMENTS *(continued)*

(d) Financial asset and financial liabilities offsetting *(continued)*

	Gross amount of recognised as financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not offset in consolidated statement of financial position		Net amounts
				Financial instruments	Collateral received	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2023						
Financial liabilities						
Amounts due to clearing house and trade payables from securities brokerage business	**7,780**	**–**	**7,780**	**–**	**–**	**7,780**

	Gross amounts of recognised as financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not offset in consolidated statement of financial position		Net amounts
				Financial instruments	Collateral received	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2022						
Financial assets						
Amounts due from clearing house and trade receivables from securities brokerage business	74,663	–	74,663	–	(53,286)	21,377
Statutory deposits placed with clearing house	255	–	255	(255)	–	–

	Gross amount of recognised as financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not offset in consolidated statement of financial position		Net amounts
				Financial instruments	Collateral received	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2022						
Financial liabilities						
Amounts due to clearing house and trade payables from securities brokerage business	9,093	–	9,093	–	–	9,093

Note: The cash and financial collateral received/pledged as at 31 December 2023 and 2022 represent their fair values.

34. RELATED PARTY DISCLOSURES

During the year, the Group had transactions with the directors of the Company or its related parties. The transactions during the year, are as follows:

Compensation of key management personnel

The remuneration of key management during the year are as follows:

	2023	2022
	HK$'000	*HK$'000*
Short-term employee benefits	**3,016**	2,998

The remuneration of directors was decided by the board of directors, which is reviewed by the Remuneration Committee, having regard to the performance of the individuals and market trends.

35. OPERATING LEASE COMMITMENTS AND ARRANGEMENTS

The Group as lessor

All of the properties held by the Group for rental purposes have committed lessees for the next year.

Undiscounted lease payments receivable on leases are as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**1,755**	963
One to fifth years	**6,621**	4,814
	8,376	5,777

36. RETIREMENT BENEFITS SCHEME

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes a certain percentage of the relevant payroll costs to the scheme.

The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$30,000. The Group's contributions to the scheme are expensed as incurred and are vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

During the year ended 31 December 2023, the Group's contributions under the above-mentioned defined contribution retirement plan had no forfeited contributions may be used to reduce the existing level of contributions.

The employees of the Company's subsidiaries in the PRC and Taiwan are members of the state-managed retirement benefit schemes and defined contribution plan operated by the PRC and Taiwan government, respectively. The PRC and Taiwan subsidiaries are required to contribute a certain percentage of payroll costs to the respective retirement benefit schemes and defined contribution plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes and defined contribution plan is to make the specified contributions.

The total cost of HK$913,000 (2022: HK$780,000) charged to the consolidated statement of profit or loss and other comprehensive income represents contributions paid or payable by the Group for the year.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company at 31 December 2023 and 2022 are as follows:

	Notes	2023 HK$'000	2022 HK$'000
Non-current asset			
Investments in subsidiaries		**267,594**	267,594
Right-of-use asset		**352**	190
		267,946	267,784
Current assets			
Other receivables & prepayments		**1,306**	709
Amounts due from subsidiaries	*(a)*	**795,818**	1,372,913
Bank balances		**12,172**	547
		809,296	1,374,169
Current liabilities			
Bonds		**234,547**	–
Other payables		**83,429**	86,663
Lease liability		**229**	199
Amounts due to subsidiaries	*(a)*	**507,623**	507,664
		825,828	594,526
Net current (liabilities)/assets		**(16,532)**	779,643
Total assets less current liabilities		**251,414**	1,047,427
Capital and reserves			
Share capital		**2,304**	2,304
Reserves	*(b)*	**(256,805)**	255,384
Total equity		**(254,501)**	257,688
Non-current liability			
Bonds		**505,710**	789,739
Lease liability		**205**	–
		505,915	789,739
		251,414	1,047,427

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Notes:

(a) Amount(s) due from (to) subsidiaries

The amounts are unsecured, interest-free and repayable on demand.

(b) Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2022	352,753	244,461	1,270	(786,974)	(188,490)
Loss for the year	–	–	–	(244,790)	(244,790)
Capital reduction *(note 30)*	–	688,664	–	–	688,664
At 31 December 2022	352,753	933,125	1,270	(1,031,764)	255,384
Loss for the year	–	–	–	(512,189)	(512,189)
At 31 December 2023	352,753	933,125	1,270	(1,543,953)	(256,805)

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2023 and 2022 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company Directly 2023 %	Directly 2022 %	Indirectly 2023 %	Indirectly 2022 %	Principal activities *(note i)*
中山隆成啟航商貿有限公司	PRC	US$6,240,000 Registered Capital	–	–	100	100	Manufacturing and trading of medical products
Lerado H.K. Limited	HK	HK$5,000 Ordinary Share	–	–	100	100	Trading of medical products
BlackMarble Capital Limited	HK	HK$1 Ordinary Share	–	–	100	100	Money lending
Oriental Strategic Limited	BVI	US$50,000 Ordinary Share	100	100	–	–	Investment holding
Lerado Group Limited	BVI	HK$10,702 Ordinary Share	100	100	–	–	Investment holding
Wonder Time Holdings Limited	BVI	HK$1 Ordinary Share	–	–	100	100	Trading of held-for-trading investments
Shanghai Lerado Co. Ltd.	PRC	US$6,260,000 Registered Capital	–	–	100	100	Manufacturing and trading of nursery products

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities *(note i)*
			Directly		Indirectly		
			2023 **%**	2022 %	**2023** **%**	2022 %	
廣州凱潤企業管理服務有限公司	PRC	US$5,000,000 Registered Capital	**–**	–	**100**	100	Property holding
駿勝世紀科技(深圳)有限公司	PRC	RMB1,000,000 Registered Capital	**–**	–	**100**	100	Research and development for electric scooters, wheels
Black Marble Securities Limited	HK	HK$330,000,000 Ordinary Share	**–**	–	**100**	100	Securities brokerage, margin financing and underwriting and placements
Black Marble Global Investment Fund SPC *(note ii)*	Cayman Islands	N/A	**–**	–	**100**	100	Investment fund
Lerado Finance Limited	HK	HK$1 Ordinary Share	**–**	–	**100**	100	Money lending
First Platform International Limited	BVI	US$1 Ordinary Share	**100**	100	**–**	–	Investment holding
Genuine Oriental Wealth Management Limited	HK	HK$1,850,000 Ordinary Share	**–**	–	**80**	80	Insurance brokerage

Note:

(i) The principal activities of the subsidiaries are carried out in the place of incorporation/establishment.

(ii) The Group had consolidated a structured entity which includes asset management products. For the asset management products where the Group involves as manager and also as investor, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the asset management products that is of such significance that it indicates that the Group is a principal.

Third-party interests in consolidated structured entities consist of third-party unit/shareholders' interests in consolidated structured entities which are reflected as a liability since they can be put back to the Group for cash. The realisation of net assets attributable to third-party unit/shareholders' interests in consolidated structured entities cannot be predicted with accuracy since these represent the interests of third-party unit holders in consolidated investment funds that are subject to the actions of third-party unit holders. There is no third-party interests in the consolidated structured entities as at 31 December 2023.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Financial Summary

RESULTS

	Year ended 31 December				
	2019	2020	2021	2022	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
REVENUE	247,592	207,831	215,287	218,238	**191,422**
LOSS BEFORE TAXATION	(95,371)	(21,026)	(62,894)	(345,563)	**(278,243)**
INCOME TAX (EXPENSE)/CREDIT	9,153	8,756	(44)	(22,074)	**(1,152)**
Profit (loss) for the year from continuing operation	–	(12,270)	(62,938)	(367,637)	**(279,395)**
Profit (loss) for the year from discontinued operation	–	(1,713)	(2,994)	–	**–**
LOSS FOR THE YEAR	(86,218)	(13,983)	(65,932)	(367,637)	**(279,395)**
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	(86,170)	(13,785)	(65,709)	(367,073)	**(279,466)**
NON-CONTROLLING INTERESTS	(48)	(198)	(223)	(564)	**71**
	(86,218)	(13,983)	(65,932)	(367,637)	**(279,395)**

ASSETS AND LIABILITIES

	At 31 December				
	2019	2020	2021	2022	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
TOTAL ASSETS	2,070,372	2,113,199	2,031,070	1,682,653	**1,377,016**
TOTAL LIABILITIES	(962,189)	(998,702)	(975,393)	(1,001,894)	**(948,767)**
	1,108,183	1,114,497	1,055,677	680,759	**428,249**
EQUITY ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	1,107,601	1,114,113	1,055,516	681,162	**428,581**
NON-CONTROLLING INTERESTS	582	384	161	(403)	**(332)**
	1,108,183	1,114,497	1,055,677	680,759	**428,249**